

**PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE**

DATE: June 24, 2008

TO: Michael Grant, Administrative Hearings Division

FROM: Marlene Gorsuch

SUBJECT: UA 114 – APPLICATION OF EAGLE TELEPHONE SYSTEM, INC. & MIDVALE TELEPHONE EXCHANGE, INCORPORATED FOR THE UNALLOCATION, TRANSFER AND ALLOCATION OF TERRITORY

This memo is intended to provide information to the Administrative Hearings Division for processing the joint application of Eagle Telephone System, Inc. (Eagle) and Midvale Telephone Exchange, Incorporated (Midvale) for the unallocation, transfer and allocation of certain territory to be referred to as Conner Creek. This application should not be controversial and will probably not require a hearing.

Purpose for the Allocation:

The reason for this requested “unallocation” by Midvale and the allocation of the service territory to Eagle, along with the transfer of any rights in the territory from Midvale to Eagle, is that the most efficient means to provide updated facilities for the provision of basic and advanced services in the territory is through the extension of facilities of Eagle.

While Midvale was able to bring initial service to this area, the territory is difficult to serve from Midvale’s existing facilities and would be very expensive to upgrade to provide advanced telecommunications services. Existing facilities are showing signs of age, and an expensive reconstruction program would need to be undertaken. The transfer and allocation will allow Eagle, with facilities in the vicinity, to extend service that will allow a broadband platform as well as basic service to be provided to the customers in the Conner Creek area. I believe this allocation and transfer is in the public interest, and is in the customers’ best interests to proceed.

Support for the Allocation:

The reason for the requested “unallocation” by Midvale and the allocation of the territory to Eagle, along with the transfer of any rights in the territory from Midvale to Eagle, is that the most efficient means to provide updated facilities for the provision of basic and advanced services in the territory is through the extension of the facilities of Eagle.

Eagle is willing to provide telephone service to the Conner Creek area without charging individual customers for the construction of the new facilities on a per-customer basis. Further, Eagle will charge its existing rates to the customers in the service area.

Current rates (excluding taxes, surcharges, etc.) for Midvale customers in the Conner Creek area:

Basic Residential: \$14.80

Basic Business: \$ 22.50

Current rates (excluding taxes, surcharges, etc.) for Eagle customers in the Richland Exchange:

Basic Residential: \$11.60

Basic Business: \$ 16.90

Not only is the current service in the Conner Creek area just basic dial tone, it is not even reliable service. Customers in the Richland Exchange enjoy all of the latest upgrades and amenities in telephone service as well as broadband and cellular service.

Justification for the Allocation:

This allocation and transfer is in the public interest, because it will allow customers in the Conner Creek area to receive updated telecommunications facilities that will allow the provisioning of not only basic service, but broadband services in that part of rural Oregon.

In addition, the proposed allocation and transfer will allow conservation of number resources. Customers will be assigned numbers out of the 541-893 Eagle numbering resources. The current resources assigned to the territory of 541-675 will be returned by Midvale to the numbering administrator upon completion of the transactions contemplated by this application (a 10,000 block, which will become available for use in another portion of the 541 NPA).

Customer Notice:

Chief among the requirements under OAR 860-032-0020 is a requirement to provide customers with notice of “abandonment.” In this instance, the transaction actually contemplates the transfer of the customers from one operating incumbent local

exchange carrier (Midvale) to another operating incumbent local exchange carrier (Eagle). There will be no interruption of service to customers.

All of the requirements for customer notification, except two technical aspects, have been met by the two carriers, Midvale and Eagle. The first exception pertains to naming a date that service will be abandoned in the customer notice. Since Eagle must build facilities into the Conner Creek area to provide service to that area as part of the existing Richland Exchange, they do not know an exact date. To affect a smooth transition, Eagle has agreed to provide Midvale with at least thirty (30) days notice of the cut over date. In addition, Eagle has committed to providing each customer with notice of the cut over date at the same time it provides that notice to Midvale (30 days in advance of the cut over). Eagle and Midvale have requested that this proposal be accepted in lieu of compliance with the strictest terms of OAR 860-032-0020(5)(e).

The second exception to the notice requirement pertains to providing an electronic document containing the notice in a format suitable to posting on the Commission website at the time of the initial filing. That has since been provided.

Other Notices:

Given the proposed transfer of customers and service from Midvale to Eagle with customers being provided with new numbers associated with the Richland Exchange (Eagle), there will be no loss of 911 service. Consequently, notification by the exiting provider to the Oregon Emergency Management and the appropriate enhanced 911 database provider with copies to the incumbent local exchange carriers, the Commission and to Oregon Emergency Management authorizing the enhanced 911 database provider to allow access by other telecommunications providers to any remaining enhanced 911 database records belonging to the exiting provider after the provider has abandoned service would only cause confusion and possible misrouting of 911 calls. Eagle and Midvale's approach for this transition will ensure that 911 services are fully available on a continuous basis to the customers in the Conner Creek area.

Within six months of the cut over, Midvale will provide notice to the North American Numbering Plan Administrator and the National Administrator of the Local Exchange Routing Guide that the 541-675 NPA-NXX is no longer in use and will return that code to the Numbering Administrator, satisfying this part of the notice requirement.

In order to minimize any inconvenience to the customers in the new Conner Creek area, Midvale will establish voice mailboxes for approximately six months after the cut over of service which will contain a recording that identifies that the number has been changed to a 541-893 number, giving the complete new number

(541-893-XXXX). The recording will ask the caller to hang up and call the new number. If there is little or no traffic to the voice mailboxes prior to the expiration of the six months, Midvale will be allowed to discontinue the voice mailboxes earlier. During the time that the voice mailboxes are kept in service, Eagle will provide Midvale with notice of customer adds and drops for those customers in the Conner Creek area.

Other Requirements:

OAR 860-032-0020(7) cites several technical requirements. I believe that Eagle and Midvale have either met those requirements as outlined in the rule or provided sufficient and practical alternatives that satisfy the intent of the rule.

The Companies have provided copies of the Purchase and Sale Agreement, the Bill of Sale, Assignment of Easements and Franchises, and their notice to the affected customers. To make it easy to see at a glance how the addition of the Conner Creek area affects the Richland Exchange, I have provided a drawing depicting the current Richland Exchange with the proposed new addition of the Conner Creek area. This proposal/request is a logical and practical transaction and provides for a smooth, even seamless, transition.

In discussing the current condition of service in the Conner Creek area with Mike Lattin at Eagle Telephone, I have learned that Eagle has been responding to service calls for these customers for some time. Since Eagle has staff and equipment just an hour away, and it takes between three and four hours for service trucks to roll out of Midvale, Eagle has cheerfully been responding to calls for help. This has not only met the needs of the customers in a more efficient and timely manner, they have built a solid relationship with this potential customer base.

Eagle has also managed to provision broadband to one of the customers in Conner Creek, and the Conner Creek folks have actually developed a schedule for availing themselves of this “luxury.” At the same time, Eagle brought wireless to the same customer, and the customers having this type of equipment are able to enjoy the service without going inside the residence.

Since the condition of the Midvale infrastructure has steadily declined, land line service is unreliable. Eagle has placed a cellular tower in that area to assist in providing the option of cellular service until such time as they are able to move forward with their proposal. Both Eagle and Midvale receive calls daily from Conner Creek constituents asking when this transition will take place.

UA 114 – Transfer and Allocation of Service Territory
Eagle Telephone System, Inc. and Midvale Telephone Exchange, Incorporated
June 16, 2008

Staff recommends that the Commission approve the transfer and allocation of the Conner Creek area from Midvale to Eagle's Richland Exchange.

cc: Richard A. Finnigan (via email)
Mike Lattin (via email)
Lane Williams (via email)

