

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1321

In the Matter of)	
)	
COMSPAN COMMUNICATIONS INC.)	ORDER
)	
Application for Approval of Eligibility to)	
Participate in the Oregon Universal Service)	
Fund in the Coquille Wire Center.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On June 1, 2007, Wantel, Inc., d/b/a ComspanUSA (Wantel), filed an application with the Public Utility Commission of Oregon (Commission) requesting Oregon Universal Service Fund (OUSF) support eligibility in the Coquille wire center of Verizon Northwest, Inc. (Verizon), the incumbent local exchange carrier (ILEC). On July 9, 2007, Wantel informed the Commission that its name was changed to Comspan Communications, Inc. (Comspan).

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 carriers (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 will then consider the petition in a public meeting and either grant the petition or suspend it for investigation.

Comspan is a CLEC certified by the Commission, under Order No. 99-507, to provide telecommunications services in Oregon. Comspan 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 ILEC's retail services.

The Commission Staff (Staff) recommended approval of Comspan's request, subject to two conditions. The first condition is that sharing of per-line support amounts with Verizon will be calculated based on current percentages, with no true-ups on past disbursements if percentages are revised. The second condition is that Comspan 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.

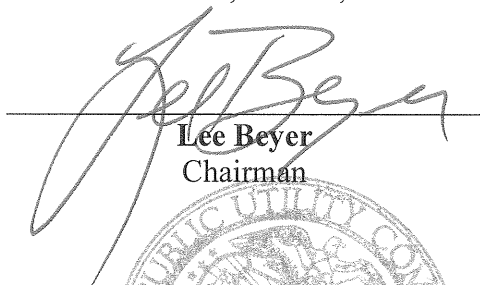
At its Public Meeting on December 18, 2007, the Commission adopted Staff's recommendation and approved Comspan's application for OUSF support eligibility in the Coquille wire center of Verizon, subject to the two conditions set forth in Appendix A.

ORDER

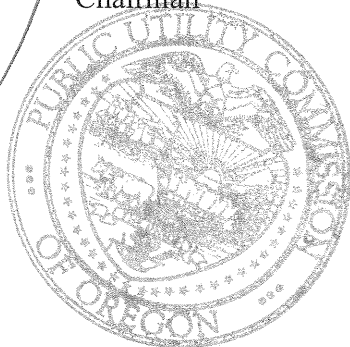
IT IS ORDERED that:

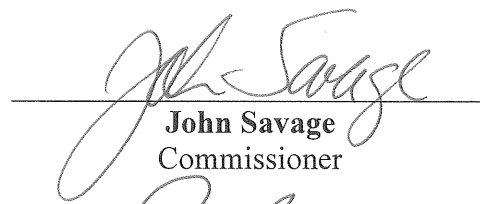
- 1) The application of Comspan Communications Inc. for Oregon Universal Service Fund support eligibility in the Coquille wire center of Verizon Northwest, Inc., is granted.
- 2) The sharing of per-line support amounts with Verizon Northwest, Inc., shall be calculated based on current percentages, with no true-ups on past disbursements if percentages are revised.
- 3) Comspan Communications 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 Comspan Communications Inc. shall commence on March 30, 2008, based on its January 31, 2008, line counts.

Made, entered, and effective DEC 20 2007.

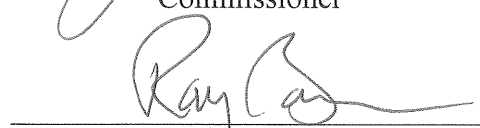


Lee Beyer
Chairman





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: December 18, 2007**

REGULAR _____ CONSENT x EFFECTIVE DATE _____ N/A _____

DATE: December 10, 2007

TO: Public Utility Commission

FROM: Celeste Hari *CH*

THROUGH: *in* Lee Sparling, *CB* Dave Booth, and *KM* Kay Marinos

SUBJECT: COMSPAN COMMUNICATIONS INC.: (Docket UM 1321) Application for approval of eligibility to participate in the Oregon Universal Service Fund in the Coquille Wire Center.

STAFF RECOMMENDATION:

Staff recommends the Commission grant the application by Comspan Communications, Inc. (Comspan) for Oregon Universal Service Fund (OUSF) support eligibility in the Coquille wire center of Verizon Northwest, Inc. (Verizon), the incumbent local exchange carrier (ILEC) in Coquille, subject to two conditions. The first condition is that if Comspan provides service to any customer by leasing Verizon facilities, support on those lines will be shared using current percentages, with no true-ups on past disbursements if percentages are revised. The second condition is that Comspan 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 Comspan commence on March 30, 2008, based on January 31, 2008, line counts.

DISCUSSION:

Background

This application was filed on June 1, 2007, under Comspan's former name, Wantel, Inc. d/b/a ComspanUSA. The Commission was notified that the company name was changed to Comspan Communications, Inc. on July 9, 2007.

Comspan 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. Comspan is a facilities-based carrier that provides local exchange services

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over its own network facilities, leased unbundled network element (UNE) loops and UNE-type facilities, and resale of ILEC retail services.

In February of 2006, the Commission granted Comspan eligibility to receive OUSF support in the Winston, Sutherlin, and Roseburg wire centers of Qwest Corporation (Qwest). In March of 2007, the Commission granted Comspan eligibility to receive OUSF support in the Bandon wire center of Verizon. See Docket UM 1190, Order No. 06-081 and Docket UM 1300, Order No. 07-116, respectively. Comspan is currently receiving support for those wire centers. This application, docketed as UM 1321, seeks to expand Comspan's eligible area to include the Coquille wire center.

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 reasonable and affordable rates. 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. Comspan filed its application for OUSF eligibility in the Coquille wire center on June 1, 2007. On December 5, 2007, Comspan supplemented that filing with an executed and notarized affidavit of Jan Summarell, the Senior Vice President and Chief Operating Officer of Comspan.

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 Oregon Telephone Assistance Program (OTAP) services in compliance with Oregon Administrative Rules;

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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.

Comspan demonstrates through its application that it meets these requirements for eligibility in the Coquille wire center. In addition, Comspan submitted an affidavit signed by its Senior Vice President and Chief Operating Officer, Jan Summarell, whereby Comspan agrees to meet all eligibility requirements for receiving OUSF support in Coquille. Staff established in Docket UM 1190 (Comspan's first OUSF area designation) that before receiving designation to receive OUSF support, a carrier must first obtain designation as a federal ETC for federal universal service support. Next, the carrier must obtain designation as an eligible telecommunications provider (ETP) to participate in OTAP for low-income support. Comspan completed these requirements when the Commission granted federal ETC status to Comspan in Coquille in Docket UM 1325, Order No. 07-403, and ETP status in Docket UM 1305, Order No. 07-102. In its application for federal ETC status, Comspan submitted a network improvement plan detailing how it plans to use the OUSF support it 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. Through all these means, Comspan demonstrates that it meets the eligibility requirements to receive OUSF support in the Coquille wire center.

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Impact on the OUS Fund, Implementation Details and Conditions

As part of its application for federal ETC status, Comspan 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 Comspan is likely to receive. The methods for determining the amount of support that CLECs, such as Comspan, can receive were established in Order No. 00-312. The support that Comspan will receive for each eligible customer access line is determined by the amount of per-line support that the incumbent, Verizon, is eligible to receive in the Coquille wire center. The amount of support that Comspan will be eligible to receive for each customer line will depend on how Comspan provides the service to the customer. If Comspan serves a customer using its own loop facility, Comspan will receive the same per-line support amount that Verizon does in Coquille. Comspan will receive no support for lines provided using resale of Verizon's supported retail local service. If Comspan serves a customer using a UNE loop leased from Verizon, OUSF support will be shared by Comspan and Verizon on a percentage basis.

Comspan plans to provide service to all its customers in Coquille through use of its own facilities. However, should Comspan be unable to provide service to any requesting customer before its own facilities are in place to serve that customer, Comspan will utilize leased Verizon facilities per the terms of the companies' interconnection agreement. In that case, Comspan and Verizon will share support. The sharing percentages were recently reviewed by staff. Staff recommends making no changes in the current percentages. Qwest indicated its agreement with Staff's recommendation, but Verizon has not yet responded. Comspan agrees to use the current sharing percentages for any facilities it may lease from Verizon. Comspan also agrees that should the percentages be changed as a result of disagreement regarding the review, there will be no true-ups to any disbursements made prior to any revision of the sharing percentages. These conditions were also part of the Commission's approval of Comspan's earlier designation in the Winston, Sutherlin, Roseburg and Bandon wire centers.

Staff recommends the Commission place a second condition on approval of Comspan's application. That condition is that Comspan abide by all the rules related to OUSF participation, including maintenance of its state certification and ETC designation for federal universal service support. Comspan's previous designations in the Winston, Sutherlin, Roseburg and Bandon wire centers included this condition, and Staff recommends that the condition be extended to the Coquille wire center as well. There are no special reporting requirements imposed on CLECs by Order No. 00-312, and Staff does not recommend adopting any at this time.

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Based on forecasts provided by Comspan, Staff estimates that designating Comspan as eligible to receive OUSF support in Coquille will not significantly impact the size of the total fund or require adjustments to the surcharge rate within the next year. As Comspan's future line growth is likely to come mainly from migration of customers already served by the incumbent, OUSF support will merely shift from one carrier to another without changing the total size of the fund.

For consistency with OUSF reporting and disbursement periods, Staff recommends that the Commission approve disbursements to Comspan to begin on March 30, 2008, based on its January 31, 2008, eligible line counts.

PROPOSED COMMISSION MOTION:

Comspan Communications, Inc., formerly known as Wantel, Inc. dba ComspanUSA, be designated in the Coquille wire center as eligible to participate in the OUSF program, subject to the aforementioned two conditions, with support payments to commence on March 30, 2008, based on its January 31, 2008, line counts.

Comspan UM 1321