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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of AT&T COMMUNICA-)
TIONS OF THE MOUNTAIN STATES, INC., for an)
Amendment to Its Existing Authority to Compete as a)
Telecommunications Corporation and to Offer Local)
Exchange Public Telecommunications Services)

DOCKET NO. 96-087-01

REPORT AND ORDER

ISSUED: August 13, 1996

SYNOPSIS

By this Report and Order, the Public Service Commission of Utah (the "Commission") grants the request of AT&T Communications of the Mountain States, Inc. ("AT&T") to amend its Certificate of Public Convenience and Necessity ("Certificate") to authorize the company to provide local exchange, statewide interexchange, private line and access services in addition to its current intrastate long distance services throughout the State of Utah. The Commission, having considered the record in this proceeding and the applicable law, hereby makes, adopts, and enters the following Report and Order.

By the Commission:

PROCEDURAL HISTORY

AT&T filed its verified Request for Agency Action in this matter on March 1, 1996, pursuant to Utah Code Annotated §§ 54-8b-2.1 and 54-8b-2.3 and Title 63, Chapter 46b of the Utah Administrative Procedures Act. AT&T filed a verified Amended Request for Agency Action on March 26, 1996. AT&T, the Division of Public Utilities, and the Committee of Consumer Services filed a written Stipulation to Compliance with Statutory Factors on April 23, 1996. A hearing was held on April 25, 1996.

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AT&T Corp. Legal - Denver

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SUMMARY OF EVIDENCE

Gregory Allen, Vice President for AT&T and Government Affairs Vice President for AT&T Corp., verified AT&T's Amended Request for Agency Action and testified at the hearing on behalf of AT&T. Mr. Allen testified that AT&T is a Colorado corporation and a wholly owned subsidiary of AT&T Corp. AT&T registered with the Utah Division of Corporation and Commercial Code as a foreign corporation on April 2, 1984, and maintains its principal place of business at 1875 Lawrence Street, Denver, Colorado 80202.

Mr. Allen testified that AT&T currently is authorized to provide and offers a variety of interexchange intraLATA and interLATA telecommunications services in the State of Utah. In addition to those services, Mr. Allen testified, AT&T seeks authority to offer additional statewide interexchange services, including intraLATA Message Toll Service ("MTS") (on a "dial around" basis until such time as intraLATA dialing parity is implemented) and access and private line services. He testified that AT&T also intends to provide local exchange telephone services throughout the State of Utah on a resale or facilities basis, or a combination of both. Initially, according to Mr. Allen, AT&T will negotiate with U S WEST Communications, Inc. ("U S WEST") for the resale, interconnection and operational arrangements necessary for AT&T's provision of local service in U S West's serving territories.

Mr. Allen testified that AT&T has sufficient financial resources and abilities to provide the public telecommunications services for which it has applied for an Amended Certificate. He testified that AT&T is a wholly-owned subsidiary of AT&T Corp., and as the

parent corporation and sole owner of AT&T, AT&T Corp. will support AT&T's financial commitments and obligations and is fully prepared to honor them.

Mr. Allen also testified that AT&T has sufficient technical and managerial resources and abilities to provide the public telecommunications services for which it has applied for an Amended Certificate. He testified that pursuant to AT&T's current authority to provide facilities-based interexchange telecommunications services in the State of Utah, AT&T has provided consistently high-quality services to both residential and business customers in this state since 1984. He testified that AT&T Corp.'s World-Wide Intelligent Network is the global leader in the provision of state-of-the-art telecommunications services to both residence and business consumers, and AT&T is widely recognized for its expertise in designing, installing, operating, and maintaining the world's best-in-class telecommunications network. Mr. Allen further testified that AT&T is supported in its endeavors by AT&T Corp.'s AT&T Labs (a section of the renowned former Bell Labs), where scientists engage in extensive research and development for telecommunications facilities and services.

Mr. Allen testified that AT&T has sufficient managerial resources and abilities to provide the additional interexchange services and the local exchange public telecommunications services for which it has applied for an amendment to its Certificate. He testified that AT&T's principal managerial, technical and financial employees have extensive experience in the telecommunications industry, and AT&T has demonstrated its managerial expertise through its existing provision of interexchange services.

Mr. Allen testified that AT&T intends to offer a variety of intraexchange and interexchange switched and dedicated services, and that all of the additional intrastate services initially offered by AT&T will be subject to competition from services offered by U S WEST and other certificated local exchange providers. He also testified that the issuance of an Amended Certificate to AT&T to offer the additional public telecommunications services the company seeks to provide is in the public interest. AT&T's service offerings, Mr. Allen testified, will provide customers with a wider range of choices in meeting their telecommunications needs and will support the development of competition which will exert downward pressure on rates for services subject to competition and upward pressure on the quality and availability of such services. He further testified that the general welfare and economy of the State will be enhanced by the increased competition that will result from AT&T's entry into additional intrastate telecommunications markets.

AT&T, the Division of Public Utilities and the Committee of Consumer Services stipulated that the information provided by AT&T demonstrated that AT&T has sufficient financial, technical and managerial resources and abilities to provide the public telecommunications services for which it has applied and that the issuance of the requested Certificate is in the public interest. They also stipulated that AT&T would comply with the reporting requirements, and should be granted the regulatory waivers, set forth in Exhibit B to this Report and Order. Division Economist Dr. Curt Huttshell testified in support of this stipulation.

FINDINGS OF FACT

1. AT&T is a Colorado corporation and a wholly owned subsidiary of AT&T Corp. AT&T registered with the Utah Division of Corporation and Commercial Code as a foreign corporation on April 2, 1984, and maintains its principal place of business at 1875 Lawrence Street, Denver, Colorado 80202.
2. AT&T has requested that the Commission amend its existing Certificate of Public Convenience and Necessity ("Certificate") to authorize the company to provide facilities-based and resold local exchange, statewide interexchange, private line and access services in addition to its current intrastate long distance services throughout the State of Utah, except that AT&T voluntarily agrees not to seek to provide local exchange service within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer than 30,000 access lines within the State before December 31, 1997. AT&T also seeks uniform application of exemptions from regulatory requirements for its provision of all services.
3. AT&T currently is authorized to provide and offers a variety of interexchange intraLATA and interLATA telecommunications services in the State of Utah. In addition to those services, AT&T seeks authority to offer additional statewide interexchange services, including intraLATA Message Toll Service ("MTS") (on a "dial around" basis until such time as intraLATA dialing parity is implemented) and access and private line services. AT&T also intends to provide local exchange telephone services throughout the State of Utah on a resale or facilities basis, or a combination of both. Initially, AT&T will negotiate with U S WEST

Communications, Inc. ("U S WEST") for the resale, interconnection and operational arrangements necessary to AT&T's provision of local service in U S West's serving territories.

4. AT&T will interconnect its network with local exchange carriers and interexchange carriers to bring a full range of services and calling capabilities to its customers. Such interconnection arrangements will assure customers full access to, and interoperability with, other services and features, whether offered by AT&T or by other carriers.

5. Pursuant to its current authority to provide facilities-based interexchange telecommunications services in the State of Utah, AT&T has provided consistently high-quality services to both residential and business customers in this state since 1984.

6. AT&T has sufficient technical resources and abilities to provide the public telecommunications services for which it has applied for an amendment to its Certificate.

7. AT&T's principal managerial, technical and financial employees have extensive experience in the telecommunications industry, and AT&T has demonstrated its managerial expertise through its existing provision of interexchange services.

8. AT&T has sufficient managerial resources and abilities to provide the public telecommunications services for which it has applied for an amendment to its Certificate.

9. AT&T is a wholly-owned subsidiary of AT&T Corp., and as the parent corporation and sole owner of AT&T, AT&T Corp. will support AT&T's financial commitments and obligations and is fully prepared to honor them.

10. AT&T has sufficient financial resources and abilities to provide the public telecommunications services for which it has applied for an amendment to its Certificate.

11. AT&T intends to offer a variety of intraexchange and interexchange switched and dedicated services.

12. All of the intrastate services initially offered by AT&T will be subject to competition from services offered by U S WEST and other certificated local exchange and interexchange providers.

13. The issuance of an Amended Certificate to AT&T to offer the additional public telecommunications services the company seeks to provide is in the public interest. AT&T's service offerings will provide customers with a wider range of choices in meeting their telecommunications needs and will support the development of competition that will exert downward pressure on rates for services subject to competition and upward pressure on the quality and availability of such services. The general welfare and economy of the State will be enhanced by the increased competition that will result from AT&T's entry into additional intrastate telecommunications markets.

14. The issuance of an amended Certificate to AT&T to provide the additional public telecommunications services for which it has applied is in the public interest.

15. AT&T, the Division of Public Utilities and the Committee of Consumer Services entered into a stipulation with respect to the reports to be made by AT&T to the Commission and the Division of Public Utilities. The substance of the stipulation is included in Exhibit B to this Report and Order and is incorporated by reference.

16. The reporting requirements in Exhibit B are in the public interest and should be binding on AT&T until modified by the Commission.

17. AT&T has applied for exemptions from the requirements of various of the provisions of the Utah Code and the Commission's Rules and Regulations. AT&T, the Division of Public Utilities and the Committee of Consumer Services entered into a stipulation with respect to exemptions from the requirements of the Utah Code and the Commission's Rules and Regulations. The substance of the stipulation is included in Exhibit B.

18. The grant of exemptions from the provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit B, is in the public interest.

CONCLUSIONS OF LAW

1. AT&T meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for issuance of an Amended Certificate as a telecommunications corporation.

2. AT&T meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for authorization to provide the additional public telecommunications services for which it seeks an amendment to its Certificate.

3. The issuance of an Amended Certificate to AT&T to provide the additional public telecommunications services for which it has applied is in accord with the legislative policy declarations set forth in Utah Code § 54-8b-1.1.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

A. The Commission hereby grants to AT&T the Amended Certificate that is attached hereto as Exhibit A and by reference made a part of this Report and Order.

B. AT&T shall provide reports to the Commission and to the Division of Public Utilities, as set forth in Exhibit B and by reference made a part of this Report and Order.

C. AT&T is made exempt from certain provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit B.

D. AT&T is hereby granted the right to interconnect with the essential facilities of U S WEST Communications, Inc. ("U S WEST"), and to purchase services and facilities from U S WEST on a nondiscriminatory and reasonably unbundled basis consistent with the Utah statute and the federal Telecommunications Act of 1996.

E. AT&T is hereby granted the right to price its services by means of a price list or competitive contract consistent with the Utah statute.

F. Subject to the provisions of this Report and Order and the attached Amended Certificate, AT&T is hereby authorized to undertake such additional activities as are necessary or incidental to bring into operation its services.

DATED at Salt Lake City, Utah, this 13th day of August, 1996.

/s/ Stephen F. Meham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "A"

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of)
AT&T COMMUNICATIONS OF)
THE MOUNTAIN STATES, INC.,)
for an Amendment to Its Existing)
Authority to Compete as a Telecom-)
munications Corporation and to)
Offer Local Exchange Public)
Telecommunications Services)

DOCKET NO. 96-087-01

AMENDED CERTIFICATE

ISSUED: August 13, 1996

By the Commission:

The Public Service Commission of Utah, pursuant to Utah Code §§ 54-8b-2.1, et seq., hereby issues an Amended Certificate of Public Convenience and Necessity authorizing AT&T Communications of the Mountain States, Inc. ("AT&T") to provide local exchange services and other public telecommunications services anywhere within the State of Utah, as described in Exhibits that shall be filed by AT&T and that shall be effective ten (10) days after filing, except that AT&T voluntarily agrees not to seek to provide local exchange service within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer than 30,000 access lines within the State before December 31, 1997. The Exhibits shall define the service territory in the State and shall specify the public telecommunications services offered.

AT&T shall file a revised Exhibit at such time as AT&T intends to expand or otherwise change the public telecommunications services it offers or the geographic area in which it offers a public telecommunications service within the State. U S WEST Communications, Inc., the Division of Public Utilities, or the Committee of Consumer Services may file a Request for Agency Action that seeks to expand or contract the definition of AT&T's territory for a particular service as specified in any Exhibit filed in accordance with this Certificate. The mere filing of a challenge to the Exhibit shall not suspend its effectiveness. No suspension or change of the Exhibit can occur without a hearing. No hearing shall be required if a challenge to the Exhibit is not filed. The Commission shall have the right, jurisdiction and power to require AT&T to refile the Exhibit in accordance with the Commission's decision on the proper definition of AT&T's service territories.

DATED at Salt Lake City, Utah, this 13th day of August, 1996.

/s/ Stephen F. Mecham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "B"

**AT&T Communications of the Mountain States, Inc.
Competitive Local Exchange Carrier
Regulatory Reporting**

AT&T Communications of the Mountain States, Inc. ("AT&T"), as a competitive local exchange carrier ("CLEC"), shall be required to report periodically to the Utah Public Service Commission ("Commission") and the Division of Public Utilities ("DPU") certain financial and operational information. The scope and nature of the information subject to such reporting, obligation to serve, and other statutory or regulatory requirements may be modified over time, as issues needing resolution arise and as competition increases in the Utah telecommunications market. AT&T initially shall report the following information on an annual basis, should be granted statutory and regulatory waivers, and subject to service obligations as specified below:

I. Annual Report.

AT&T shall file an Annual Report, which shall be subject to a protective order issued by the Commission, on or before March 31 of each year, unless AT&T requests and obtains an extension. The Annual Report shall contain the following:

- A. Annual Revenues** from operations attributable to the State of Utah by major service categories. Such information would be provided on a "Total Utah" and "Utah Intrastate" basis. "Total Utah" will consist of the total of interstate and intrastate revenues. Utah Intrastate" will reflect only revenues derived from intrastate tariffs,

price lists, or contracts. Both Total Utah and Utah Intrastate revenues shall be reported according to at least the following classes of service: (1) private line and special access, (2) business local exchange, (3) residential local exchange (4) measured interexchange, and (5) vertical services. Business local exchange, residential local exchange and vertical service revenue will be reported by geographic area, to the extent feasible.

- B. **Annual Expenses and Estimated Taxes** attributable to operations in the State of Utah.
- C. **Year End Balances by Account for Property, Plant, Equipment, Annual Depreciation, and Accumulated Depreciation** for telecommunications investment in Utah. The Actual Depreciation Rates which were applied in developing the annual and accumulated depreciation figures shall also be shown.
- D. **Financial Statements** maintained in accordance with generally accepted accounting principles and in the ordinary course of business. These Financial Statements shall at a minimum include an income statement, balance sheet and statement of cash flows.

- E. **List of Services** offered to customers and the geographic areas in which those services are offered. This list shall be current and shall be updated whenever a new service is offered or a new area is served.
 - F. **Number of Access Lines in Service** by geographic area, segregated between business and residential customers.
 - G. **Number of Messages and Minutes of Services** for measured services billed to end users.
 - H. **List of Officers and Responsible Contact Personnel** updated annually.
 - I. **Chart of Accounts.** In addition to the foregoing, AT&T will provide its chart of accounts as existing and updated (no less than annually). AT&T will also work with the DPU in good faith to develop a method of estimating intrastate expenses and investments.
- II. Applicable Statutory Provisions and Exemptions From Statutes and waiver of Regulations.**

As a CLEC, AT&T should be exempted from the following statutory provisions and regulations:

A. Exemptions from Title 54.

54-3-8, 54-3-19	--	Prohibitions of discrimination
54-7-12	--	Rate increases or decreases
54-4-21	--	Establishment of property values
54-4-24	--	Depreciation rates
54-4-26	--	Approval of expenditures

B. Waivers of Regulations.

R746-340-2(D)	--	Uniform System of Accounts (47 CFR 32)
R746-340-2(E)(1)	--	Tariff filings required
R746-340-2(E)(2)	--	Exchange Maps
R746-341	--	Lifeline ¹
R746-344	--	Rate case filing requirements
R746-401	--	Reporting of construction, acquisition and disposition of assets
R746-405	--	Tariff formats
R746-600	--	Accounting for post-retirement benefits

III. Obligations with Respect to Provision of Services.

¹ This regulation would be waived only until AT&T begins to provide residential local exchange service.

AT&T agrees to provide service in specified geographic areas upon reasonable request and subject to the following conditions:

- A. AT&T's obligation to furnish service to customers is dependent on the availability of suitable facilities on its network, or the reasonable availability of suitable facilities and services of another certificated local exchange company on a resale basis supported by appropriate operating platforms, at company designated locations. AT&T will provide a network route map identifying such locations initially and as AT&T may expand service. The network route map will be updated no less frequently than annually.
- B. AT&T will only be responsible for the installation, operation, and maintenance of services that it provides.
- C. AT&T will furnish service if it is able to obtain, retain and maintain suitable access rights and facilities, without unreasonable expense, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.
- D. At its option, AT&T may require payment of construction or line extension charges by the customer ordering telephone service. Such charges will be in addition to the normal rates and charges applicable to the service being provided.

- E. Where potential customers are so located that it is necessary or desirable to use private and/or government right-of-way to furnish service, such potential customers may be required, at AT&T's option, to provide or pay the cost of providing such right-of-way in addition to any other charges.
- F. All construction of facilities will be undertaken at the discretion of AT&T, consistent with budgetary responsibilities and consideration for the impact on AT&T's other customers and contractual responsibilities.

IV. Modification.

It is anticipated that to the extent such requirements impact competitive entry or impact effective competition that they will be subject to the rulemaking requirements of Utah Code Ann. § 54-8b-2.2 and that the provisions set forth herein shall be superseded by any such rule adopted by the Commission.

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- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of AT&T COMMUNICA-)
TIONS OF THE MOUNTAIN STATES, INC., for an) DOCKET NO. 96-087-01
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AT&T, the Division of Public Utilities and the Committee of Consumer Services stipulated that the information provided by AT&T demonstrated that AT&T has sufficient financial, technical and managerial resources and abilities to provide the public telecommunications services for which it has applied and that the issuance of the requested Certificate is in the public interest. They also stipulated that AT&T would comply with the reporting requirements, and should be granted the regulatory waivers, set forth in Exhibit B to this Report and Order. Division Economist Dr. Curt Huttshell testified in support of this stipulation.

FINDINGS OF FACT

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6. AT&T has sufficient technical resources and abilities to provide the public telecommunications services for which it has applied for an amendment to its Certificate.

7. AT&T's principal managerial, technical and financial employees have extensive experience in the telecommunications industry, and AT&T has demonstrated its managerial expertise through its existing provision of interexchange services.

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14. The issuance of an amended Certificate to AT&T to provide the additional public telecommunications services for which it has applied is in the public interest.

15. AT&T, the Division of Public Utilities and the Committee of Consumer Services entered into a stipulation with respect to the reports to be made by AT&T to the Commission and the Division of Public Utilities. The substance of the stipulation is included in Exhibit B to this Report and Order and is incorporated by reference.

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18. The grant of exemptions from the provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit B, is in the public interest.

CONCLUSIONS OF LAW

1. AT&T meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for issuance of an Amended Certificate as a telecommunications corporation.

2. AT&T meets each of the statutory requirements (Utah Code §§ 54-8b-2.1, et seq.) for authorization to provide the additional public telecommunications services for which it seeks an amendment to its Certificate.

3. The issuance of an Amended Certificate to AT&T to provide the additional public telecommunications services for which it has applied is in accord with the legislative policy declarations set forth in Utah Code § 54-8b-1.1.

ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

A. The Commission hereby grants to AT&T the Amended Certificate that is attached hereto as Exhibit A and by reference made a part of this Report and Order.

B. AT&T shall provide reports to the Commission and to the Division of Public Utilities, as set forth in Exhibit B and by reference made a part of this Report and Order.

C. AT&T is made exempt from certain provisions of the Utah Code and the Commission's Rules and Regulations, as set forth in Exhibit B.

D. AT&T is hereby granted the right to interconnect with the essential facilities of U S WEST Communications, Inc. ("U S WEST"), and to purchase services and facilities from U S WEST on a nondiscriminatory and reasonably unbundled basis consistent with the Utah statute and the federal Telecommunications Act of 1996.

E. AT&T is hereby granted the right to price its services by means of a price list or competitive contract consistent with the Utah statute.

F. Subject to the provisions of this Report and Order and the attached Amended Certificate, AT&T is hereby authorized to undertake such additional activities as are necessary or incidental to bring into operation its services.

DATED at Salt Lake City, Utah, this 13th day of August, 1996.

/s/ Stephen F. Mecham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "A"

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

In the Matter of the Petition of)
AT&T COMMUNICATIONS OF)
THE MOUNTAIN STATES, INC.,)
for an Amendment to Its Existing)
Authority to Compete as a Telecom-)
munications Corporation and to)
Offer Local Exchange Public)
Telecommunications Services)

DOCKET NO. 96-087-01

AMENDED CERTIFICATE

ISSUED: August 13, 1996

By the Commission:

The Public Service Commission of Utah, pursuant to Utah Code §§ 54-8b-2.1, et seq., hereby issues an Amended Certificate of Public Convenience and Necessity authorizing AT&T Communications of the Mountain States, Inc. ("AT&T") to provide local exchange services and other public telecommunications services anywhere within the State of Utah, as described in Exhibits that shall be filed by AT&T and that shall be effective ten (10) days after filing, except that AT&T voluntarily agrees not to seek to provide local exchange service within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone company with fewer than 30,000 access lines within the State before December 31, 1997. The Exhibits shall define the service territory in the State and shall specify the public telecommunications services offered.

AT&T shall file a revised Exhibit at such time as AT&T intends to expand or otherwise change the public telecommunications services it offers or the geographic area in which it offers a public telecommunications service within the State. U S WEST Communications, Inc., the Division of Public Utilities, or the Committee of Consumer Services may file a Request for Agency Action that seeks to expand or contract the definition of AT&T's territory for a particular service as specified in any Exhibit filed in accordance with this Certificate. The mere filing of a challenge to the Exhibit shall not suspend its effectiveness. No suspension or change of the Exhibit can occur without a hearing. No hearing shall be required if a challenge to the Exhibit is not filed. The Commission shall have the right, jurisdiction and power to require AT&T to refile the Exhibit in accordance with the Commission's decision on the proper definition of AT&T's service territories.

DATED at Salt Lake City, Utah, this 13th day of August, 1996.

/s/ Stephen F. Mecham, Chairman

(SEAL)

/s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard
Commission Secretary

EXHIBIT "B"

**AT&T Communications of the Mountain States, Inc.
Competitive Local Exchange Carrier
Regulatory Reporting**

AT&T Communications of the Mountain States, Inc. ("AT&T"), as a competitive local exchange carrier ("CLEC"), shall be required to report periodically to the Utah Public Service Commission ("Commission") and the Division of Public Utilities ("DPU") certain financial and operational information. The scope and nature of the information subject to such reporting, obligation to serve, and other statutory or regulatory requirements may be modified over time, as issues needing resolution arise and as competition increases in the Utah telecommunications market. AT&T initially shall report the following information on an annual basis, should be granted statutory and regulatory waivers, and subject to service obligations as specified below:

I. Annual Report.

AT&T shall file an Annual Report, which shall be subject to a protective order issued by the Commission, on or before March 31 of each year, unless AT&T requests and obtains an extension. The Annual Report shall contain the following:

- A. Annual Revenues** from operations attributable to the State of Utah by major service categories. Such information would be provided on a "Total Utah" and "Utah Intrastate" basis. "Total Utah" will consist of the total of interstate and intrastate revenues. Utah Intrastate" will reflect only revenues derived from intrastate tariffs,

price lists, or contracts. Both Total Utah and Utah Intrastate revenues shall be reported according to at least the following classes of service: (1) private line and special access, (2) business local exchange, (3) residential local exchange (4) measured interexchange, and (5) vertical services. Business local exchange, residential local exchange and vertical service revenue will be reported by geographic area, to the extent feasible.

- B. **Annual Expenses and Estimated Taxes** attributable to operations in the State of Utah.
- C. **Year End Balances by Account for Property, Plant, Equipment, Annual Depreciation, and Accumulated Depreciation** for telecommunications investment in Utah. The Actual Depreciation Rates which were applied in developing the annual and accumulated depreciation figures shall also be shown.
- D. **Financial Statements** maintained in accordance with generally accepted accounting principles and in the ordinary course of business. These Financial Statements shall at a minimum include an income statement, balance sheet and statement of cash flows.

- E. **List of Services** offered to customers and the geographic areas in which those services are offered. This list shall be current and shall be updated whenever a new service is offered or a new area is served.
 - F. **Number of Access Lines in Service** by geographic area, segregated between business and residential customers.
 - G. **Number of Messages and Minutes of Services** for measured services billed to end users.
 - H. **List of Officers and Responsible Contact Personnel** updated annually.
 - I. **Chart of Accounts.** In addition to the foregoing, AT&T will provide its chart of accounts as existing and updated (no less than annually). AT&T will also work with the DPU in good faith to develop a method of estimating intrastate expenses and investments.
- II. Applicable Statutory Provisions and Exemptions From Statutes and waiver of Regulations.**

As a CLEC, AT&T should be exempted from the following statutory provisions and regulations:

A. Exemptions from Title 54.

54-3-8, 54-3-19	--	Prohibitions of discrimination
54-7-12	--	Rate increases or decreases
54-4-21	--	Establishment of property values
54-4-24	--	Depreciation rates
54-4-26	--	Approval of expenditures

B. Waivers of Regulations.

R746-340-2(D)	--	Uniform System of Accounts (47 CFR 32)
R746-340-2(E)(1)	--	Tariff filings required
R746-340-2(E)(2)	--	Exchange Maps
R746-341	--	Lifeline ¹
R746-344	--	Rate case filing requirements
R746-401	--	Reporting of construction, acquisition and disposition of assets
R746-405	--	Tariff formats
R746-600	--	Accounting for post-retirement benefits

III. Obligations with Respect to Provision of Services.

¹ This regulation would be waived only until AT&T begins to provide residential local exchange service.

AT&T agrees to provide service in specified geographic areas upon reasonable request and subject to the following conditions:

- A. AT&T's obligation to furnish service to customers is dependent on the availability of suitable facilities on its network, or the reasonable availability of suitable facilities and services of another certificated local exchange company on a resale basis supported by appropriate operating platforms, at company designated locations. AT&T will provide a network route map identifying such locations initially and as AT&T may expand service. The network route map will be updated no less frequently than annually.
- B. AT&T will only be responsible for the installation, operation, and maintenance of services that it provides.
- C. AT&T will furnish service if it is able to obtain, retain and maintain suitable access rights and facilities, without unreasonable expense, and to provide for the installation of those facilities required incident to the furnishing and maintenance of that service.
- D. At its option, AT&T may require payment of construction or line extension charges by the customer ordering telephone service. Such charges will be in addition to the normal rates and charges applicable to the service being provided.

- E. Where potential customers are so located that it is necessary or desirable to use private and/or government right-of-way to furnish service, such potential customers may be required, at AT&T's option, to provide or pay the cost of providing such right-of-way in addition to any other charges.
- F. All construction of facilities will be undertaken at the discretion of AT&T, consistent with budgetary responsibilities and consideration for the impact on AT&T's other customers and contractual responsibilities.

IV. Modification.

It is anticipated that to the extent such requirements impact competitive entry or impact effective competition that they will be subject to the rulemaking requirements of Utah Code Ann. § 54-8b-2.2 and that the provisions set forth herein shall be superseded by any such rule adopted by the Commission.