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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF ADVANCED TELCOM GROUP, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE INTRASTATE TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF IDAHO. | )  )  )  )  )  )  ) | CASE NO. GNR-T-98-15  COMMENTS OF THE  COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Brad Purdy, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued on December 7, 1998, submits the following comments.

BACKGROUND

On October 7, 1998, the Commission received an Application from Advanced Telcom Group, Inc. (ATG) for a Certificate of Public Convenience and Necessity (CPCN) to provide local exchange telecommunications services within Idaho.  ATG’s Application stated that it desired to provide service in the areas currently served by U S WEST and GTE.  Service will

be provided through facilities owned by ATG alone, and in combination with unbundled elements obtained from the incumbent local exchange carrier (ILEC) and resale of services provided by the ILEC.  ATG indicated in its Application that it would provide a full range of telecommunications services to both residential and business customers.  ATG and U S WEST jointly submitted an interconnection agreement to the Commission on

November 16, 1998.

STAFF FINDINGS

Staff has reviewed the information provided by ATG in its Application and believes it satisfies the requirements of the Commission’s Rule of Procedure 111, IDAPA 31.01.01.111, and Procedural Order No. 26665 issued November 7, 1996 which sets out the necessary information to be included with an Application for a certificate.

ATG, headquartered in Los Altos, California, is a Delaware corporation, with authority to operate in Idaho.  The Application indicates the Company initially intends to construct a fiber optic ring network in the Boise area, and extend service from there using expansions to its own network, as well as leased facilities.  The Application indicates the principals all held executive level positions with Brooks Fiber Properties prior to that company’s purchase by Worldcom, and have over 150 years of combined experience in the telecommunications industry.

The Application indicated the Company was currently in the “seed capital” stage, and would be seeking venture capital to fund the significant investment it intended to make in Idaho, as well as other western states.  A copy of recent bank statements was provided with the Application (and a request that they be treated as confidential information) that indicated the “seed capital” had been significant.

However, this seed capital would not have been sufficient for the activity identified in the Application.  After discussing this issue with representatives of the Company, Staff was provided with copies of documents recently filed with the FTC which identified the results of the Company’s efforts to obtain venture capital.  These documents confirm that the Company was able to raise an amount of funding that was well within the range the Company had identified as being necessary.  Based upon the information in these documents, Staff now believes the Company has sufficient financial resources to perform the services it identified in its Application.

ATG specifically indicated in its Application it will comply with all Commission rules.  It has provided an illustrative tariff with its Application that demonstrates an understanding of tariffing requirements and processes.

STAFF RECOMMENDATION

Staff recommends that Advanced Telcom Group, Inc. be granted a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services within the service territories of U S WEST and GTE.

Respectfully submitted this                        day of December 1998.

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Deputy Attorney General

Technical Staff:  Wayne Hart

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