

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1316

In the Matter of)	
)	
COMSPAN COMMUNICATIONS, INC.)	ORDER
)	
Application for designation as an Eligible)	
Telecommunications Carrier in the Veneta,)	
Reedsport and Myrtle Point Wire Centers.)	

DISPOSITION: APPLICATION APPROVED

On May 15, 2007, Wantel, Inc., dba ComspanUSA (Wantel), filed an application with the Public Utility Commission of Oregon (Commission) requesting designation as an eligible telecommunications carrier (ETC) in the Oak Ridge, Veneta, Reedsport and Myrtle Point wire centers. Designation as a federal ETC would enable Wantel to receive federal universal service support. On July 9, 2007, Wantel notified the Commission that its name had changed to Comspan Communications Inc. (Comspan). On October 31, 2007, Comspan filed an amended application to remove the Oak Ridge wire center from its application. On January 8, 2008, Comspan filed a second amended application to revise several exhibits and to include rate plan information missing from its earlier applications.

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 provides local exchange services using its own network facilities, leased loop facilities, and resale of ILECs' retail services. Comspan is currently designated as a federal ETC in the Bandon, Coquille, Roseburg, Sutherlin, and Winston wire centers and receives federal universal service support in those areas.

In order to be designated as an ETC, a telecommunications service provider must meet the basic requirements of 47 U.S.C. § 214(e)(1), and must comply with the additional public interest requirements of 47 U.S.C. § 214(e)(2). Commission Staff (Staff) finds that Comspan has demonstrated that it meets both the basic statutory conditions and the public interest threshold for eligibility. Comspan further agrees to abide by the provisions of Order No. 06-292, requiring that all ETCs file annual reports with the Commission in order to retain their ETC status. Staff also finds that Comspan has satisfied the requirements for federal ETC designation adopted by the Commission in Order No. 06-292. Details of Staff's recommendations are attached as Appendix A.

At its Public Meeting on January 22, 2008, the Commission adopted Staff's recommendations and approved Comspan's application for designation as an ETC in the Veneta, Reedsport and Myrtle Point wire centers.

ORDER

IT IS ORDERED that Comspan Communications, Inc., dba Comspan's application for designation as a federal Eligible Telecommunications Carrier in the Veneta, Reedsport and Myrtle Point wire centers is approved.

Made, entered, and effective JAN 28 2008.



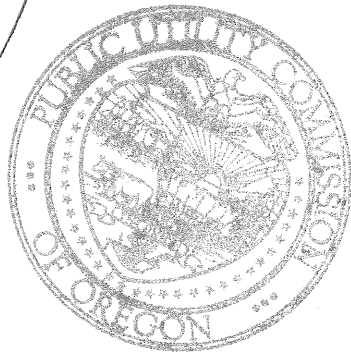
Lee Beyer
Chairman



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: January 22, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: January 14, 2008

TO: Public Utility Commission

FROM: Celeste Hari *CH*

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

SUBJECT: COMSPAN COMMUNICATIONS INC.: (Docket UM 1316) Application for designation as an Eligible Telecommunications Carrier in the Veneta, Reedsport and Myrtle Point wire centers.

STAFF RECOMMENDATION:

Staff recommends the Commission grant the application by Comspan Communications, Inc. (Comspan) for designation as an eligible telecommunications carrier (ETC) for the purposes of federal universal service support, in the Veneta wire center of Qwest Corporation (Qwest) and also in the Reedsport and Myrtle Point wire centers of Verizon Northwest Inc. (Verizon). Through its application, Comspan demonstrates that it meets the requirements for federal ETC designation adopted by the Commission on June 13, 2006, in Docket UM 1217, Order No. 06-292.

DISCUSSION:

Background

Comspan is a competitive local exchange carrier (CLEC) certified by the Commission on August 20, 1999, by 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 retail services.

Comspan requests designation as a federal ETC in the Veneta wire center of Qwest and in the Reedsport and Myrtle Point wire centers of Verizon. Federal ETC status enables a carrier to receive federal universal service support. The Commission previously designated Comspan as a federal ETC in three Qwest wire centers (Roseburg, Sutherlin and Winston) and two Verizon wire centers (Bandon and Coquille).

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Approval of this request will add the Veneta, Reedsport and Myrtle Point wire centers to Comspan's current designated service area. As in previous applications, Comspan seeks federal ETC designation primarily to enable it to apply for support from the Oregon Universal Service Fund (OUSF). Federal ETC status is a prerequisite to state ETC status and eligibility for OUSF support. Once the Commission designates Comspan a federal ETC in the Veneta, Reedsport and Myrtle Point wire centers, Comspan will file a separate application for Oregon ETC status in those wire centers. Comspan currently receives OUSF support in the previously designated wire centers.

Federal ETC designation will also enable Comspan to participate in the federal low-income assistance program (Lifeline/Link Up) and its Oregon equivalent, the Oregon Telephone Assistance Program (OTAP). Through these programs, Comspan will offer discounts to qualifying low-income customers in the Veneta, Reedsport and Myrtle Point wire centers.

Comspan filed an initial application for federal ETC status on May 15, 2007, under its former name, Wantel, Inc. d/b/a ComspanUSA. The company notified the Commission of a name change to Comspan Communications, Inc. on July 9, 2007. The original application requested designation in the Oakridge, Veneta, Reedsport and Myrtle Point wire centers. Comspan filed an amended application on October 31, 2007, to remove the Oakridge wire center from its list of wire centers requested for designation and to submit the required 5-year network improvement plan. On January 8, 2008, the company filed a second amended application to revise several exhibits and to include rate plan information missing from its earlier applications.

Comspan provided copies of its filings to the incumbent carriers, Qwest and Verizon. As of the date of this memo, no parties have indicated opposition to the application.

Commission Authority

Section 214(e)(2) of the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the Act), delegates authority to state commissions to designate common carriers that are eligible to receive federal universal service support. State commissions may confer federal ETC status on common carriers that meet conditions set out in Section 214(e)(1) of the Act. In general, those conditions require the ETC to offer and advertise, throughout its designated service area, the services that are supported by federal universal service support mechanisms. The carrier must provide the supported services using either its own facilities or a combination of its own facilities and resale of another carrier's services. Carriers other than incumbent LECs may be designated as ETCs if such designation is consistent with the public interest.

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Requirements for ETC Designation

In June of 2006, the Commission adopted a set of explicit requirements for federal ETC designation, based largely on the Act and FCC recommendations. See Docket UM 1217, Order No. 06-292. Appendix A to the order sets forth detailed requirements. Comspan demonstrates through its application and network improvement plan that it satisfies each of those requirements as described below.

1. Common carrier status: Comspan is a CLEC certified by the Commission by Order No. 99-507, to provide local and long distance telecommunications services in Oregon.
2. Commitment and ability to provide all supported services: Comspan currently offers all required supported services, including a local usage plan comparable to that of the incumbents, in its current designated service area. Comspan commits to provide all supported services in the requested wire centers.
3. Commitment and ability to provide supported services throughout the designated service area: An ETC must be willing and able to provide the supported services to any requesting customer at any location within its designated service area. Comspan's application includes maps of its planned network coverage in the requested wire centers and plans to serve the entire area of the requested wire centers. Comspan plans to use its own network facilities to provide service to most customers in the requested wire centers, but needs support funds to build out its network to reach as many customers as possible. Comspan commits to provide timely service to all requesting customers and will lease facilities or resell Qwest or Verizon services if Comspan cannot initially serve a requesting customer using its own facilities. Appendix A to this memo lists specific wire center information that the Universal Service Administrative Company (USAC) needs for federal support disbursement purposes.
4. Use of own facilities to provide service: Comspan currently has significant network infrastructure in place and plans to serve customers using its own facilities whenever possible.
5. Commitment to use support funds only for the intended purposes (including a detailed network plan): Comspan's application includes an affidavit certifying that it will use support funds only for the intended purposes. Comspan will receive the same amount of support per line as the incumbent carriers, Qwest and Verizon. The only available federal high-cost support in the requested wire centers is Interstate Access Support (IAS), which is approximately \$5.79 per month for each residence

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and single-line business line in the Verizon wire centers, and \$1.16 per month in Qwest's Veneta wire center. IAS for each multi-line business line in the Verizon wire centers is approximately \$3.48 per month. There is no IAS support available for multi-line business lines in the Veneta wire center.

Qwest and Verizon also receive OUSF support for each access line in the requested wire centers. Comspan will be eligible for the same amount of OUSF support per line if, in a subsequent proceeding, the Commission designates the company as an Oregon ETC in the requested wire centers. The amount of OUSF support available per line in the Veneta wire center is \$11.73; in Reedsport the amount is \$4.34 and in Myrtle Point the amount is \$29.10.

Because Comspan's primary objective is to receive OUSF support in the requested wire centers, Comspan includes both types of support in its network improvement plan. Although Comspan must obtain eligibility to receive OUSF support through a separate, subsequent application, plans for the combined funds demonstrate how Comspan intends to use both types of support to build out its network in the requested wire centers. Comspan needs both types of support funds to construct a fiber-based network that will give existing and new customers access to high quality, reliable and efficient basic and advanced residential and business services.

6. Commitment to advertise supported services: Comspan commits to advertising the supported services throughout the designated service area using media of general distribution.
7. Commitment to offer and advertise Lifeline, Link Up, and OTAP services: Comspan commits to offer federal Lifeline and Link Up discounts, as well as state OTAP discounts, to qualifying low-income customers. Comspan describes how it will advertise these services to reach consumers most likely to qualify. Comspan already participates in these low-income programs in its currently designated service area.
8. Ability to remain functional during emergencies: Comspan demonstrates its ability to remain functional in emergency situations by describing the availability of battery and emergency generator back-up power, the redundancy and diversity that is built into its network, and its capabilities for handling traffic spikes. Comspan fully complies with E911 requirements.
9. Commitment to service quality and consumer protection standards: As a certificated CLEC in Oregon, Comspan is subject to Oregon consumer protection laws and service quality requirements. Comspan's application includes service quality

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reports that demonstrate it has met or surpassed the Commission's quality standards in its current service areas.

10. Public interest demonstration: Order No. 06-292 requires a demonstration that designation of the applicant is in the public interest. This demonstration must address: 1) specific ways in which consumer choices will be increased, and 2) specific advantages and disadvantages of the applicant's service offerings. Additionally, designation requires a cream skimming test, but only if the proposed designated service area includes wire centers of a rural ILEC. Because Qwest and Verizon are non-rural ILECs, the cream skimming test does not apply to Comspan's application.

Comspan's application demonstrates that designating Comspan as an ETC in the requested wire centers is in the public interest. Comspan's designation will result in increased consumer choice as Comspan invests universal service support funds to expand its state-of-the-art network and provide genuine facilities-based competition in the requested areas. Residents will have a greater choice of local service providers, as well as an alternative wireline provider for voice, broadband internet, high speed data, and other advanced services.

The advantages of Comspan's proposed service offerings include the greater reliability and feature-rich services offered by a new fiber-based broadband network. The advantages of Comspan's services and network will also be available to Lifeline-qualifying low-income consumers. Staff is unaware of any significant disadvantages of Comspan's service offerings, compared to those offered by the incumbents. If designated, Comspan will be the only CLEC to receive federal high-cost funds in the Veneta, Reedsport and Myrtle Point wire centers.

Although several modifications to the existing federal high cost universal service support program have been proposed by various parties, the FCC has yet to act to implement any changes. On May 1, 2007, the Federal-State Joint Board on Universal Service released a Recommended Decision proposing an interim, emergency cap on the amount of high cost support that competitive ETCs can receive. Although the comment and reply cycles ended in June of 2007, the FCC has not issued an order imposing a cap. In addition, in November of 2007, the Joint Board released a Recommended Decision proposing long term comprehensive reform measures, but the FCC has yet to put that decision out for comment, despite requests from NARUC and other parties to do so. Since it is unclear when, and how, the high cost support system may change, Staff recommends that the Commission not delay approval of Comspan's application on the basis of any possible FCC actions.

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Reporting Requirements

Order No. 06-292 also requires that all ETCs file annual reports with the Commission in order to retain their ETC status. Comspan agrees to abide by these reporting requirements.

PROPOSED COMMISSION MOTION:

The application of Comspan Communications, Inc., formerly known as Wantel, Inc. dba ComspanUSA for designation as a federal ETC in the Veneta, Reedsport and Myrtle Point wire centers be granted.

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APPENDIX A

Comspan Communications Inc.
Federal ETC Designated Service Area - Oregon
(Additional Wire Centers*)

<u>Wire Center</u>	<u>CLLI Code</u>	<u>ILEC Study Area</u>
Veneta	VENTOR	Qwest
Reedsport	RDPTOR	Verizon
Myrtle Point	MYPNOR	Verizon

*Comspan, f/k/a Wantel, Inc., is currently designated as a federal ETC in the following wire centers in Oregon: Winston (WNTNOR), Sutherlin (STHROR), Roseburg (RSBGOR), Bandon (BNDNOR) and Coquille (CQLLOR).