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32789

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Winter Park, FL
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Tel: 407-740-8575
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tmi@tminc.com

October 18, 2004
Overnight Delivery

Ms. Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington
Statehouse
Boise, ID 83720-0074

RECEIVED
FILED
2004 OCT 19 AM 9:55
IDAHO PUBLIC
UTILITIES COMMISSION

CVD-T-04-01

RE: Application of Covad Communications Company for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Local Exchange Telecommunications Services within the State of Idaho

Dear Ms. Jewell:

Enclosed are the original and three (3) copies of the application, including proposed Local Exchange tariff, of Covad Communications Company for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-based Local Exchange Telecommunications Services within the State of Idaho.

Please acknowledge receipt of this filing by returning a date-stamped copy of this letter in the return envelope provided for this purpose.

If you or your staff have any questions regarding this application, please contact me at (407) 740-8575 or via email at mbyrnes@tminc.com. Thank you for your assistance in this matter.

Sincerely,

Monique Byrnes
Consultant to
Covad Communications Company

MB/sp

cc: Gregg Hyde - Covad
file: Covad - ID Local
tms: idf0400

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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2004 OCT 19 AM 9:55



IDAHO PUBLIC UTILITIES COMMISSION

Application of)
Covad Communications Company)
Provide Resold and Facilities-based Local)
Exchange Service Throughout Idaho)

Case No. CVD-T-04-01

**APPLICATION FOR CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO PROVIDE
RESOLD AND FACILITIES-BASED LOCAL TELECOMMUNICATIONS SERVICES**

Pursuant to Procedural Order No. 26665 in Case No. GNR-T-96-4¹ and Section 253 of the Federal Telecommunications Act of 1996² ("Act"), Covad Communications Company ("Covad") respectfully requests that the Public Utilities Commission ("Commission") grant Covad a Certificate of Public Convenience and Necessity to include authority to provide local exchange telecommunications services within the State of Idaho.

In support of its Application, Covad submits the following:

1. Introduction

Covad is requesting authority to provide basic resold and facilities-based local exchange services to both residence and business customers throughout Idaho in all exchanges which are not exempt from competition. The services that Covad intends to offer will be an adjunct to the long distance services that the Company has filed and requested authority to provide statewide. Should its Application be granted, Covad plans to commence offering service immediately upon the establishment of the appropriate and necessary network arrangements.

¹ Title 61 of the Idaho Code §§61-256 through -528 and IDAPA 31.01.111 (Rule 111).
² Telecommunications Act of 1996, 46 U.S.C. §253 (1996).

II. Description of the Applicant

- (a) Covad Communications Company is incorporated in the State of California. The main address of the corporation is:

Covad Communications Company
110 Rio Robles
San Jose, California 95134-1813
Telephone: (408) 952-6400
Facsimile: (408) 952-7539
Toll Free: (888) 642-6823
Website: www.covad.com

- (b) All correspondence, notices, inquiries and other communications regarding this Application should be addressed to:

Monique Byrnes
Consultant to Covad Communications Company
Technologies Management, Inc.
P.O. Box 200
Winter Park, Florida 32789
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

- (c) The Applicant is authorized by the Idaho Secretary of State to transact business within the State of Idaho. Please see Exhibit A.
- (d) Covad Communications Company is a wholly-owned subsidiary of its parent corporation, Covad Communications Group, Inc., a telecommunications services business. Covad Communications Company's sister company, DIECA Communications, Inc. is also a certificated telecommunications service provider authorized to operate in several states. Covad Communications Group, Inc. owns other subsidiaries as well, but with the exception of Covad Communications Company and DIECA Communications, Inc. they do not provide telecommunications services.

III. Exhibits

In support of this Application, the following exhibits are attached hereto:

- Exhibit A - Certificate of Incorporation;
- Exhibit B - Certificate of Authority to Transact Business in the State of Idaho;
- Exhibit C - Financial Statements
- Exhibit D - Profiles of Senior Management Key Personnel
- Exhibit E - Proposed service area map (Rule 112(c))
- Exhibit F - Proposed Tariff

IV. Financial, Technical and Managerial Qualifications

Covad possesses the managerial, technical and financial ability to provide local telecommunications service in the State of Idaho. Covad has strong financial resources to enable the Company to successfully provide local telecommunications service in the State of Idaho and the management team in place to manage this operations.

IV.A. Financial Qualifications

- (a) By utilizing its current customer service, operations and management workforce and infrastructure supporting its existing operations, Covad is financially and otherwise capable and qualified to offer and maintain all of its tariffed services in its territories.
- (b) Initially Covad operations in Idaho will be limited to resale arrangements with facilities-based Idaho Competitive Local Exchange Carriers ("CLECs"). No new funds or capital will be required to expand the Company's services in Idaho.
- (c) COVAD provides the financial statements of its parent company, Covad Communications Group, Inc. as proof of its financial stability to provide the required services within the State of Idaho as Exhibit B.

IV.B. Managerial Qualifications

- (a) Covad possesses managerial qualifications to operate a Competitive Local Exchange Carrier within the State of Idaho. Biographical summaries of the managerial experience of Covad are found in Exhibit C.

IV.C. Technical Qualifications

- (a) Covad's services will satisfy the minimum standards established by the Commission. The Company will file and maintain tariffs in the same manner and form as required of incumbent local exchange telecommunications companies with which Covad seeks to compete.

- (b) Covad Communications Company is a leading national broadband service provider of high-speed Internet and network access utilizing Digital subscriber line ("DSL") technology. It offers DSL services, T-1 services, managed security, hosting IP, dial-up services and bundled data and local & long distance voice services directly through Covad's network and through Internet Service Providers, resellers, and to small and medium-sized business and residential users. Covad operates the largest national DSL network with services currently available in 96 of the top MSAs and is one of the largest facilities-based providers in the country. Covad's network currently covers more than 45 million homes and businesses throughout the contiguous United States and reaches approximately 45 percent of all US homes and businesses.

- (c) Covad Communications Company entered into an Interconnection Agreement with Qwest communications Corporation on January 15, 1999 and this Agreement continues in effect.

V. Customer Service

Covad understands the importance of effective customer service for local service consumers. Covad provides a toll free customer service telephone number that is available with live operator response 24 hours per day, 7 days per week. Covad's toll free telephone number for customer inquiries, complaints and repair is 1-800-462-6823. In addition, customers may contact the company in writing at the headquarters address.

The name, number and electronic mailing address of the person designated as a contact for the Commission Staff for complaint resolution, inquiries and matters concerning rates and price lists or tariffs:

Karen S. Frame, Senior Counsel
7901 Lowry Boulevard
Denver, Co 80230
720-670-1069
kframe@covad.com

VI. Service Description and Anticipated Service Date

Covad Communications Company plans to provide telecommunication services to residential and business consumers in rural and urban areas throughout the State of Idaho.

Covad intends to initially offer resold service throughout the entire State of Idaho, to small businesses with five (5) service lines or less, through marketing via television, internet and radio advertisements. At a later point in time, Covad intends to install network transmission equipment and provide facilities-based services. Covad has not previously provided service in the State of Idaho.

VI. Public Interest Standard

Grant of Covad's Application to provide facilities-based local exchange services is in the public interest and serves the public convenience and necessity. In enacting the Federal Telecommunications Act of 1996, the United States Congress determined that it is in the public interest to promote competition in the provision of telecommunications services, including local exchange services. Experience with competition in other telecommunications markets, such as long distance, competitive access, and customer premises equipment, demonstrates the benefits that competition can bring to consumers. Consumers are enjoying increased services, lower prices, higher quality, and greater reliability. This is true not only with respect to the service offerings of the new entrants, but also as a result of the response of incumbent monopoly providers to the introduction of competition.

Covad plans to bring the benefits of competition to Idaho consumers. Covad's proposed services will provide multiple public benefits by increasing the competitive choices available to users in Idaho. Enhanced competition in telecommunications services likely will further stimulate economic development in Idaho. In addition, increased competition will create incentives for all carriers to offer lower prices, more innovative services, and more responsive customer service.

IX. Conclusion

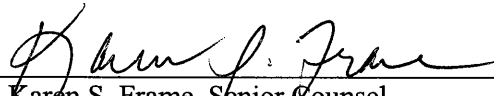
This Application demonstrates that Covad possesses the technical, financial and managerial resources to provide local exchange service in Idaho. Covad Communications Company has reviewed the Commission rules and agrees to comply with them.

Wherefore, Covad respectfully requests that the Commission:

1. grant Covad authority to operate as a provider of resold and facilities-based basic local exchange telecommunications services in the State of Idaho;

Respectfully submitted,

Covad Communications Company



Karen S. Frame, Senior Counsel
7901 Lowry Boulevard
Denver, Colorado 80230

COVAD COMMUNICATIONS COMPANY

Exhibit A

Certificate of Incorporation

State of California



SECRETARY OF STATE

CORPORATION DIVISION

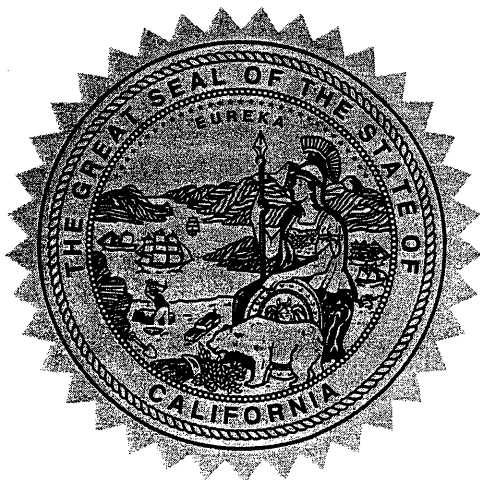
COVAD COMMUNICATIONS COMPANY

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

JAN 29 1997



Bill Jones

Secretary of State

1390925

FILED *ly*
In the office of the Secretary of State
of the State of California

OCT - 7 1996

ARTICLES OF INCORPORATION
OF
COVAD COMMUNICATIONS COMPANY

Bill Jones
BILL JONES, Secretary of State

I

The name of this corporation is Covad Communications Company.

II

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

III

The name and address in the State of California of this corporation's initial agent for service of process is Mark R. Ostler, Cohen & Ostler, 525 University Avenue, Ste. 410, Palo Alto, California 94301.

IV

This corporation is authorized to issue only one class of shares of stock; and the total number of shares which this corporation is authorized to issue is Ten Million (10,000,000).

V

Section 1. Limitation of Directors' Liability. The liability of the Directors of this corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Section 2. Indemnification of Corporate Agents. This corporation is authorized to provide indemnification of its agents (as defined in Section 317 of the California General Corporation Law) for breach of their duty to this corporation and its shareholders through bylaw provisions or through agreements with the agents, or both, in excess of the indemnification otherwise permitted by such Section 317, subject to the limits on such excess indemnification set forth in Section 204 of the California General Corporation Law.

Section 3. Repeal or Modification. Any repeal or modification of the foregoing provisions of this Article V by the shareholders of this corporation shall not adversely affect any right or protection of an agent of this corporation existing at the time of such repeal or modification.



Mark R. Ostler, Incorporator

COVAD COMMUNICATIONS COMPANY

Exhibit B

Certificate of Authority to Transact Business in the State of Idaho

State of Idaho

Office of the Secretary of State

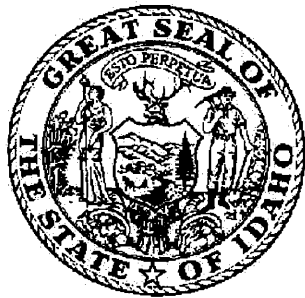
**CERTIFICATE OF AUTHORITY
OF
COVAD COMMUNICATIONS COMPANY**

File Number C 155464

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that an Application for Certificate of Authority, duly executed pursuant to the provisions of the Idaho Business Corporation Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Authority to transact business in this State and attach hereto a duplicate of the application for such certificate.

Dated: 12 July 2004



Ben Yursa
SECRETARY OF STATE

By *Cynthia [Signature]*



**APPLICATION FOR CERTIFICATE
OF AUTHORITY (For Profit)**
(Instructions on Back of Application)

FILE EFFECTIVE

2004 JUL 12 P 11: 36

The undersigned Corporation applies for a Certificate of Authority and states as follows: SECRETARY OF STATE
STATE OF IDAHO

1. The name of the corporation is: Covad Communications Company
2. The name which it shall use in Idaho is: Covad Communications Company
3. It is incorporated under the laws of: California
4. Its date of incorporation is: October 7, 1996
5. The address of its principal office is:
110 Rio Robles, San Jose, CA 95134
6. The address to which correspondence should be addressed, if different from item 5, is:
110 Rio Robles, San Jose, CA 95134, Attn: Debra J. McManaman
7. The street address of its registered office in Idaho is: National Registered Agents, Inc.
and its registered agent in Idaho at that address is: 1423 Tyrell Lane, Boise, ID 83706

8. The names and respective business addresses of its directors and officers are:

Name	Office	Address
<u>Charles E. Hoffman</u>	<u>Director/President</u>	<u>110 Rio Robles, San Jose, CA 95134</u>
<u>Mark A. Richman</u>	<u>Director/EVP & CFO</u>	<u>110 Rio Robles, San Jose, CA 95134</u>
<u>Mark L. Brandt</u>	<u>Director/Treasurer</u>	<u>110 Rio Robles, San Jose, CA 95134</u>
<u>Douglas Carlen</u>	<u>Assistant Secretary</u>	<u>110 Rio Robles, San Jose, CA 95134</u>

Dated: July 2, 2004

Signature: *Douglas Carlen*

Typed Name: Douglas Carlen

Capacity: Assistant Secretary

Customer Acct # :
(if using pre-paid account)
Secretary of State use only

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forms\appforcert\authority_profit.pmc
Revised 07/2002

IDAHO SECRETARY OF STATE
07/12/2004 05:00
CK: 32065 CT: 19577 NH: 754929
1 @ 100.00 = 100.00 AUTH PRO # 4
1 @ 20.00 = 20.00 EXPEDITE C # 5

C155464

State of California

SECRETARY OF STATE

CERTIFICATE OF STATUS DOMESTIC CORPORATION

I, KEVIN SHELLEY, Secretary of State of the State of California, hereby certify:

That on the **7th day of October, 1996**, **COVAD COMMUNICATIONS COMPANY** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of July 7, 2004.

Kevin Shelley
KEVIN SHELLEY
Secretary of State

State of Idaho

Office of the Secretary of State

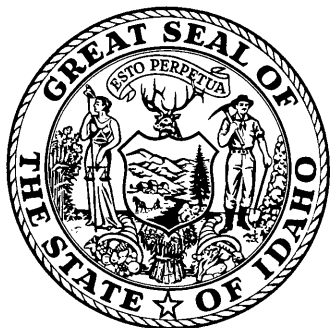
CERTIFICATE

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that I am the custodian of the assumed business name records of this State.

I FURTHER CERTIFY That the records of this office show that a certificate of assumed business name for COVAD COMMUNICATIONS COMPANY was filed by DIECA COMMUNICATIONS INC, as owner(s).

I FURTHER CERTIFY That the certificate of assumed business name was filed in this office on 7 January 2000, under the file number D 31914 , and that the certificate of assumed business name has not been canceled.

Dated: 29 June 2004



Ben Yursa
SECRETARY OF STATE

By *[Signature]*

COVAD COMMUNICATIONS COMPANY

Exhibit C

Financial Statements

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**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 10-K/A

**AMENDMENT NO. 1
TO**

(Mark
One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2003
- TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number 000-25271

COVAD COMMUNICATIONS GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation or Organization)

77-0461529
(I.R.S. Employer
Identification No.)

110 Rio Robles, San Jose, California 95134

Registrant's telephone number, including area code:
(408) 952-6400

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, Par Value \$0.001 Per Share
(Title of Class)

Stock Purchase Rights Pursuant To Rights Agreement
(Title of Class)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Table of Contents**REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS**

The Board of Directors and Stockholders
Covad Communications Group, Inc.

We have audited the accompanying consolidated balance sheets of Covad Communications Group, Inc. as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Covad Communications Group, Inc. at December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 15, the consolidated financial statements for the year ended December 31, 2003 have been restated.

/s/ Ernst & Young LLP

Walnut Creek, California
February 12, 2004,
except for Note 15,
as to which the date is May 11, 2004

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COVAD COMMUNICATIONS GROUP, INC.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share amounts)

	December 31,	
	2003	2002
	(Restated, see Note 15)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 65,376	\$ 94,416
Short-term investments	48,969	108,076
Restricted cash and cash equivalents	2,892	2,576
Accounts receivable, net of allowances of \$4,951 at December 31, 2003 (\$5,388 at December 31, 2002)	28,528	21,746
Unbilled revenues	5,127	3,921
Other receivables	637	1,385
Inventories	5,335	5,096
Prepaid expenses and other current assets	3,761	5,524
	160,625	242,740
Property and equipment, net	94,279	108,737
Collocation fees and other intangible assets, net of accumulated amortization of \$49,698 at December 31, 2003 (\$32,372 at December 31, 2002)	40,848	43,284
Investments in unconsolidated affiliates	—	1,026
Deferred costs of service activation	31,486	40,286
Deferred customer incentives	4,431	3,540
Other long-term assets	3,042	2,548
	\$ 334,711	\$ 442,161
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable	\$ 12,982	\$ 10,915
Accrued compensation	21,661	12,774
Current portion of capital lease obligations	—	165
Accrued collocation and network service fees	18,714	16,537
Accrued transaction-based taxes	35,268	45,426
Accrued interest	5,683	5,683
Accrued market development funds and customer incentives	7,024	6,422
Unresolved claims related to bankruptcy proceedings	7,378	7,381
Other accrued liabilities	5,607	8,581
	114,317	113,884
Long-term debt	50,000	50,000
Collateralized customer deposit	60,258	68,191
Deferred gain resulting from deconsolidation of subsidiary	53,963	53,972
Unearned revenues	61,726	73,815
	340,264	359,862
Total liabilities		
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, \$0.001 par value; 5,000,000 shares authorized; no shares issued and outstanding at December 31, 2003 and 2002	—	—
Common stock, \$0.001 par value; 590,000,000 shares authorized; 230,163,012 shares issued and outstanding at December 31, 2003 (223,182,511 shares issued and outstanding at December 31, 2002)	230	223

Common stock — Class B, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding at December 31, 2003 and 2002	—	—
Additional paid-in capital	1,651,267	1,612,319
Deferred stock-based compensation	(14,459)	(160)
Accumulated other comprehensive loss	(953)	(747)
Accumulated deficit	(1,641,638)	(1,529,336)
	<hr/>	<hr/>
Total stockholders' equity (deficit)	(5,553)	82,299
	<hr/>	<hr/>
Total liabilities and stockholders' equity (deficit)	\$ 334,711	\$ 442,161
	<hr/>	<hr/>

See accompanying notes.

