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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1005

In the Matter of the Petition for Extended Area)	
Service by the VENETA TELEPHONE)	ORDER
EXCHANGE.)	

DISPOSITION: COMMUNITY OF INTEREST FOUND BETWEEN
THE VENETA AND JUNCTION CITY EXCHANGES

Procedural History

On December 12, 2000, the customers of the Veneta telephone exchange petitioned the Commission for extended area service (EAS) to the Junction City telephone exchange. A map of the affected exchanges is attached as Appendix A. The Commission docketed the request as UM 1005 for investigation.

On May 15, 2001, Michael Grant, an Administrative Law Judge for the Commission, held a hearing on this matter in Veneta, Oregon. Approximately 30 people appeared in support of the petition.

Based on a preponderance of the evidence in this matter, the Commission makes the following:

FINDINGS

Geography and Demography

The Veneta and Junction City telephone exchanges lie in the southern Willamette Valley in Western Oregon. The petitioning exchange, Veneta, consists of approximately 5,667 access lines and serves one incorporated city, Veneta (pop. 2,750), three unincorporated towns, Elmira, Crow, and Walton, and part of the town of Noti. The target exchange, Junction City, consists of about 8,223

access lines and serves the city of Junction City (pop. 4,750), and the remaining portions of Noti. Both exchanges are served by Qwest Corporation (Qwest).

The Veneta and Junction City exchanges both serve rural communities whose local economies were once dominated by timber and wood products. While the timber industries still play a role today, both cities have recently become bedroom communities for the Eugene-Springfield area. Both Veneta and Junction City, however, hope to become more self-sufficient and have taken steps to promote economic development locally. Veneta has a large urban growth boundary, has recently completed a new sewer system, and will soon start work on a new water system.

Given these similar interests and geographic proximity to each other, the Veneta and Junction City communities are strongly linked through business ties, local government programs, and school activities. Both communities make up part of the House District 43 Legislative service area.

Schools

Most children that live in the Veneta exchange attend schools in Veneta/Elmira, while most children in the Junction City exchange attend schools in Junction City. However, 53 children with Junction City addresses currently attend schools in Veneta/Elmira. Similarly, ten staff members at the Veneta/Elmira schools live in Junction City.

The Junction City and Veneta/Elmira school districts are in the same school league and compete in sports and sponsor joint extracurricular programs for students. For example, the two high schools, the Elmira Falcons and the Junction City Tigers, sponsor a joint Children's Miracle Network Pageant each year. Student Council Members from both schools regularly contact each other for planning the pageant and other activities. Moreover, the two school districts are planning a regional technical center to serve students from both communities.

Government and Jurisdictional Issues

The Veneta and Junction City exchanges are located in Lane County and served by county governmental offices located in Eugene. The city governments of Veneta and Junction City work cooperatively with each other to help better serve the local area. Currently, the two sites have a joint police contract and are exploring the option of having the Junction City sheriff's office provide service to Veneta exchange residents. The two cities have also discussed jointly hiring a professional planner to serve both communities. The Veneta Fire Department provides service to Veneta and a large number of Junction City residents.

Medical and Dental Services

Most Veneta and Junction City residents obtain medical and dental services in the Eugene-Springfield area. Some residents of both communities seek dental care in Junction City, where a number of dentists practice.

Employment and Commuting Patterns

A large number of persons living in Veneta or Junction City commute and work in the neighboring city. These residents primarily work for one of five local businesses that have a strong presence in both Veneta and Junction City. A wood products company employs 100 workers and has a sawmill in each city, with corporate headquarters in Veneta. Dairy Mart, a chain of convenience stores, is based in Junction City and has stores in both Veneta and Junction City. Similarly, All-In-One Hardware and Citizens' Bank has outlets in both cities. Finally, the West Lane News and the Tri-County News, the local newspapers of Veneta and Junction City, respectively, are jointly owned and operated from Veneta.

Calling Pattern Data

At the Commission's request, Qwest provided monthly telephone usage data for the Veneta and Junction City exchanges. This data does not capture all toll activity between the exchanges, and is imprecise due to the toll avoidance habits of Veneta and Junction City residents. Over a six-month period, the data showed that an average of 0.80 calls per month per access line were placed between the exchanges, while almost 10 percent of the customers in the Veneta exchange made at least two toll calls per month to the Junction City exchange.

DISCUSSION

Commission Policy

The Commission has long recognized the problem with out-dated telephone exchange boundaries. In many parts of the state, original exchange territories no longer relate to community boundaries. Improved roads and highways, changes in local economies, and the growth or decline of cities and towns have greatly modified what local residents view as their community.

To address this problem, the Commission allows telephone customers to request EAS to other nearby exchanges to increase their toll-free calling area. EAS is important to many customers, because it allows them toll-free access to family, friends, neighbors, and businesses, as well as emergency, medical, educational, and governmental services, not located in their local calling area.

EAS is not a cost-free service, however. EAS merely changes the way telephone companies are compensated for interexchange telephone service. Per-minute toll charges are replaced with a flat or measured EAS rate. Large toll charges faced by a relatively small number of customers are replaced with smaller charges to many customers. The implementation of new EAS routes, therefore, may create new problems as telephone companies try to recover lost toll revenues.

Community of Interest

Due to these competing concerns, the Commission has established a review process designed to balance the need to avoid rate increases on low volume users with the benefits customers may desire from toll-free rates. In an EAS investigation, the Commission first requires that a community of interest exist between the petitioning exchange and target exchange(s). A community of interest exists where there is a “social, economic, or political interdependence between two areas, or where there is a heavy dependence by one area or another area for services and facilities necessary to meet many of its basic needs.” *See Forest Grove EAS Investigation*, Order No. 87-309, at 8.

To determine whether a community of interest exists between the communities, the Commission relies on an analysis of demographic, economic, financial, or other evidence submitted by petitioners in support of the petition. In this examination, the Commission has identified several factors for consideration:

- (1) geographic and demographic information;
- (2) location of schools;
- (3) governmental and jurisdictional issues;
- (4) emergency services;
- (5) social services;
- (6) medical and dental providers;
- (7) employment and commuting patterns;
- (8) business and commercial dependence or interdependence;
- (9) transportation patterns;
- (10) the calling patterns between telephone exchanges; and
- (11) other factors deemed relevant by the Commission. *See In the Matter of the Consolidated Applications for Expansion of the Portland Extended Area Service Region*, Order No. 93-1045, at 12.

COMMISSION RESOLUTION

The Commission concludes that the Veneta exchange petitioners have established that a community of interest exists between the Veneta and Junction City exchanges. Although the measurable calling pattern data failed to reveal a high amount of Qwest toll activity between the exchanges, the record as a whole establishes a sufficient degree of interdependence between the two areas to justify EAS conversion.

As discussed above, the Veneta and Junction City communities are similar in size and face similar issues. Both have become bedroom communities to the ever-growing Eugene-Springfield area and are working hard to become self-reliant. Their residents share common interests, concerns, and pursuits. Many commute to the other community to work. The two school districts—especially the two high schools—meet for athletic competition and share both curricular and extracurricular activities. A large number of students live in one exchange and attend schools in the other. Moreover, the primary local employers have a presence in both cities and rely on customers and employees located throughout the region.

The local governments of Veneta and Junction City have recognized the integration between the two cities and have worked cooperatively to serve their residents. Through joint planning and sharing of resources, the city officials have been able to maximize their resources. The two exchanges are also tied to each other through their location within House District 35. In short, the evidence presented that there is a “social, economic, or political interdependence between two areas” that warrants the elimination of toll calling.

Furthermore, petitioners established that the existing exchange boundary between Veneta and Junction City has created an artificial boundary that does not correspond to actual community activities. For example, the Veneta/Elmira school district is split in two by exchange boundary. Consequently, many students attend schools outside their local calling area. For this and other reasons cited above, the Commission concludes that the Veneta EAS petition should proceed to Phase II (tariff analysis).

ORDER

IT IS ORDERED that:

1. The petitioners have established that a community of interest exists between the Veneta and Junction City telephone exchanges.

2. This petition shall proceed to Phase II, Tariff Analysis. For Phase II, the proposed Veneta/Junction City interexchange route will be grouped with all other EAS dockets that complete Phase I by August 2001. The telephone companies serving these exchanges shall file proposed rates and supporting cost information by October 15, 2001.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Roger Hamilton
Commissioner

Joan H. Smith
Commissioner

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.