

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

UM 1190

In the Matter of	)	
	)	
WANTEL INC , dba COMSPANUSA	)	ORDER
	)	
Application for Oregon Universal Service	)	
Support Eligibility and Dialing Parity Plan.	)	

**DISPOSITION: APPLICATION APPROVED WITH CONDITIONS**

On September 30, 2004, Wantel, Inc., dba ComspanUSA (Wantel) filed an application with the Public Utility Commission of Oregon (Commission) requesting Oregon Universal Service Fund (OUSF) support eligibility in the Roseburg, Sutherlin and Winston wire centers of Qwest Corporation (Qwest), the incumbent local exchange carrier (ILEC).

The OUSF program, established under ORS 759.425, is designed to ensure that basic telephone service is available at a reasonable and affordable rate. In Order No. 00-312, the Commission adopted policies for the OUSF and established support amounts to Oregon's two non-rural ILECs, Qwest and Verizon. The Commission later expanded the fund to include rural ILECs and established monthly support to these ILECs. See Order No. 03-595.

In Order No. 00-312, the Commission established procedures for designating competitive local exchange carrier (CLECs) as eligible to receive OUSF support. Under these procedures, a CLEC must file a petition with the Commission showing that it qualifies as an eligible carrier and stating the service areas for which eligibility is requested. The Commission is to then consider the petition in a public meeting and either grant the petition or suspend it for investigation.

Wantel is the first CLEC to apply for eligibility to receive OUSF support. It is a facilities-based carrier that provides local exchange services over its own network facilities, leased unbundled network element (UNE) loops and UNE-type facilities, and resale of Qwest's retail services.

The Commission Staff (Staff) recommended approval of Wantel's request, subject to two conditions. The first condition is that sharing of per-line support amounts with Qwest will be calculated based on current percentages, with no true-ups on past disbursements if percentages are revised. The second condition is that Wantel abide by all rules related to OUSF participation, including maintaining its state certification and federal eligible telecommunications carrier (ETC) status. A description of the filing and its

procedural history is contained in the Staff Report, attached as Appendix A, and incorporated by reference.

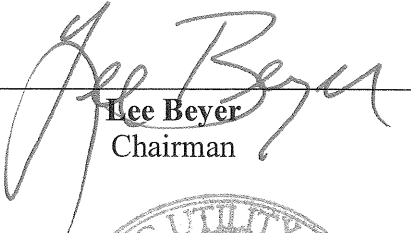
At its Public Meeting on February 21, 2006, the Commission adopted Staff's recommendation and approved Wantel's application for OUSF support eligibility in the Roseburg, Sutherlin and Winston wire centers of Qwest Corporation, subject to the two conditions set forth in Appendix A.

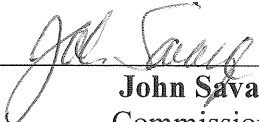
**ORDER**

IT IS ORDERED that:

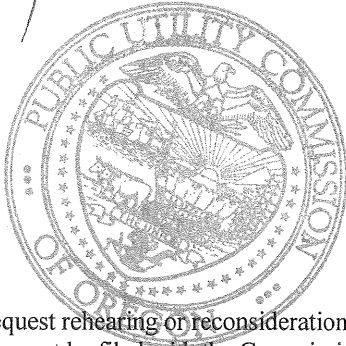
- 1) The application of Wantel, Inc., dba ComspanUSA for Oregon Universal Service Fund support eligibility in the Roseburg, Sutherlin and Winston wire centers of Qwest Corporation is granted.
- 2) The sharing of per-line support amounts with Qwest shall be calculated based on current percentages, with no true-ups on past disbursements if percentages are revised.
- 3) Wantel, Inc. shall abide by all rules related to the Oregon Universal Service Fund participation, including maintaining its state certification and federal eligible telecommunications carrier status.
- 4) Oregon Universal Service Fund support payments to Wantel, Inc. shall commence on May 30, 2006, based on March 31, 2006, line counts.

Made, entered, and effective FEB 23 2006.

  
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**Lee Beyer**  
 Chairman

  
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**John Savage**  
 Commissioner

  
 \_\_\_\_\_  
**Ray Baum**  
 Commissioner



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. 1

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 21, 2006**

REGULAR   X   CONSENT \_\_\_\_\_ EFFECTIVE DATE \_\_\_\_\_ N/A \_\_\_\_\_

DATE: February 14, 2006

TO: Public Utility Commission

FROM: Kay Marinos<sup>KM</sup>

THROUGH: Lee Sparling, Phil Nyegaard, Dave Booth <sup>MS</sup> <sup>WB</sup>

SUBJECT: WANTEL INC DBA COMSPANUSA: (Docket No. UM 1190) Application for Oregon Universal Service Support Eligibility and Dialing Parity Plan.

**STAFF RECOMMENDATION:**

Staff recommends the Commission grant the application by Wantel, Inc., dba ComspanUSA (Wantel), for Oregon Universal Service Fund (OUSF) support eligibility in the Roseburg, Sutherlin and Winston wire centers of Qwest Corporation (Qwest), the incumbent local exchange carrier (ILEC), subject to two conditions. The first condition is that sharing of per-line support amounts with Qwest will be calculated based on current percentages, with no true-ups on past disbursements if percentages are revised. The second condition is that Wantel abide by all rules related to OUSF participation, including maintaining its state certification and federal eligible telecommunications carrier (ETC) status. Staff recommends that OUSF support payments to Wantel commence on May 30, 2006, based on March 31, 2006, line counts.

**DISCUSSION:**

A. Background

Wantel is a competitive local exchange carrier (CLEC) certified by the Commission on August 20, 1999, under Order No. 99-507, to provide telecommunications services in Oregon. Wantel is a facilities-based carrier that provides local exchange services over its own network facilities, leased unbundled network element (UNE) loops and UNE-type facilities, and resale of Qwest's retail services.

On September 30, 2004, Wantel submitted an application for OUS support eligibility under docket UM 1190. In its initial review of the application, Staff concluded that

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Wantel must obtain federal eligible telecommunications carrier (ETC) status before it can be eligible for OUSF support. This is because federal ETC status is necessary to participate in the Oregon Telephone Assistance Program (OTAP), which is one of the requirements for eligibility to receive OUSF support. At a prehearing conference held on March 17, 2005, the parties and the administrative law judge agreed to suspend further action in this matter (docket UM 1190), to allow Wantel opportunity to obtain federal ETC status.

To that end, on March 31, 2005, Wantel filed an application with the Commission requesting designation as a federal ETC in Qwest's Roseburg, Sutherlin and Winston wire centers. The Commission docketed the request as UM 1202. Based on Staff's comments and the results of a workshop, Wantel filed an amended application on May 5, 2005, and a second amended application on May 18, 2005. The Commission granted Wantel's second amended application, and designated Wantel as a federal ETC in Order No. 05-856, entered July 14, 2005. On July 19, 2005, Wantel filed an application with the Commission requesting eligible telecommunications provider (ETP) designation for OTAP, which was docketed as UM 1212. The Commission granted ETP status to Wantel in Order No. 05-926, entered August 18, 2005.

Following its designation as a federal ETC and as an ETP for OTAP, Wantel filed a motion on August 1, 2005, to reopen docket UM 1190. The motion was granted and the docket was reactivated on August 5, 2005. Qwest petitioned to intervene in this docket when it was first opened. Qwest has advised Staff that it does not oppose Wantel's application. There are no other intervenors in this docket.

#### B. Requirements for OUSF Eligibility

The OUSF program was established under ORS 759.425. The purpose of the program is to ensure that basic telephone service is available at a reasonable and affordable rate. On June 16, 2000, the Commission issued Order No. 00-312 in docket UM 731, in which it adopted policies for the OUSF and established support amounts to Oregon's two non-rural ILECs, Qwest and Verizon. Nearly three years later, on October 2, 2003, the Commission expanded the fund to include rural ILECs and established monthly support to these ILECs in Order No. 03-595 in docket UM 1017.

Order No. 00-312 determined the procedures to be used for designating CLECs as eligible to receive OUSF support. Under these procedures, a CLEC must file a petition with the Commission showing that it qualifies as an eligible carrier and stating the service areas for which eligibility is requested. The Commission is to then consider the petition in a public meeting and either grant the petition or suspend it for investigation. Wantel submitted its application to Commission Staff on September 30, 2004. Staff

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now brings this application before the Commission. Wantel is the first CLEC to apply for eligibility to receive OUSF support.

Order No. 00-312 also established the requirements for eligibility to receive OUSF support. To be eligible for OUSF support under Order No. 00-312, a carrier must:

1. Offer the supported services, throughout the designated service area, using the carrier's own facilities or a combination of its own facilities and resale of another carrier's services;
2. Advertise the availability of the supported services and charges for them using media of general distribution;
3. Offer OTAP services in compliance with Oregon Administrative Rules;
4. Not deny or disconnect basic local exchange service to an OTAP customer for failure to pay for toll charges;
5. Not require a deposit from OTAP customers who voluntarily elect to receive toll-blocking service;
6. Accept the duty to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers;
7. Not install network features, functions, or capabilities that do not comply with the Telecom Act's requirements for access by persons with disabilities and coordination for interconnectivity;
8. Not prohibit or impose unreasonable or discriminatory conditions or limitations on the resale of telecommunications services;
9. Provide, to the extent feasible, number portability in compliance with Federal Communications Commission (FCC) rules;
10. Provide dialing parity to other telecommunications providers;
11. Provide access to rights-of-way to other telecommunications providers;
12. Establish reciprocal compensation arrangements for the transport and termination of telecommunications;
13. Offer the supported services on a stand-alone basis; and
14. Provide service to anyone requesting service in its service area, and build its own loop facilities to serve a customer where no facilities currently exist.

Wantel demonstrated through several means that it has met these requirements. First, Wantel submitted an application on September 30, 2004, that included a document signed by its CEO, John Stadter, in which Wantel agrees to meet the eligibility requirements above. The application also included a dialing parity plan with a customer representative script concerning equal access. Second, as part of its Second Amended Application for federal ETC status filed on May 18, 2005, Wantel demonstrated that it meets requirements 1, 2, 13 and 14 above. That application also included a five-year plan, filed under confidential cover, detailing how Wantel will use the OUSF support it

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expects to receive to build out a fiber-based network that will enable existing and new customers to have access to high-quality, reliable and efficient advanced residential and business services. (Staff requests that the Commission take official notice in this docket of Wantel's May 18, 2005, Second Amended Application submitted in docket UM 1202.) Third, in its application for ETP status for OTAP participation, Wantel agreed to meet requirements 3-5 above. Wantel was granted ETP status in UM 1212 and is currently offering federal low-income and OTAP services. Fourth, as a certificated CLEC, Wantel is bound by the Telecom Act and FCC rules to comply with requirements 6-12 above.

C. Impact on the OUS Fund, Implementation Details and Conditions

As part of its application for federal ETC status, Wantel provided a forecast of eligible customer lines for which it expects to receive OUSF support. Staff reviewed those forecasts carefully and used them to approximate the amount of OUSF support that Wantel is likely to receive. The methods for determining the amount of support that CLECs, such as Wantel, can receive were established in Order No. 00-312. The support that Wantel will receive for each eligible customer access line is determined by the amount of per-line support that the incumbent, Qwest, is eligible to receive in the three wire centers for which Wantel seeks OUSF support. As Qwest receives no OUSF support in its Roseburg wire center, there is no support available to Wantel in this wire center. OUSF support is available in the other two wire centers – Sutherlin and Winston. In these wire centers, the amount of support that Wantel will be eligible to receive for each customer line will depend on how Wantel provides the service to the customer. If Wantel serves a customer using its own loop facility, Wantel will receive the same per-line support amount that Qwest does in that wire center. Wantel will receive no support for lines provided using resale of Qwest's supported retail local service. If Wantel serves a customer using a UNE loop leased from Qwest, OUSF support will be shared by Wantel and Qwest on a percentage basis.

The sharing percentages for support of UNE loops are posted on the PUC website. The percentages were calculated based on the CLEC using UNE loops in combination with UNE switching and transport functions, collectively known as UNE-platform (UNE-P) services. The Commission adopted the sharing percentages approximately six years ago. Since then, Qwest's rates for UNE-P type arrangements have increased. In addition, the original assumption that CLECs will use UNE loops as part of a UNE-P type arrangement may need to be revisited. In discussions with Staff, Wantel agreed to use of current sharing percentages for the time being so as not to delay designation, with the understanding that the Commission will consider changes to the sharing percentages in another proceeding. Wantel also agreed that there will be no true-ups to any disbursements made prior to any revision of the sharing percentages. Qwest has indicated to Staff that it, too, accepts these conditions, providing the sharing

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percentages are reviewed within a reasonable time frame. Staff anticipates that the Commission will complete such a review within a year's time. Therefore, Staff recommends that the Commission condition approval of Wantel's application on the acceptance of current sharing percentages and no true-up of related support amounts if percentages are revised.

Based on the forecasts provided by Wantel and the current OUSF sharing percentages, Staff estimates that designating Wantel as eligible to receive OUSF support will increase demand on the fund in the first year by approximately \$75,000, or 0.14% based on the fund's current size. A portion of this increase, or approximately \$4,000, will go to Qwest because Qwest will begin to receive, for the first time, a share of support funds on the UNE loops leased by Wantel. Under the rules of the OUSF program, ILECs such as Qwest and Verizon receive per-line support for retail basic service lines. Qwest and Verizon do not receive any OUSF support for UNE loops they lease to CLECs, unless the CLEC is designated as eligible to receive OUSF support. Once a CLEC is so designated, the ILEC and the CLEC share OUSF support for services provided over UNE loops.

Staff recommends the Commission place a second condition on approval of Wantel's application. That condition is that Wantel abide by all the rules related to OUSF participation, including maintenance of its state certification and ETC designation for federal universal service support. There are no special reporting requirements imposed on CLECs by Order No. 00-312, and Staff does not recommend adopting any at this time. However, as Wantel will be new to the OUSF program, Staff will monitor Wantel's performance to ensure that it continues to meet all conditions for eligibility. Staff may recommend suspension of support at any time if it finds evidence of non-compliance.

OUSF systems have already been modified to accommodate disbursements to Wantel. Staff recommends that the Commission approve disbursements to Wantel to begin on May 30, 2006, based on its March 31, 2006, eligible line counts.

**PROPOSED COMMISSION MOTION:**

Wantel, Inc., dba ComspanUSA, be designated as eligible to participate in the OUSF program, subject to the aforementioned two conditions, with support payments to commence on May 30, 2006, based on March 31, 2006, line counts.

ITEM 1 - UM 1190 WANTEL OUSF application