

CASE: UM 1207
WITNESS: Marlene E. Gorsuch

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 1

**Extended Area Service
Phase I
Community of Interest Evaluation**

**DIRECT TESTIMONY
Regarding Community of Interest
For the Antelope Exchange**

July 29, 2005

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**
2 **ADDRESS.**

3 A. My name is Marlene Gorsuch. I am employed by the Public Utility Commission of
4 Oregon (PUC) as a Telecommunications Analyst in the Utility Program. My
5 business address is 550 Capitol Street NE Suite 215, Salem, Oregon 97301-
6 2551.

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**
8 **EXPERIENCE.**

9 A. See Exhibit Staff/2, Gorsuch/3.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. This testimony presents staff's objective calling data findings for the Extended
12 Area Service (EAS) petition submitted by customers in the Antelope telephone
13 exchange. The petition was filed on June 22, 2005, and requests EAS for the
14 interexchange routes between the Antelope and Culver exchanges, between the
15 Antelope and Redmond exchanges, and between the Antelope and Bend
16 exchanges.

17 **Q. WHAT IS PHASE I?**

18 A. In Phase I of an EAS investigation, the PUC evaluates whether a community of
19 interest exists between the petitioning exchange and other exchanges listed on
20 an EAS petition. The PUC has stated that a community of interest "exists where
21 there is a social, economic, or political interdependence between two areas or
22 where there is a heavy dependence by one area on another area for services

1 and facilities necessary to meet many of its basic needs.” See Forest Grove EAS
2 Investigation, Order No. 87-309, at 8.

3 The PUC determines whether a community of interest exists based
4 primarily on a review of evidence presented by petitioners at a public comment
5 hearing. This evidence consists of demographic, economic, financial, and other
6 evidence.

7 Generally, EAS is limited to contiguous exchanges. In Order No. 99-038,
8 however, the Commission adopted standards to allow a community of interest
9 finding between non-contiguous exchanges if the petitioners also establish that
10 the proposed EAS route is necessary to meet their critical needs. To make this
11 showing, petitioners must demonstrate that the proposed EAS is necessary to
12 meet the critical needs of local customers due to the lack of essential goods and
13 services in their own exchange or a neighboring exchange. In evaluating critical
14 needs, the Commission considers the customers’ access to emergency, medical,
15 dental, professional, business, educational, and governmental services. There
16 are no non-contiguous exchanges at issue in the Antelope petition.

17 Finally, when determining whether there is a community of interest
18 between exchanges in Phase I of an EAS proceeding, the PUC reviews the
19 calling patterns of customers between the exchanges. The PUC has concluded
20 that toll data might provide relevant information about the nature of the
21 communities and the need for EAS between them. To obtain this information,
22 Staff sends data requests to the serving local telephone companies to obtain
23 information about telephone usage.

1 **Q. IF IT IS ESTABLISHED THAT THERE IS A COMMUNITY OF INTEREST**
2 **FOR A PARTICULAR INTEREXCHANGE ROUTE, WHAT IS THE NEXT**
3 **STEP?**

4 A. If it is established that there is a community of interest, the investigation enters
5 Phase II, the tariff analysis phase. In Phase II, the PUC considers whether to
6 adopt rate proposals submitted by the serving local telephone companies. In
7 addition, the PUC determines "whether the proposed EAS service is in the public
8 interest". See Order No. 89-815, p. 40.

9 **Q. DOES THE ANTELOPE EXCHANGE CURRENTLY HAVE EAS TO ANY**
10 **OTHER EXCHANGE?**

11 A. Yes. The Antelope exchange currently has EAS to the Madras exchange.

12 **Q. IS THE ANTELOPE EXCHANGE CONTIGUOUS WITH THE CULVER**
13 **EXCHANGE?**

14 **CULVER EXCHANGE**

15 A. The petitioning exchange must be contiguous with other exchanges listed in the
16 petition. Exchanges are contiguous if they share a common boundary, or if they
17 are connected indirectly via one or more intervening exchanges. In the latter
18 instance, the exchanges must be connected by an unbroken sequence of
19 exchange boundaries, and there must be a community of interest between each
20 intervening pair of exchanges. See Order No. 90-1556.

21 According to exchange maps on file with the PUC, the Antelope
22 exchange and the Culver exchange do not share a common boundary. See
23 Exhibit Staff/2, Gorsuch/2. However, Antelope's petition meets the geographic

1 proximity criterion with respect to Culver because the Antelope exchange and the
2 Culver exchange are connected indirectly via the Madras exchange. There is an
3 unbroken sequence of exchange boundaries, since Antelope shares a common
4 boundary with Madras and Madras shares a common boundary with Culver. In
5 addition, there is a community of interest between Madras and Culver. A
6 community of interest is shown between Antelope and Culver as a result of the
7 existing EAS route between these exchanges.

8 **Q. WHAT LOCAL TELEPHONE COMPANY OR COMPANIES SERVE THESE**
9 **EXCHANGES?**

10 A. The Antelope exchange is served by Trans-Cascades Telephone Company
11 (Trans-Cascades), and the Culver exchange is served by Qwest Corporation
12 (Qwest). In response to a staff request, Trans-Cascades provided monthly
13 telephone usage data for the Antelope exchange based on an average of 231
14 customers and 237 lines for the following period: December 2004 – May 2005.
15 In response to a staff request, Qwest provided monthly telephone data for the
16 Culver exchange based on the average of 1,368 lines for the following period:
17 January 2005 – June 2005.

18 **Q. WHAT ARE YOUR FINDINGS REGARDING THE CALLING PATTERNS**
19 **OF CUSTOMERS BETWEEN THE EXCHANGES?**

20 A. My findings are summarized in Exhibit Staff/2, Gorsuch/1. With regard to calling
21 volume, the average number of toll calls per line per month from Antelope to
22 Culver was 1.33. The average number of toll calls per line per month from
23 Culver to Antelope was 0.03.

1 **Q. WHAT ABOUT CUSTOMER DISTRIBUTION?**

2 A. Again, my findings are summarized in Exhibit Staff/2, Gorsuch/1. Over the six-
3 month period, the average percentage of customer accounts that made at least
4 two toll calls per month to Culver was 13.20%.

5 **REDMOND EXCHANGE**

6 **Q IS THE ANTELOPE EXCHANGE CONTIGUOUS WITH THE REDMOND**
7 **EXCHANGE?**

8 A. According to exchange maps on file with the PUC, the Antelope exchange
9 and the Redmond exchange do not share a common boundary. See Exhibit
10 Staff/2, Gorsuch/2. However, Antelope's petition meets the geographic proximity
11 criterion with respect to Redmond because the Antelope exchange and the
12 Redmond exchange are connected indirectly via the Madras and Culver
13 exchanges. There is an unbroken sequence of exchange boundaries, since
14 Antelope shares a common boundary with Madras, Madras shares a common
15 boundary with Culver, and Culver shares a common boundary with Redmond.
16 In addition, there is a community of interest between Redmond and Culver,
17 between Culver and Madras, and between Madras and Antelope. A community
18 of interest is shown between Antelope and Redmond as a result of the existing
19 EAS routes between these exchanges. Therefore, Antelope's petition meets the
20 geographic proximity criterion with respect to the Redmond exchange.

21 **Q. WHAT LOCAL TELEPHONE COMPANY OR COMPANIES SERVE THESE**
22 **EXCHANGES?**

1 A. The Antelope exchange is served by Trans-Cascades Telephone Company
2 (Trans-Cascades), and the Redmond exchange is served by Qwest Corporation
3 (Qwest). In response to a staff request, Trans-Cascades provided monthly
4 telephone usage data for the Antelope exchange based on an average of 231
5 customers and 237 lines for the following period: December 2004 – May 2005.
6 In response to a staff request, Qwest provided monthly telephone data for the
7 Redmond exchange based on the average of 16,060 lines for the following
8 period: January 2005 – June 2005.

9 **Q. WHAT ARE YOUR FINDINGS REGARDING THE CALLING PATTERNS**
10 **OF CUSTOMERS BETWEEN THE EXCHANGES?**

11 A. My findings are summarized in Exhibit Staff/2, Gorsuch/1. With regard to calling
12 volume, the average number of toll calls per line per month from Antelope to
13 Redmond was 1.61. The average number of toll calls per line per month from
14 Redmond to Antelope was 0.00.

15 **Q. WHAT ABOUT CUSTOMER DISTRIBUTION?**

16 A. Again, my findings are summarized in Exhibit Staff/2, Gorsuch/1. Over the six-
17 month period, the average percentage of customer accounts that made at least
18 two toll calls per month to Redmond was 18.04%.

19 **BEND EXCHANGE**

20 **Q IS THE ANTELOPE EXCHANGE CONTIGUOUS WITH THE BEND**
21 **EXCHANGE?**

22 A. According to exchange maps on file with the PUC, the Antelope exchange
23 and the Bend exchange do not share a common boundary. See Exhibit Staff/2,

1 Gorsuch/2. However, Antelope's petition meets the geographic proximity criterion
2 with respect to Bend because the Antelope exchange and the Bend exchange
3 are connected indirectly via the Redmond, Culver, and Madras exchanges.
4 There is an unbroken sequence of exchange boundaries, since Antelope shares
5 a common boundary with Madras, Madras shares a common boundary with
6 Culver, Culver shares a common boundary with Redmond, and Redmond shares
7 a common boundary with Bend. In addition, there is a community of interest
8 between Bend and Redmond, between Redmond and Culver, between Culver
9 and Madras, and between Madras and Antelope. A community of interest is
10 shown between Antelope and Bend as a result of the existing EAS routes
11 between these exchanges. Therefore, Antelope's petition meets the geographic
12 proximity criterion with respect to the Bend exchange.

13 **Q. WHAT LOCAL TELEPHONE COMPANY OR COMPANIES SERVE THESE**
14 **EXCHANGES?**

15 A. The Antelope exchange is served by Trans-Cascades Telephone Company
16 (Trans-Cascades) and the Bend exchange is served by Qwest Corporation
17 (Qwest). In response to a staff request, Trans-Cascades provided monthly
18 telephone usage data for the Antelope exchange based on an average of 231
19 customers and 237 lines for the following period: December 2004 – May 2005.
20 In response to a staff request, Qwest provided monthly telephone data for the
21 Bend exchange based on the average of 46,960 lines for the following period:
22 January 2005 – June 2005.

1 **Q. WHAT ARE YOUR FINDINGS REGARDING THE CALLING PATTERNS**
2 **OF CUSTOMERS BETWEEN THE EXCHANGES?**

3 A. My findings are summarized in Exhibit Staff/2, Gorsuch/1. With regard to calling
4 volume, the average number of toll calls per line per month from Antelope to
5 Bend was 8.42. The average number of toll calls per line per month from Bend
6 to Antelope was 0.00.

7 **Q. WHAT ABOUT CUSTOMER DISTRIBUTION?**

8 A. Again, my findings are summarized in Exhibit Staff/2, Gorsuch/1. Over the six-
9 month period, the average percentage of customer accounts that made at least
10 two toll calls per month to Bend was 36.58%.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

CASE: UM 1207
WITNESS: Marlene E. Gorsuch

**PUBLIC UTILITY COMMISSION
OF
OREGON**

STAFF EXHIBIT 2

**EXHIBITS
Supporting
Direct Testimony**

July 29, 2005

PETITIONING EXCHANGE(S): ANTELOPE

PHASE 1: COMMUNITY OF INTEREST						
REQUESTED EAS ROUTES	FROM	TO	CRITERION 1: GEOGRAPHIC PROXIMITY	CRITERION 2: CALLING VOLUME	CRITERION 3: CUSTOMER DISTRIBUTION	
ANTELOPE / CULVER	ANTELOPE	CULVER	CONTIGUOUS	1.33	13.20%	
	CULVER	ANTELOPE	CONTIGUOUS	0.03	N/A	
ANTELOPE / REDMOND	ANTELOPE	REDMOND	CONTIGUOUS	1.61	18.04%	
	REDMOND	ANTELOPE	CONTIGUOUS	0	N/A	
ANTELOPE / BEND	ANTELOPE	BEND	CONTIGUOUS	8.42	36.58%	
	BEND	ANTELOPE	CONTIGUOUS	0.00	N/A	

CRITERION 1: GEOGRAPHIC PROXIMITY

Exchanges must be contiguous. Exchanges are contiguous if: 1) they share a common exchange boundary, or 2) they are connected to one another indirectly by an unbroken sequence of common exchange boundaries and there is a community of interest between all exchanges in the sequence.

CRITERION 2: CALLING VOLUME

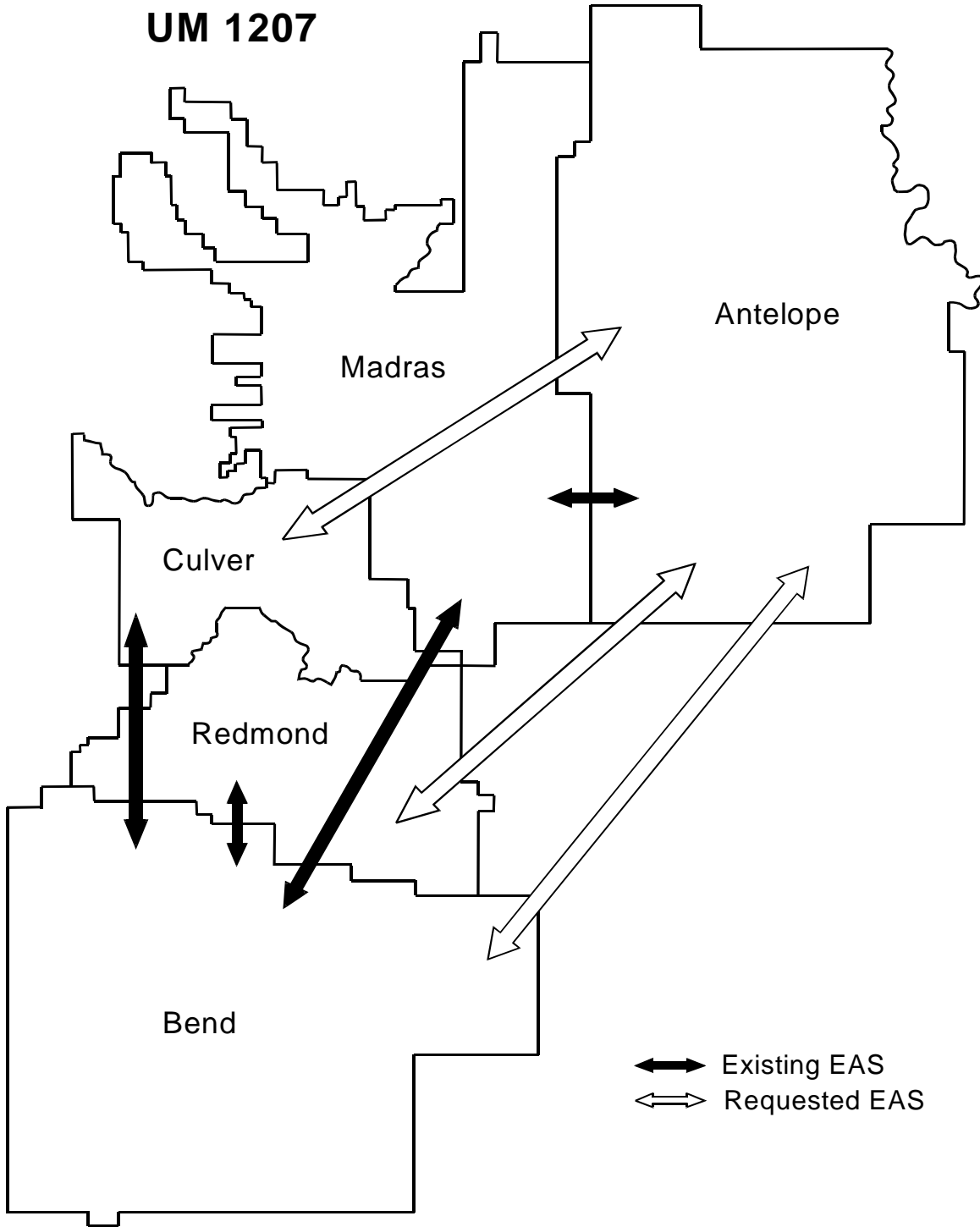
The number of toll calls per access line per month must average 4 or more in either direction.

CRITERION 3: CUSTOMER DISTRIBUTION

The percentage of customers in the petitioning exchange making 2 or more calls per month must exceed 50%.

EXPLANATORY NOTES:

[1] Not applicable because Criterion 3 applies only to the petitioning exchange.



WITNESS QUALIFICATION STATEMENT

NAME: MARLENE E. GORSUCH

EMPLOYER: PUBLIC UTILITY COMMISSION OF OREGON

TITLE: TELECOMMUNICATIONS ANALYST

ADDRESS: 550 Capitol St. NE Suite 215
Salem, OR 97301-2551

EDUCATION &
TRAINING

The Basics of Regulation and the Rate Making Process, New Mexico State University and NARUC, 1999.

41ST NARUC ANNUAL REGULATORY STUDIES PROGRAM – August 1999.

42nd NARUC ANNUAL REGULATORY STUDIES PROGRAM – August 2000.

EXPERIENCE: Employed by the PUC since April 1982. Current duties include: Tariff rate review and analysis; analysis of extended area service petitions, data requests, and community of interest; analysis of PUC fee statements filed by telecommunications providers; evaluation of complex applications, proposals, petitions, and filings, such as applications for certificate of authority, allocation of territory, carrier-to-carrier agreements, and tariff changes submitted by telecommunications providers. Preparation of docketed testimony as an expert witness for PUC staff.

CERTIFICATE OF SERVICE

UM 1207

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to all parties or attorneys of parties.

Dated at Salem, Oregon, this 29th day of July, 2005.

/s/ Lois Meerdink

Lois Meerdink
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Regulatory Operations
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UM 1207
Service List (Parties)

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