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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

CP 1251
CP 821, CP 573

In the Matter of)	
)	
XO COMMUNICATIONS SERVICES, INC.,)	
)	ORDER
ALLEGIANCE TELECOM OF OREGON, INC., and)	
)	
XO OREGON, INC.)	
)	
Application to Transfer a Certificate of Authority to)	
Provide Telecommunications Service in Oregon as a)	
Competitive Provider.)	

DISPOSITION: CP 1251, APPLICATION GRANTED;
DOCKET CP 821, ORDER NO. 00-477,
CERTIFICATE OF AUTHORITY TRANSFERRED; and
DOCKET CP 573, ORDER NO. 99-227, AUTHORITY
CANCELED.

Note: By issuing this certificate, the Commission makes no endorsement or certification regarding the certificate holder's rates or service.

The Application

On August 18, 2004, XO Communications Services, Inc., (XO Communications or Applicant) and Allegiance Telecom of Oregon, Inc., (Allegiance Telecom) filed a joint application to transfer authority to provide telecommunications service in Oregon as a competitive provider. The application requests to transfer the authority of Allegiance Telecom, granted by Order No. 00-477, docket CP 821, to XO Communications. The application was filed pursuant to OAR 860-032-0005. Allegiance Telecom is the transferor. XO Communications is the transferee. Both entities together will be referred to as Joint Applicants.

Joint Applicants requested an effective date of December 31, 2004, but they requested that the Commission process the application and issue an order at its earliest possible convenience.

Allegiance Telecom is currently authorized to provide intraexchange (local exchange) switched service (i.e., local dial tone) and non-switched, private line service (dedicated transmission service) within all exchanges of the telecommunications utilities listed in Appendix A to this order.

Allegiance Telecom also is authorized to provide interexchange switched service (toll) and private line service (dedicated transmission service) statewide in Oregon. Allegiance Telecom operates as a facilities-based provider and as a reseller of intraexchange and interexchange service.

Like Allegiance Telecom, XO Communications, the Applicant, will directly provide operator services as defined in OAR 860-032-0001, but will not be an 'operator service provider' as defined in ORS 759.690(1)(d).

Applicant and Allegiance Telecom are subsidiaries of XO Communications, Inc. The requested transfer is a result of internal corporate reorganization. Allegiance Telecom will cease to exist.

As part of the application, Joint Applicants requested that the certificate of authority for XO Oregon, Inc., be canceled, since XO Oregon's operations and customers are being taken over by Applicant. XO Oregon, which is a subsidiary of XO Communications, Inc., will cease to exist. XO Oregon's certificate, Order No. 99-227, docket CP 573, was originally granted to NEXTLINK Oregon, Inc., in March 1999. The company changed its name to XO Oregon, Inc., in September 2000. The Commission will cancel the authority granted by Order No. 99-227 to XO Oregon, fka NEXTLINK Oregon.

With the application, Joint Applicants included a sample letter, which they will send, advising the customers of the change in service provider. Customers will have ample time to change service providers if they so choose. The customers need do nothing to retain service with XO Communications.

The Commission served notice of the application on August 26, 2004. No protests or requests to be made parties of the proceeding were filed.

Based on the record in this matter, the Commission makes the following:

FINDINGS AND CONCLUSIONS

Applicable Law

Two statutory provisions apply to this application. First, ORS 759.020 governs Applicant's request to provide telecommunications as a competitive provider. Under ORS 759.020(5), the Commission shall classify Applicant as a competitive provider if Applicant demonstrates that its services are subject to competition, or that its customers or those proposed to become customers have reasonably available alternatives. In making this determination, the Commission must consider the extent to which services are available from alternative providers that are functionally equivalent or substitutable at comparable rates, terms and conditions, existing economic or regulatory barriers to entry, and any other factors deemed relevant.

Second, ORS 759.050 governs Applicant's request to provide local exchange (intraexchange) telecommunications service. Under ORS 759.050(2)(a), the Commission may authorize Applicant to provide local exchange service within the local exchange of a telecommunications utility if the Commission determines such authorization would be in the public interest. In making this determination, the Commission must consider the extent to which services are available from alternative providers, the effect on rates for local exchange service customers, the effect on competition and availability of innovative telecommunications service in the requested service area, and any other facts the Commission considers relevant. *See* Order No. 96-021.

Designation as a Competitive Provider

Applicant has met the requirements for classification as a competitive telecommunications service provider. Applicant's customers or those proposed to become customers have reasonably available alternatives. The incumbent telecommunications utilities listed in the appendix provide the same or similar local exchange services in the local service area requested by Applicant. AT&T, MCI, Sprint Communications, Qwest Corporation, Verizon Northwest Inc., and others provide interexchange telecommunications service in the service area requested by Applicant. Subscribers to Applicant's services can buy comparable services at comparable rates from other vendors. Economic and regulatory barriers to entry are relatively low.

Public Interest

With regard to the general factual conclusions relevant to this proceeding, the Commission adopts the Commission's findings in Order No. 93-1850 and Order No. 96-021. Based on a review of those findings, as well as information contained in the application, the Commission concludes that it is in the public interest to grant the application of XO Communications Services, Inc., to provide local exchange telecommunications service as a competitive telecommunications provider in exchanges

of the telecommunications utilities listed in the appendi, as described in the application. Further, it is in the public interest to grant statewide interexchange authority as described in the application. This finding will have no bearing on any determination the Commission may be called upon to make under sections 251 or 252 of the Telecommunications Act of 1996 (47 USC § 251, 252) with regard to the telecommunications utilities in this docket.

Conditions of the Certificate

In Order No. 96-021, the Commission interpreted ORS 759.050 and established conditions applicable to competitive local exchange carriers. Also, other conditions are listed in administrative rules, including among others OAR 860-032-0007. Applicant, as a competitive provider, shall comply with the conditions adopted in Order No. 96-021, as well as all applicable laws, Commission rules, and orders related to provision of telecommunications service in Oregon.

Per ORS 759.050(2)(c) and Order No. 96-021, Applicant shall comply with the following conditions.

1. Applicant shall terminate all intrastate traffic originating on the networks of other telecommunications providers that have been issued a certificate of authority by the Commission.
2. Applicant shall make quarterly contributions to the Oregon Universal Service fund based on a Commission approved schedule and surcharge percentage assessed on all retail intrastate telecommunications services sold in Oregon, pursuant to ORS 759.425. If Applicant bills the surcharge to its end-users, Applicant shall show the charges as a separate line item on the bill with the words "Oregon Universal Service Surcharge ____%".
3. Applicant shall offer E-911 service. Applicant has primary responsibility to work with the E-911 agencies to ensure that all users of its services have access to the emergency system. Applicant will deliver or arrange to have delivered to the correct 911 Controlling Office its customers' Automatic Number Identification telephone numbers so the lead 911 telecommunications service provider can deliver the 911 call to the correct Public Safety Answering Point. Applicant shall work with each 911 district and lead 911 telecommunications service provider to develop procedures to match Applicant's customer addresses to the 911 district's Master Street Address Guide in order to obtain the correct Emergency Service Number (ESN) for each address. Applicant shall provide the lead 911 telecommunications service provider with daily updates of new customers, moves, and changes with the correct ESN for each.

4. For purposes of distinguishing between local and toll calling, Applicant shall adhere to local exchange boundaries and Extended Area Service (EAS) routes established by the Commission. Applicant shall not establish an EAS route from a given local exchange beyond the EAS area for that exchange.
5. When Applicant is assigned one or more NXX codes, Applicant shall limit each of its NXX codes to a single local exchange or rate center, whichever is larger, and shall establish a toll rate center in each exchange or rate center proximate to that established by the telecommunications utility serving the exchange or rate center.
6. Applicant shall pay an annual fee to the Commission pursuant to ORS 756.310 and 756.320 and OAR 860-032-0095. The minimum annual fee is \$100. Applicant is required to pay the fee for the preceding calendar year by April 1.
7. Pursuant to Oregon Laws 1987, chapter 290, sections 2-8, and to OAR chapter 860, division 033, Applicant shall ensure that the Residential Service Protection Fund surcharge is remitted to the Commission. This surcharge is assessed against each retail subscriber at a rate that is set annually by the Commission.
8. Applicant, as transferee, shall be liable for all fees incurred and reports due by the transferor as of the effective date of this order.

Competitive Zones

All exchanges of the telecommunications utilities listed in the appendix to this order are designated competitive zones pursuant to ORS 759.050(2)(b).

Pricing Flexibility

Dedicated Transmission Service

The telecommunications utilities listed in Appendix A are granted pricing flexibility for dedicated transmission service in their respective exchanges by this order. *See* Order No. 93-1850, docket UM 381.

Local Exchange Service

By Order No. 96-021, at page 82, pursuant to ORS 759.050(5), the Commission established procedures whereby telecommunications utilities would be granted pricing flexibility for local exchange switched services. Qwest has complied with those procedural requirements for all of its exchanges. Verizon has complied with those procedural requirements for forty of its forty-four exchanges.

ORDER

IT IS ORDERED that:

1. The joint application of XO Communications Services, Inc., and Allegiance Telecom of Oregon, Inc., to transfer the authority granted by Order No. 00-477, docket CP 821, from Allegiance Telecom to XO Communications, is granted. Applicant, XO Communications Services, Inc., is granted authority to provide intraexchange and interexchange service.
2. Applicant is designated as a competitive telecommunications provider for intraexchange service in the local exchanges of the telecommunications utilities listed in Appendix A. In addition, Applicant is designated as a competitive telecommunications provider for interexchange service statewide in Oregon.
3. The local exchanges of the telecommunications utilities listed in Appendix A are designated as competitive zones.
4. Any obligation regarding interconnection between Applicant and the telecommunications utilities listed in Appendix A shall be governed by the provisions of the Telecommunications Act of 1996 (the Act). Commission Order No. 96-021 will govern the interconnection obligations between such parties for the provision of switched local services, unless otherwise addressed by an interconnection agreement or subsequent Commission order.
5. No finding contained in this order shall have any bearing on any determination the Commission may be called upon to make under sections 251 or 252 of the Act with regard to the telecommunications utilities listed in the appendix to this order.
6. The telecommunications utilities listed in Appendix A shall receive pricing flexibility on an exchange-by-exchange basis as set forth in this order.

7. The authority granted to Allegiance Telecom of Oregon, Inc., by Order No. 00-477, docket CP 821, is canceled. Allegiance Telecom no longer has authority to operate in Oregon as a competitive telecommunications provider.
8. The authority granted to XO Oregon, Inc., fka NEXTLINK Oregon, Inc., by Order No. 99-227, docket CP 573, is canceled. XO Oregon no longer has authority to operate in Oregon as a competitive telecommunications provider.
9. The effective date of the transfer and this order is December 31, 2004.

Made, entered, and effective _____.

Lee Sparling
Director
Utility Program

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

APPENDIX A

CP 1251

EXCHANGES ENCOMPASSED BY THE APPLICATION:

ALL EXCHANGES OF THE TELECOMMUNICATIONS
UTILITIES LISTED BELOW

Telecommunications Utilities Not Exempt Pursuant to ORS 759.040

CenturyTel of Eastern Oregon, Inc.
CenturyTel of Oregon, Inc.
Qwest Corporation
United Telephone Company of the Northwest dba Sprint
Verizon Northwest Inc.

Telecommunications Utilities Exempt Pursuant to ORS 759.040

None