

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1217

In the Matter of)
)
ELIGIBLE TELECOMMUNICATIONS)
CARRIERS)
)
Annual certification for continued eligibility)
to receive federal universal service fund high)
cost support pursuant to 47 CFR §54.314;)
and annual certification of non-rural ILEC)
basic service rates pursuant to 47 CFR)
§54.316.)

ORDER

**DISPOSITION: ELIGIBLE TELECOMMUNICATIONS CARRIERS
CERTIFIED TO RECEIVE FEDERAL UNIVERSAL
SERVICE HIGH COST FUND SUPPORT;**

**BASIC SERVICE RATES CHARGED BY NON-
RURAL LOCAL EXCHANGE CARRIERS IN RURAL
AREAS CERTIFIED TO BE COMPARABLE TO A
NATIONAL URBAN BENCHMARK;**

**WAIVERS GRANTED; AND ANNUAL
RECERTIFICATION FILINGS ACCEPTED**

ELIGIBLE TELECOMMUNICATIONS CARRIERS

Section 214 (e)(2) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), provides that a state commission shall designate those common carriers eligible to receive universal service support (USF) in accordance with Section 254 of the Act. Section 254 (e) of the Act provides, in part, as follows:

(e) Universal Service Support.—After the date on which Commission regulations implementing this section take effect, only an eligible telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support.

The Public Utility Commission of Oregon (Commission) first exercised this authority in December 2, 1997, when it designated 34 local exchange carriers

(ILECs) as eligible for federal USF support. *See* Order No. 97-481. On June 24, 2004, the Commission designated two Commercial Mobile Radio Service (CMRS) carriers, RCC Minnesota, Inc., and United States Cellular Corporation (US Cellular), as authorized to receive federal USF support. *See* Orders No. 04-355 and 04-356. On August 29, 2005, the Commission designated a third CMRS carrier, Edge Wireless, LLC, as a carrier authorized to receive federal USF support. *See* Order No. 05-965. The Commission also designated two other carriers, VCI Company and Wantel, as eligible to receive federal USF support, but only in non-rural ILEC areas. *See* Order No. 03-749 and Order No. 05-856.

Pursuant to 47 CFR §54.314, a state that desires eligible telecommunications carriers within its jurisdiction to receive federal universal service support in rural areas must file an annual Certification with the USF Administrator and the Federal Communications Commission (FCC) “stating that all federal high-cost support provided to such carriers within the state will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.” 47 CFR §54.314, subsection (c), sets the requirements for the format of the Certification.

In compliance with those federal requirements, the Commission certified the eligibility of Oregon’s designated telecommunications carriers at public meetings in 2001 (Order No. 01-819), 2002 (Order No. 02-605), 2003 (Order No. 03-551), 2004 (Order No. 04-532), and 2005 (Order No. 05-1049). This Order addresses eligibility certification for 2006.

In prior certifications, the Commission relied on affidavits provided by corporate officers of the eligible telecommunications carriers (ETCs) that attested to their use of federal USF high cost funds. While such affidavits were required for recertification this year as well, the Commission recently adopted additional requirements in Order No. 06-292. This is the first annual certification that employs the new requirements.

All ETCs submitted the required filings, including affidavits attesting to the use of support funds for the intended purposes. Based on this information, and because the continued receipt of federal USF high cost support is vital to maintaining reasonable basic service rates in these rural service areas, Staff recommends the Commission certify that the ETCs are authorized to receive federal USF high cost support pursuant to 47 C.F.R. §54.314. We certify RCC Minnesota, Inc. with the understanding that the company will cooperate with Staff in developing a revised networking improvement plan consistent with the goals of the USF program.

Staff also requested that the trouble report requirement of Order No. 06-292 be waived this year for St. Paul Cooperative Telephone Company, Pine Telephone Company, and Roome Telecommunications. Staff explains that these companies were not able to provide such information for 2005 because they had not been collecting such data during that period. Staff adds that these carriers have agreed to start tracking the data that will enable them to file this information next year. Staff also

recommends that the Commission accept the 2006 annual recertification filings submitted by all ETCs, rural and non-rural, in compliance with Order No. 06-292.

The Commission adopted Staff's recommendations at its Public Meeting on September 19, 2006. The Staff Report, which includes a list of the 35 carriers certified to be eligible to receive federal high cost support pursuant to 47 C.F.R. § 54.314, is attached to this Order as Appendix A and incorporated by reference.

RURAL TO URBAN BASIC SERVICE RATE COMPARABILITY

47 CFR §54.316 requires each state to annually review the comparability of residential rates in rural areas served by non-rural incumbent local exchange carriers (ILECs) to urban rates nationwide, and to certify to the USF Administrator and the FCC as to whether the rates are reasonably comparable. This determination is made by comparing basic service rates charged by non-rural ILECs in their rural service areas to a national average benchmark for urban basic service rates determined by the FCC.

In compliance with this federal requirement, Staff conducted an analysis of the basic service rates charged by Oregon's non-rural ILECs, Qwest and Verizon, in their rural service territories. Staff's analysis indicates that in many rural exchanges, Qwest and Verizon charge basic service rates below the current national average urban benchmark of \$24.74 as calculated by the FCC. In all cases, basic service rates charged by Qwest and Verizon in rural exchanges are significantly below the FCC's current "safe harbor" rate of \$34.58 per line per month.

We addressed the rural to urban basic service rate comparability matter at our Public Meeting on September 19, 2006, and adopted Staff's recommendation to certify that the basic service rates charged by Oregon's non-rural ILECs in their rural service areas are comparable to basic service rates charged in urban areas. A summary of basic service rates charged by Qwest and Verizon in each rural Oregon county where they provide service is set forth in Exhibit C to Appendix A. Detailed information regarding the analysis of basic service rates, as discussed in Staff's Report, appears in Exhibits D and E.

CONCLUSIONS

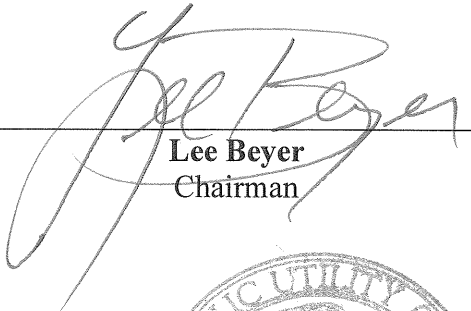
The telecommunications carriers, listed in Exhibit A of the Staff Report, are qualified for annual certification as telecommunications carriers eligible to receive federal universal service high cost support. The basic service rates charged by non-rural ILECs in their rural service areas are certified to be comparable to urban rates. The waivers of Order No. 06-292 trouble report requirements are granted for this year, and the 2006 annual recertification filings of all ETCs are accepted.

ORDER

IT IS ORDERED that:

1. The rural telecommunications carriers listed in Exhibit A to the Staff Report are certified as telecommunications carriers eligible to receive federal universal service support pursuant to 47 CFR §54.314;
2. We certify that the basic service rates charged by non-rural ILECs in their rural service areas, as summarized in Exhibit C of the Staff Report, are reasonably comparable to urban basic service rates nationwide pursuant to 47 CFR §54.316; and
3. We grant waivers for good cause of the trouble report requirement of Order No. 06-292 for this year for St. Paul Cooperative, Pine Telephone, and Roome Telecommunications; and accept the 2006 annual recertification filings of all eligible telecommunications carriers.

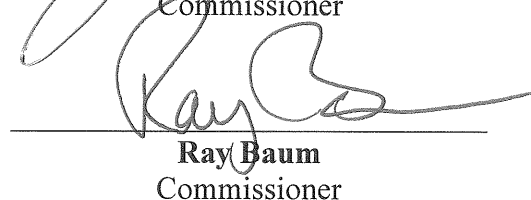
Made, entered, and effective SEP 19 2006.



Lee Beyer
Chairman



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.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 19, 2005

REGULAR X CONSENT EFFECTIVE DATE N/A

DATE: September 12, 2006

TO: Public Utility Commission

FROM: Kay Marinos ^{KM}

THROUGH: ^W Lee Sparling, ^{PM} Phil Nyegaard and ^{DB} Dave Booth

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1217) Annual certification for continued eligibility to receive federal universal service fund high cost support pursuant to 47 C.F.R. § 54.314; annual certification of non-rural ILEC basic service rates pursuant to 47 C.F.R. § 54.316; and review of 2006 annual recertification reports.

STAFF RECOMMENDATION:

Staff recommends that the Commission:

1. Certify that the rural incumbent local exchange carriers (rural ILECs) and the competitive eligible telecommunications carriers (CETCs), listed in Exhibit A to this report, are authorized to receive federal Universal Service Fund (USF) high cost support pursuant to 47 C.F.R. § 54.314;
2. Certify that the basic service rates charged by non-rural ILECs in their rural service areas, as summarized in Exhibit C to this report, are reasonably comparable to urban basic service rates nationwide pursuant to 47 C.F.R. § 54.316; and
3. Grant waivers for good cause of the trouble report requirement of Order No. 06-292 for this year for St. Paul Cooperative Telephone Company, Pine Telephone, and Roome Telecommunications; and accept the 2006 annual recertification filings of all ETCs, with the understanding that RCC has committed to work with Staff to file a revised network improvement plan before the end of this year.

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DISCUSSION:

A. Certification of Rural ILECs and CETCs

Section 214(e)(2) of the Telecommunications Act of 1996 (Act) authorizes state public utility commissions to designate telecommunications carriers eligible to receive federal USF high cost support. The Commission first exercised this authority in December 1997 when it designated Oregon's ILECs as eligible telecommunications carriers (ETCs).¹ In June of 2004 the Commission designated two wireless carriers operating in the service areas of rural ILECs as CETCs authorized to receive federal USF high cost support.² In August of 2005 the Commission designated a third wireless carrier operating in the service areas of rural ILECs as a CETC.³ The Commission has also designated two non-ILEC wireline carriers as CETCs in the service areas of Qwest Corporation (Qwest), a non-rural carrier.⁴

Section 54.314 of the FCC rules requires state public utility commissions to annually certify that rural ILECs, and CETCs operating in the service areas of rural ILECs, are using their federal USF support in compliance with Section 254(e) of the Act. That section of the Act requires that federal USF high cost support be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The Commission must provide this annual certification to the Federal Communications Commission (FCC) and the Universal Service Administrative Company (USAC) by October 1st of each year in order for the rural ETCs to continue receiving high cost support.

Since 2001, this annual certification has been achieved by requiring the corporate officers of rural ILECs and CETCs to provide a sworn affidavit attesting to their use of federal USF high cost funds.⁵ See Sample affidavit included as Exhibit B. While such affidavits are required for recertification this year as well,

¹ See Order No. 97-481, Docket UM 873.

² See Order No. 04-355 in Docket UM 1083 designating RCC Minnesota, Inc., and Order No. 04-356 in Docket UM 1084 designating US Cellular Corporation.

³ See Order No. 05-965 in Docket UM 1177 designating Edge Wireless, LLC.

⁴ See Order No. 03-749 in Docket UM 1107 designating Stan Efferding, dba VCI Company, and Order No. 05-856 in Docket UM 1202 designating Wantel Inc., dba ComspanUSA.

⁵ See PUC Orders 01-819, 02-605, 03-551, 04-532, and 05-1049 in Docket UM 873.

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additional requirements for recertification were recently adopted by the Commission in Docket UM 1217 Order No. 06-292 (Order), entered on June 13 of this year. This is the first annual certification that employs the new requirements adopted in the order.

To meet the new ETC annual certification requirements, each ETC must formally file specific information designed to demonstrate that the ETC: offers the supported services; will provide, and advertise, the supported services throughout its designated service area; offers and advertises low-income services (Lifeline, Link Up, and OTAP); is able to remain functional in emergencies; is committed to service quality and consumer protection; and uses support funds for their intended purposes. The required reports are generally comparable for all ETCs, with one significant exception. CETCs that receive high cost universal service support must submit a network improvement plan explaining how they used support funds in the previous year and how they will use support funds in the coming two years. For reasons explained in the Order, ILEC ETCs are not required to submit such plans.

To implement the new reporting system in a standardized format and to aid the ETCs in filing the information required by the order, Staff developed and distributed a set of prototype report formats for all the ETCs to follow. The time frame for Staff to convey the new requirements to ETCs and for the ETCs to file the new reports by the July 15 ordered deadline was quite short – barely a month – during this initial implementation year. Because of the short time frame, several challenges were presented which Staff believes will not affect next year's reporting. Staff addresses specific areas of difficulties faced by different types of ETCs.

First, the rural ILECs, particularly the smallest ones, experienced some filing hurdles. All rural ILECs but one submitted their reports by the deadline, although some initial reports were incomplete or inaccurate. Nehalem Telecommunications submitted its filing three days after the deadline. However, Nehalem had alerted Staff that it was experiencing personnel and scheduling problems and worked with Staff to enable as timely a filing as possible. The requirements to file electronically presented a challenge for several small ILECs who had never before made an electronic filing and did not have scanning equipment available. After receiving electronic and hard copy filings from the ILECs, Staff reviewed each one for completeness and accuracy and contacted each ILEC to file missing reports or re-file inaccurate or incomplete reports. All rural ILECs were cooperative and acted in good faith to re-file in a timely manner. Three small ILECs -- St. Paul Cooperative Telephone Company, Pine Telephone, and Roome Telecommunications -- were unable to provide reports

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on the number of trouble reports received for 2005 because they had not been collecting such data during that period. These carriers have agreed to start tracking the data that will enable them to file this information next year. Staff therefore recommends that the Commission grant these ETCs a waiver of the trouble report requirements for this year only.

Staff has now received complete electronic and hard copy versions of the required filings from all rural ILEC ETCs. Based on the information contained in the filed reports, including signed affidavits attesting to the use of support funds for the intended purposes, and because the continued receipt of federal USF high cost support is vital to maintaining reasonable basic service rates in the service areas of rural ILECs,⁶ Staff recommends that the Commission certify that the rural ILECs listed in Exhibit A to this report are authorized to receive federal USF high cost support pursuant to 47 C.F.R. § 54.314.

The second group of ETCs is comprised of the three CETCs designated in rural ILEC service areas – Edge Wireless (Edge), US Cellular Corporation (USCC) and RCC Minnesota (RCC). All three of these CETCs submitted their reports on time, including their network improvement plans. The detailed requirements of the network improvement plans were set out in Appendix A of the Order. Staff prepared a prototype reporting format for the network improvement plans to aid CETCs in filing and Staff in reviewing the required plans. While the format aided considerably, Staff and the CETCs agree that some improvements can be made and will discuss changes for next year's filing. The new requirements and the very short time frame presented challenges for the CETCs and Staff relative to the network improvement plans. The plans address how the CETCs spent support money they received in 2005 and how they intend to spend support money they expect to receive in 2006 and 2007.

Staff first reviewed the portion of each CETC's plan that identified the specific projects for which the CETC actually used support funds in 2005, and compared the actual spending with the projected plans that the CETCs submitted to the Commission last year. While the CETCs did not implement all the 2005 projects that they had included in their previous plans, they did substitute other projects which they believed met the intended purposes of support funds. Based on review of the plans submitted and responses to several questions Staff put to

⁶ Oregon's rural ILECs will receive approximately \$50 million from federal USF high cost support programs in 2006. Federal USF high cost support programs are: high cost loop support; local switching support; long-term support; interstate access support; and interstate common line support.

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each of the CETCs, Staff concludes that each of the three CETCs did indeed use their 2005 high cost support funds to further the goals of universal service in Oregon.

The second part of each CETC's network improvement plan addresses how the CETC proposes to use the support funds it expects to receive in 2006 and 2007. Edge Wireless had submitted a 5-year plan as part of its application for designation last year. Edge did a superb job of retaining much of that plan and carrying through elements of it for implementation in 2006 and 2007. USCC and RCC, however, had no previous plans on file for 2006 and 2007, as their recertification last year required a plan for only 2005 support spending. While some projects that were not completed from their 2005 plans were carried over into their 2006 plans, much of the 2006 and 2007 plans were new this year. Staff requested further information from USCC and RCC regarding their planned projects and each responded promptly. Staff expressed concerns to USCC and RCC that their proposed plans did not sufficiently focus support funds on projects to increase coverage and bring wireless service to rural areas that do not currently have service. In addition, Staff wanted to ensure that the carriers did not plan to use support funds to subsidize normally profitable business endeavors in high-density areas. USCC agreed to make several modifications to its plan to address Staff's concerns and to formally file a revised plan. Although RCC agreed to some specific changes to its plan, Staff and RCC were unable to come to total agreement on a revised plan prior to this meeting, due largely to time constraints. However, RCC has committed to work with Staff to develop, and file, a revised plan before the end of this year.

Based on the information included in the annual reports of Edge, USCC and RCC, including the demonstrated appropriate use of 2005 support funds, the carrier's plans for 2006-2007 support, and signed affidavits to use support funds for the intended purposes, Staff recommends the Commission certify that Edge, USCC, and RCC are authorized to receive federal universal service high cost support pursuant to 47 C.F.R. § 54.314. This recommendation is made with the understanding that RCC will continue to work with Staff to file a revised plan before the end of this year.

The complete list of ETCs to be certified by October 1, 2006, to the FCC and USAC is included as Exhibit A to this memo.

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B. Certification of Non-Rural ILEC Rates in Rural Service Areas

In October 2003 the FCC issued Order No. 03-249, which added Section 54.316 to the FCC rules.⁷ This section requires state public utility commissions to certify that the basic service rates charged by non-rural ILECs in their rural service areas are reasonably comparable to urban rates nationwide. This determination is made by comparing the basic service rates charged by non-rural ILECs in their rural service areas to a national average benchmark for urban basic service rates as calculated by the FCC. For purposes of this comparison, the FCC has specified a "safe harbor" mechanism which allows non-rural basic service rates to be presumed reasonable if they are less than two standard deviations above the national average urban benchmark. For example, the FCC's most recently calculated national average rate for basic service in urban areas is \$24.74.⁸ The rate two standard deviations above this benchmark is \$34.58. States with non-rural ILEC rates below \$34.58 in their rural service areas are presumed to have basic service rates reasonably comparable to those charged in urban areas. States with non-rural ILEC rates that equal or exceed \$34.58 in rural areas must explain to the FCC why such rural and urban rate differentials are reasonable.

Failure to provide this annual certification to the FCC and USAC by October 1st of each year will prevent non-rural ETCs in Oregon from receiving federal forward-looking high cost fund support. Qwest Corporation (Qwest) and Verizon Northwest Inc. (Verizon) are the only two non-rural ILECs in the state of Oregon. However, as is the case with non-rural ILECs in 40 of the 50 states, neither Qwest nor Verizon receives federal USF forward-looking high cost fund support despite the fact that they both provide service in high cost rural areas. The lack of federal support for these carriers emphasizes the importance of the Oregon Universal Service Fund (OUSF), which was designed to achieve the comparability between rural and urban rates mandated by Section 254(b) of the Act.⁹ Because no federal USF high cost fund support is available to Qwest and

⁷ See In the Matter of Federal-State Joint Board on Universal Service, Order on Remand, FNPRM, and MO&O, CC Docket 96-45 (released Oct. 27, 2003).

⁸ The FCC annually calculates this national average benchmark in a publication entitled, "Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service." The rates for this year are taken from Table 1.13 of the 2006 edition.

⁹ The FCC's regulations concerning whether an ILEC is considered to be "rural" or "non-rural" are somewhat arcane. Basically, an ILEC is considered to be a rural company if it serves less than 100,000 access lines in a single study area. By default, Qwest and Verizon are the only non-rural ILECs in Oregon.

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Verizon, the OUSF currently distributes approximately \$3.5 million per month to subsidize the basic service rates of these carriers in their high cost rural service territories.

Although neither Qwest nor Verizon receive federal non-rural forward-looking high cost support in Oregon, submitting the required demonstration will help the FCC to insure that federal and state universal service funding mechanisms are sufficient to meet the objectives of Section 254(b) of the Act, which provides that consumers in rural, insular and high cost areas should have access to telecommunications services at rates that are "reasonably comparable" to rates charged for similar services in urban areas.

This is the third year the rate comparison, required by Section 54.316 of the FCC rules, is being submitted to the FCC. This year's comparison utilizes the same methodology as in past years.

Exhibit C to this report summarizes the basic service rates charged by Qwest and Verizon in each rural Oregon county where they provide service.¹⁰ Exhibits D and E to this report provide a detail of the individual rate elements summarized in Exhibit C. Consistent with the methodology used by the FCC to calculate the national urban benchmark of \$24.74, the basic service rates calculated for Qwest and Verizon for this analysis include charges for the following: flat rate service, extended area service, federal Subscriber Line Charge, Oregon Residential Service Protection Fund surcharge, E911 surcharge, city and county franchise fees, miscellaneous taxes, Oregon PUC fee assessment, Oregon Universal Service Fund surcharge, federal excise tax, and federal Universal Service Fund surcharge. Pursuant to section 54.316(d) of the FCC rules, the basic service rates are those for July 1, 2006.

As illustrated in Exhibit C, Qwest's basic service rates in rural Oregon counties range from \$24.19 to \$27.50 per month. Verizon's basic service rates in rural Oregon counties range from \$22.07 to \$28.67. All of these basic service rates are significantly below the safe harbor threshold of \$34.58 set by the FCC, and many are below the national average urban benchmark of \$24.74. Therefore, pursuant to Section 54.316 of the FCC rules, they are presumed reasonably

¹⁰ The FCC requires state commissions to follow guidelines issued by the federal Office of Management and Budget (OMB) which publishes, and routinely updates, a list of metropolitan statistical areas in the United States. Pursuant to the OMB's methodology, any county which does not include a metropolitan statistical area is considered to be rural. Under this definition, only 10 of Oregon's 36 counties are considered to be non-rural.

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comparable to urban basic service rates nationwide and the Commission is not required to provide any additional explanations or analysis to the FCC or USAC.

C. Review of 2006 Annual Recertification Reports

In Section A. of this memo, Staff discussed the annual recertification reports of the rural ILECs and CETCs designated in rural ILEC service areas, as evidence that those ETCs met the annual reporting requirements adopted in Order No. 06-292, and therefore, should be recertified to the FCC to continue receiving federal high cost universal service support. Order No. 06-292 also required, for the first time, the submission of annual reports from the non-rural ILECs -- Qwest and Verizon -- and CETCs designated only in non-rural ILEC service areas -- Wantel and VCI Company (VCI). The Commission is not required to recertify these ETCs to the FCC each year because these ETCs do not receive rural high cost support. Qwest, Verizon, and Wantel receive only Interstate Access Support (IAS) and low-income support, for which they recertify directly to the FCC and USAC each year. VCI receives only low-income support.

Although these ETCs certify directly to the FCC each year without Commission action, Order No. 06-292 requires these ETCs to submit annual reports to the Commission in order to provide evidence that they are fulfilling their universal service obligations. If the Commission finds that any ETC is not fulfilling all its universal service obligations, the Commission may revoke that ETC's certification, thereby prohibiting it from receiving any kind of federal universal service support. Based on review of the information that Qwest, Verizon, Wantel, and VCI have submitted in their annual reports, Staff sees no reason for the Commission to consider revocation of any of these carriers' ETC status at this time. However, Staff will continue to monitor the performance of all ETCs and reserves the right to bring any concerns it may have to the Commission at a later date.

PROPOSED COMMISSION MOTION:

An order be issued in Docket UM 1217:

1. Certifying that the rural ILECs and CETCs listed in Exhibit A are authorized to receive federal universal service high cost support pursuant to 47 C.F.R. § 54.314;

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2. Certifying that the basic service rates charged by Oregon's non-rural ILECs in their rural service areas are reasonably comparable to urban basic service rates nationwide pursuant to 47 C.F.R. § 54.316; and
3. Granting waivers for good cause of the trouble report requirement of Order No. 06-292 for this year for St. Paul Cooperative, Pine Telephone, and Roome Telecommunications; and accepting the 2006 annual recertification filings of all ETCs, with the understanding that RCC has committed to work with Staff to file a revised network improvement plan before the end of this year.

Exhibits A through E follow.

UM 1217 Annual Certification.doc

Exhibit A
Eligible Telecommunications Carriers (Oregon Rural ILECs and CETCs)
Certified to Receive Federal Universal Service Fund High Cost Support

Company	USAC Study Area Code
1 Asotin Telephone Company	532404
2 Beaver Creek Cooperative Telephone Co.	532359
3 Canby Telephone Association	532362
4 Cascade Utilities, Inc.	532371
5 CenturyTel of Oregon, Inc.	532361
6 CenturyTel of Eastern Oregon, Inc.	532361
7 Citizens Telephone Co. of Oregon, Inc.	533401
8 Clear Creek Mutual Telephone Company	532363
9 Colton Telephone Company	532364
10 Eagle Telephone System, Inc.	532369
11 Gervais Telephone Co.	532373
12 Helix Telephone Company	532376
13 Home Telephone Company	532377
14 Malheur Home Telephone Company	532456
15 Midvale Telephone Exchange Inc.	532226
16 Molalla Communications Company	532383
17 Monitor Cooperative Telephone Company	532384
18 Monroe Telephone Company	532385
19 Mt. Angel Telephone Company	532386
20 Nehalem Telecommunications, Inc.	532387
21 North-State Telephone Company	532388
22 Oregon-Idaho Utilities, Inc.	532390
23 Oregon Telephone Corporation	532389
24 People's Telephone Company	532391
25 Pine Telephone System, Inc.	532392
26 Pioneer Telephone Cooperative	532393
27 Roome Telecommunications, Inc.	532375
28 Scio Mutual Telephone Association	532397
29 Stayton Cooperative Telephone Company	532399
30 United Telephone Co. of the Northwest	532400
31 St. Paul Cooperative Telephone Association	532396
32 Trans-Cascades Telephone Company	532378
33 RCC Minnesota Inc.	539001
34 United States Cellular Corporation	539002
35 Edge Wireless, LLC	539004

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Exhibit B
AFFIDAVIT CERTIFYING USE OF
UNIVERSAL SERVICE FUNDS

I, _____, being of lawful age and duly sworn, on my oath, state that I am the _____ [an officer] of _____ ("Company") and that I am authorized to execute this Affidavit on behalf of the Company, and the facts set forth in this Affidavit are true to the best of my knowledge, information and belief.

Pursuant to the rules of the Federal Communications Commission, 47 C.F.R. §54.314, there must be an annual certification that funds received under the federal Universal Service Fund programs will be used only for the provision, maintenance and upgrading of facilities and services for which the support is intended. The Company hereby certifies to the Public Utility Commission of Oregon that pursuant to 47 C.F.R. § 54.7, and for purposes of the certification required under 47 C.F.R. § 54.314, the Company will use all federal high-cost support provided to it only for the provision, maintenance and upgrading of facilities and services for which the support is intended, consistent with the principles of universal service set forth in 47 U.S.C. 254. This includes, but is not limited to, trying to meet the goal of the provision of services that are properly supported by the high-cost funds at rates that are reasonably comparable to rates charged for similar services in urban areas.

DATED this ____ day of _____, 2006.

_____ (Company)

By: _____ (Name)

Its: _____ (Title)

SUBSCRIBED AND SWORN to before me this ____ day of _____, 2006.

Notary Public in and for the State of Oregon

My Commission Expires: _____

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Exhibit C
Summary of Non-Rural ILEC Basic Service Rates in Rural Oregon Counties

Qwest Exchange	Rural County	Monthly Rate	Verizon Exchange	Rural County	Monthly Rate
Baker City	Baker	\$ 24.19	Bandon	Coos	\$ 28.13
Sumpter	Baker	\$ 24.19	Coos Bay-N. Bend	Coos	\$ 24.93
Astoria	Clatsop	\$ 24.19	Coquille	Coos	\$ 28.67
Cannon Beach	Clatsop	\$ 25.32	Lakeside	Coos	\$ 28.13
Seaside	Clatsop	\$ 24.19	Myrtle Point	Coos	\$ 28.31
Warrenton	Clatsop	\$ 24.19	Powers	Coos	\$ 28.31
Westport	Clatsop	\$ 26.45	Brookings	Curry	\$ 22.07
Prineville	Crook	\$ 26.37	Gold Beach	Curry	\$ 22.45
Oakland-Sutherlin	Douglas	\$ 25.32	Langlois	Curry	\$ 23.38
Roseburg	Douglas	\$ 25.32	Port Orford	Curry	\$ 23.38
Camp Sherman	Jefferson	\$ 27.50	Reedsport	Douglas	\$ 23.38
Culver	Jefferson	\$ 26.37	Murphy-Provolt	Josephine	\$ 28.24
Madras	Jefferson	\$ 26.37	Mill City	Linn	\$ 28.24
Grants Pass	Josephine	\$ 25.24	Cove	Union	\$ 24.93
Klamath Falls	Klamath	\$ 24.19	Elgin	Union	\$ 24.48
Newport	Lincoln	\$ 24.35	Imbler	Union	\$ 24.48
Siletz	Lincoln	\$ 26.97	La Grande	Union	\$ 23.85
Toledo	Lincoln	\$ 25.32	Union	Union	\$ 24.93
Albany	Linn	\$ 25.39	Enterprise	Wallowa	\$ 23.80
Harrisburg	Linn	\$ 26.37	Joseph	Wallowa	\$ 23.80
Athena-Weston	Umatilla	\$ 26.45	Lostine	Wallowa	\$ 23.52
Hermiston	Umatilla	\$ 24.19	Wallowa	Wallowa	\$ 23.38
Milton Freewater	Umatilla	\$ 25.32			
Pendleton	Umatilla	\$ 24.19			
Stanfield	Umatilla	\$ 25.32			
Umatilla	Umatilla	\$ 25.32			
Walla Walla	Umatilla	\$ 25.32			

Exhibit D
Detail of Qwest Basic Service Rates in Rural Oregon Counties

Qwest Exchange	Rural County	Rate Grp.	EAS Band	Base Rate	EAS Chrg.	Fed SLC	Fed LNP	OR RSPF	OR E911	Franchise Fees & M. Taxes	PUC Fee	OUSF @ 7.12%	Fed Excise Tax @ 3%	Fed USF @ 10.5%	Total
Baker City	Baker	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Sumpter	Baker	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Astoria	Clatsop	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Cannon Beach	Clatsop	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Seaside	Clatsop	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Warrenton	Clatsop	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Westport	Clatsop	3	A	14.80	1.28	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.45
Prineville	Crook	2	B	13.80	2.20	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.37
Oakland-Sutherlin	Douglas	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Roseburg	Douglas	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Camp Sherman	Jefferson	3	B	14.80	2.20	6.50	0.00	0.08	0.75	0.51	0.06	1.21	0.71	0.68	27.50
Culver	Jefferson	2	B	13.80	2.20	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.37
Madras	Jefferson	2	B	13.80	2.20	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.37
Grants Pass	Josephine	1	B	12.80	2.20	6.50	0.00	0.08	0.75	0.42	0.06	1.07	0.62	0.68	25.24
Klamath Falls	Klamath	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.00	0.65	0.68	24.19
Newport	Lincoln	1	A	12.80	1.42	6.50	0.00	0.08	0.75	0.43	0.06	1.01	0.62	0.68	24.35
Siletz	Lincoln	3	A	14.80	1.73	6.50	0.00	0.08	0.75	0.50	0.06	1.18	0.69	0.68	26.97
Toledo	Lincoln	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Albany	Linn	1	B	12.80	2.34	6.50	0.00	0.08	0.75	0.45	0.06	1.08	0.65	0.68	25.39
Harrisburg	Linn	2	B	13.80	2.20	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.37
Athens-Weston	Umatilla	3	A	14.80	1.28	6.50	0.00	0.08	0.75	0.48	0.06	1.14	0.68	0.68	26.45
Hermiston	Umatilla	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Milton Freewater	Umatilla	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Pendleton	Umatilla	1	A	12.80	1.28	6.50	0.00	0.08	0.75	0.42	0.06	1.00	0.62	0.68	24.19
Stanfield	Umatilla	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Umatilla	Umatilla	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32
Walla Walla	Umatilla	2	A	13.80	1.28	6.50	0.00	0.08	0.75	0.45	0.06	1.07	0.65	0.68	25.32

Exhibit E
Detail of Verizon Rates in Rural Oregon Counties

Verizon Exchange	Rural County	EAS Band	Base Rate	EAS Chrg.	Fed SLC	Fed LNP	OR RSPF	OR E911	Franchise Fees & M. Taxes	PUC Fee	OUSF @ 7.12%	Fed Excise Tax @ 3%	Fed USF @ 10.5%	Total
Bandon	Coos	III	12.59	5.50	6.50	0.00	0.08	0.75	0.00	0.00	1.09	0.74	0.68	28.13
Coos Bay-N. Bend	Coos	II	12.59	2.19	6.50	0.00	0.08	0.75	0.44	0.00	0.89	0.64	0.68	24.93
Coquille	Coos	III	12.59	5.50	6.50	0.00	0.08	0.75	0.54	0.00	1.09	0.74	0.68	28.67
Lakeside	Coos	III	12.59	5.50	6.50	0.00	0.08	0.75	0.00	0.00	1.09	0.74	0.68	28.13
Myrtle Point	Coos	III	12.59	5.50	6.50	0.00	0.08	0.75	0.18	0.00	1.09	0.74	0.68	28.31
Powers	Coos	III	12.59	5.50	6.50	0.00	0.08	0.75	0.18	0.00	1.09	0.74	0.68	28.31
Brookings	Curry	N/A	12.59	0.00	6.50	0.00	0.08	0.75	0.00	0.00	0.76	0.57	0.68	22.07
Gold Beach	Curry	N/A	12.59	0.00	6.50	0.00	0.08	0.75	0.38	0.00	0.76	0.57	0.68	22.45
Langlois	Curry	I	12.59	1.19	6.50	0.00	0.08	0.75	0.00	0.00	0.83	0.61	0.68	23.38
Port Orford	Curry	I	12.59	1.19	6.50	0.00	0.08	0.75	0.00	0.00	0.83	0.61	0.68	23.38
Reedsport	Douglas	I	12.59	1.19	6.50	0.00	0.08	0.75	0.00	0.00	0.83	0.61	0.68	23.38
Murphy-Provost	Josephine	III	12.59	5.60	6.50	0.00	0.08	0.75	0.00	0.00	1.09	0.74	0.68	28.24
Mill City	Linn	IV	12.59	5.60	6.50	0.00	0.08	0.75	0.00	0.00	1.09	0.74	0.68	28.24
Cove	Union	II	12.59	2.19	6.50	0.00	0.08	0.75	0.44	0.00	0.89	0.64	0.68	24.93
Elgin	Union	II	12.59	2.19	6.50	0.00	0.08	0.75	0.00	0.00	0.89	0.64	0.68	24.48
Imbler	Union	II	12.59	2.19	6.50	0.00	0.08	0.75	0.00	0.00	0.89	0.64	0.68	24.48
La Grande	Union	I	12.59	1.24	6.50	0.00	0.08	0.75	0.41	0.00	0.83	0.61	0.68	23.85
Union	Union	II	12.59	2.19	6.50	0.00	0.08	0.75	0.44	0.00	0.89	0.64	0.68	24.93
Enterprise	Wallowa	I	12.59	1.19	6.50	0.00	0.08	0.75	0.41	0.00	0.83	0.61	0.68	23.80
Joseph	Wallowa	I	12.59	1.19	6.50	0.00	0.08	0.75	0.41	0.00	0.83	0.61	0.68	23.80
Lostine	Wallowa	I	12.59	1.19	6.50	0.00	0.08	0.75	0.14	0.00	0.83	0.61	0.68	23.52
Wallowa	Wallowa	I	12.59	1.19	6.50	0.00	0.08	0.75	0.00	0.00	0.83	0.61	0.68	23.38