

**PUBLIC UTILITY COMMISSION OF OREGON  
INTEROFFICE CORRESPONDENCE**

**DATE:** July 28, 2008

**TO:** Michael Grant  
Administrative Hearings Division

**FROM:** Marlene Gorsuch  
Telecommunications Division

**SUBJECT:** UA 137 – Pine Telephone Application for Allocation of Territory

The purpose of this memo is to provide information regarding Pine Telephone Systems, Inc.'s (Pine Telephone) application in Docket UA 137 for allocation of territory.

**Background:**

On May 27, 2008, Pine Telephone applied for allocation of territory and authority to serve previously unallocated and unserved territory in two areas. One area is known as the Whitney Service Area, adjacent to the Granite Exchange served by Pine Telephone. Pine proposes to make this area part of the Granite Exchange.

The second area, which Pine proposes to call the Thorn Exchange, is in central Oregon and is actually in two parts. The larger portion of this proposed exchange is bounded on the east by Pine Telephone's newly created Three Rivers Exchange, on the south by Qwest's Sisters Exchange and on the west by Qwest's Camp Sherman Exchange. The smaller portion of this proposed exchange is not physically connected to the larger portion. It is south of Qwest's Camp Sherman Exchange and west of Qwest's Sisters Exchange. Maps of both the proposed Thorn Exchange and the Whitney Service Area to be added to the Granite Exchange are attached to this memo.

The Whitney Service Area is adjacent to the existing Granite Exchange, the bulk of it directly south of the Granite Exchange with a portion extending to the southeast of the Granite Exchange. There are approximately sixteen homes and businesses in this area, and they are without wireline (fixed) telephone service.

The proposed Thorn Exchange is in two parts. This is not an unusual situation for Pine Telephone, as the Stices Gulch Service Area of the Granite Exchange (UA 87 granted in 2000) is also not contiguous to the main body of the Granite Exchange. Pine reports that, while there are currently no existing customers in

the proposed Thorn Exchange, "this is an area of developing interest." Pine also reports that they have been approached about providing telephone service by persons seeking to build in this area.

#### **Whitney Service Area Background:**

Pine Telephone has had discussions with Qwest Corporation and verified that neither Qwest nor Oregon Telephone had customers in this area, the only other telecommunications utilities in the area, regarding the Whitney Service Area. Qwest has stated that it has no customers in that area and has no interest in ever providing service to that area. Pine notes that Oregon Telephone did not appear to have any interest in that area as well. Pine Telephone has verified that the Whitney Service Area is presently unallocated and unserved. The deadline for comments on the publicized notice of this application was July 18, 2008; there were none.

#### **Whitney Service Area Costs:**

Pine Telephone reports that it is not known what the relative costs of extending service to the Whitney Service Area from either Qwest's Sumpter Exchange or Oregon Telephone's Hereford-Unity Exchange would be in relation to Pine's costs. Pine does report that it is expected to be a relatively straightforward extension of Pine's service, and will be funded by a loan from the Department of Agriculture's Rural Utility Service. There are approximately sixteen residences and businesses in the area, and Pine expects that there will be modest additional development here over time.

#### **Whitney Service Area Rates:**

Pine Telephone will assess the same rates for service in the Whitney Service Area as it does in the Granite Exchange. I have attached the rates along with the maps for the Whitney Service Area and the proposed Thorn Exchange.

#### **Thorn Exchange Background:**

Pine Telephone reports that this service territory has been thoroughly reviewed with the area providers in adjacent exchanges, and Qwest is not serving any customers in this area, nor has it been allocated to Qwest. Pine Telephone has verified that the proposed Thorn Exchange is currently unallocated and unserved. There are currently no residences or businesses in the area.

#### **Thorn Exchange Costs:**

Pine Telephone reports that it is not known what the final engineering costs of extending service to the proposed Thorn Exchange will be. It is logical for Pine to serve the Thorn Exchange as they develop their new, adjacent Three Rivers

Exchange, both projects to be funded by loans from the Department of Agriculture's Rural Utility Service.

**Support for the Allocation:**

This allocation is in the public interest, as it will provide service to the Whitney Service Area constituents that presently have no wireline service and also provide service to future customers as the Thorn Exchange starts developing.

Pursuant to ORS 759.535 and OAR 860-025-0020 and OAR 860-025-0025, Pine Telephone has met the criteria for requesting the authority to provide service in areas previously unallocated and unserved.

Staff recommends that the Commission approve the allocation of the Whitney Service Area to the Granite Exchange and the allocation of the new Thorn Exchange to Pine Telephone.

Attachments (3)

cc: Richard A. Finnigan  
Ron L. Milford



Pine Telephone System, Inc.

LOCAL SERVICES\*

LOCAL ACCESS LINE RATES

BUSINESS SERVICE

RATES

Trunks, semi-public, one-party and two-party apply within the base rate area and supplementary base rate areas. Multi-party and service stations apply in suburban areas, Trunks, semi-public, one-party and two-party can be provided in suburban areas for an additional charge (mileage). Following are the monthly rates for local access lines.

Touchtone

<u>Exchange Names</u>	<u>PBX Trunks</u>	<u>Semi-Public</u>	<u>One-Party</u>	<u>Two-Party</u>	<u>Multi-Party</u>
Halfway	N/A	N/A	\$15.00	N/A	N/A
Granite	N/A	N/A	\$15.00	N/A	N/A
Three Rivers	N/A	N/A	\$15.00	N/A	N/A
Thorn	N/A	N/A	\$15.00	N/A	N/A

Extended Area Service.....Between Three Rivers and Thorn

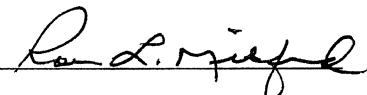
Measured Service.....N/A

\*The above rates do not include the Service Assistance Program Surcharge.

Advice No. \_\_\_\_\_

Issued May 27, 2008

Effective September 1, 2008

Issued By 

Title President

Pine Telephone System, Inc.

LOCAL SERVICES\*

LOCAL ACCESS LINE RATES – Cont'd

RESIDENCE SERVICE

Touchtone

<u>Exchange Names</u>	<u>PBX Trunks</u>	<u>One-Party</u>	<u>Two-Party</u>	<u>Multi-Party</u>
Halfway	N/A	\$10.00	N/A	N/A
Granite	N/A	\$10.00	N/A	N/A
Three Rivers	N/A	\$10.00	N/A	N/A
Thorn	N/A	\$10.00	N/A	N/A

Extended Area Service.....Between Three Rivers and Thorn

Measured Service.....N/A

\* Oregon Telephone Assistance Program (OTAP) Credit

The above rates do not include the Oregon Telephone Assistance Program (OTAP) credit. The customer qualifying for the OTAP credit will receive a \$3.50 reduction from the above rates for the single line which serves the customer's principle residence.

\*The above rates do not include the Service Assistance Program Surcharge.

Advice No. \_\_\_\_\_

Issued May 27, 2008

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Issued By *R. L. [Signature]*

Title President