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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 998

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

DISPOSITION: (1) COMMUNITY OF INTEREST FOUND BETWEEN THE IONE TELEPHONE EXCHANGE AND THE HERMISTON AND BOARDMAN TELEPHONE EXCHANGES;

(2) NO COMMUNITY OF INTEREST FOUND BETWEEN THE IONE TELEPHONE EXCHANGE AND THE ECHO TELEPHONE EXCHANGE.

On December 4, 2000, the customers of the Ione telephone exchange petitioned the Commission for extended area service (EAS) to the Boardman, Echo, and Hermiston telephone exchanges. A map of the affected exchanges is attached as Appendix A.

The Commission docketed the request as docket No. UM 998 for investigation. On July 10, 2001, Allen Scott, an Administrative Law Judge for the Commission, held a hearing on this matter in Ione, Oregon. Approximately 10 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 Ione telephone exchange is in Morrow County in north-central Oregon. It has approximately 388 access lines and is served by CenturyTel. The only town of any size in the exchange is Ione, with a population of approximately 275.

The Boardman exchange, also in Morrow County, adjoins the Ione exchange on the north. The Boardman exchange is also served by CenturyTel and has approximately 1,763 access lines. The largest city in the Boardman exchange is Boardman, with a population of approximately 2,800. It is about 40 miles from Ione.

The Echo exchange is in Umatilla County, east of the Ione exchange and separated from it by the Lexington exchange. The Echo exchange is served by CenturyTel and has 469 access lines. The largest population center in the Echo exchange is the city of Echo, with a population of about 650. Echo is about 40 miles from Ione.

The Hermiston exchange is in Umatilla County, northeast of the Ione exchange and separated from it by the Boardman exchange. The Hermiston exchange has about 12,600 access lines. The largest population center in the Hermiston exchange is the city of Hermiston, which has a population of about 11,600. Hermiston is about 45 miles from Ione.

The Ione exchange has EAS with the Heppner exchange. The city of Heppner, the county seat of Morrow County, is about 18 miles from Ione. The population of Heppner is about 1,500.

The Ione exchange has few services. It has one restaurant, a small market, a post office, an insurance agency, a gasoline station, a bank, an automobile service garage, and a few other commercial enterprises. It has a Kindergarten through 12th grade school. It has no physicians, dentists, veterinarians, accountants, bookkeepers, lawyers, or other professional services. Its shopping opportunities are limited, both for groceries and other consumer products and for business or commercial supplies such as those needed for farming or other occupations. Consequently, residents of Ione rely on neighboring communities for many goods and services.

Heppner, which is 18 miles from Ione, has some of the professional and commercial services that the Ione exchange does not have. It has a hospital and medical providers, for example. Many Ione residents, however, prefer to obtain medical and other professional services in Hermiston, which is much larger than Heppner and has many more medical providers than Heppner. Hermiston also has a hospital which provides maternity services not available in Heppner and more modern and advanced emergency services than the Heppner hospital.

Employment opportunities are also limited in the Ione exchange. Hermiston provides employment opportunities for some Ione area residents. In addition, many Ione exchange residents work in Boardman at the Port of Morrow or at various agricultural concerns.

Schools

Most of the children in the Ione exchange attend school at the Ione School, which provides Kindergarten through 12th grade classes. School district personnel, including school board members, administrators, teachers, and other personnel, live throughout the area, including in the Boardman and Hermiston exchanges. Various sports activities involving Ione children occur throughout the area, including some in the Boardman and Hermiston exchanges. Phone calls among the school personnel or between them and parents are often toll calls now.

Government and Jurisdictional Issues

The Ione exchange is located in Morrow County and is served by county governmental offices located in Heppner.

Emergency Services

Hermiston and Heppner provide some emergency medical services. A volunteer fire department serves the Ione exchange residents.

Medical and Dental Services

The Ione exchange has no medical and dental providers. Some exchange residents seek primary medical and dental care in Heppner, where some providers practice. A hospital is also located in Heppner. Many residents of the Ione exchange, however, go to Hermiston because they believe the service is superior. Hermiston has a hospital which has more complete emergency capabilities than the Heppner hospital and offers maternity services not available in Heppner.

Business and Commercial Dependence

The business and agricultural communities in the Ione exchange rely heavily on other areas for supplies and services. These include banking, insurance, and legal services, as well as agricultural and building supplies. Residents use providers in Hermiston, Boardman, Heppner, and other locales to meet these needs.

Calling Pattern Data

At the Commission's request, the local exchange companies serving the Ione, Umatilla, and Boardman exchanges provided monthly telephone usage data for a six-month period. This data may not fully capture all toll activity between the exchanges because of the lack of available information from interexchange and wireless carriers.

The toll data is summarized in Appendix B. The data for Ione-Boardman calling is as follows: Ione exchange customers made an average of 1.10 calls per line per month to the Boardman exchange; customers in the Boardman exchange made an average of 0.16 calls per month to the Ione exchange. The average percentage of Ione customers who make at least two calls per month to Boardman is 14.88 percent.

As to Ione-Echo calling, the figures are as follows: the average number of toll calls per line per month from Ione to Echo was 0.25; the average number of toll calls per month from Echo to Ione was 0.27. The average percentage of Ione customers who made at least two toll calls per month to Echo is 3.75 percent.

As to Ione-Hermiston calling, the figures are as follows: the average number of toll calls per line per month from Ione to Hermiston is 3.43; the average number of toll calls per month from Hermiston to Echo is 0.02. The average percentage of Ione customers who made at least two toll calls per month to Hermiston is 36.86 percent.

DISCUSSION

Commission Policy

The Commission has long recognized the problem with outdated 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

Because of 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 on 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.

Critical Needs

Generally, the Commission limits a community of interest determination to exchanges with contiguous exchange boundaries. In Order No. 99-038, however, the Commission adopted standards to allow a community of interest finding between noncontiguous exchanges if the petitioners also establish that the proposed EAS route is necessary to meet their critical needs. Under this showing, petitioners must demonstrate that the proposed EAS is necessary to meet the critical needs of local customers due to the lack of essential goods and services in their own exchange or a neighboring exchange. In evaluating critical needs, the Commission considers the customers’ access to emergency, medical, dental, professional, business, educational, and governmental services.

COMMISSION RESOLUTION

The Commission concludes that the evidence establishes a community of interest between the Ione and Hermiston exchanges. We note that the two exchanges are not contiguous. Thus, to establish a community of interest, the petitioning exchange must show that it has critical needs which are met through the services supplied in the exchange sought that are not available in the local exchange or in neighboring exchanges. Among the essential goods and services that are considered are access to emergency, medical, dental, professional, business, educational, and governmental services. In this case, petitioners have established to the Commission's satisfaction that the medical and medical emergency services in Hermiston are better suited to meet their critical needs than those in Heppner. The evidence is also persuasive that Hermiston can better serve some other essential professional services, such as dental and accounting services, than can Heppner. The Commission concludes that the evidence establishes a community of interest between the Ione exchange and Hermiston exchange.

Based on these conclusions, the Commission further finds that a community of interest exists between the Ione and Boardman exchanges. In cases where petitioners establish a community of interest with a noncontiguous exchange and demonstrate that the EAS route is necessary to meet their critical needs, the Commission will also declare that a community of interest exists between the petitioning and intervening exchange(s). Establishing new EAS routes to both the target and intervening exchanges will avoid customer confusion as to long distance calling areas. *See* Order No. 99-038.

The Commission concludes that the evidence does not establish a community of interest between the Ione exchange and the Echo exchange. Although there was evidence of some commercial and social interrelationship between the two exchanges, it was minimal. We must limit EAS to situations where there is a community of interest as evidenced either by dependence of the petitioning exchange or the target exchange or by an interdependence between the two exchanges. The connection between these two exchanges appears to be no more than would exist between almost any exchanges that are close to each other. The very low number of calls made between the exchanges supports our conclusion. We are aware that the figures do not include cell phone calls and calls made through interexchange carriers. However, given the lack of evidence to establish strong ties between the communities, we believe these figures in this case are so far toward the low end of the spectrum as to suggest that the dealings between the exchanges are not extensive enough to establish a community of interest.

ORDER

IT IS ORDERED that:

1. The petitioners served by the Ione telephone exchange have established a community of interest with the Hermiston exchange, and that the Ione/Hermiston

interexchange route is necessary to meet the critical needs of the petitioners because of the lack of essential goods and services located in their own exchange or a neighboring exchange.

2. The Commission further finds that a community of interest exists between the Ione and the Boardman telephone exchanges.
3. The petitioners have failed to establish that a community of interest exists between the Ione and the Echo exchanges. That portion of the EAS petition is denied.
4. This completes Phase I for the Ione/Hermiston and Ione/Boardman portions of the petition. These interexchange routes are now ready to enter Phase II, the rate and cost phase. For Phase II, these routes will be grouped with all other EAS dockets that successfully complete Phase I by August 1, 2001. The telephone companies serving the Ione, Hermiston, and Boardman telephone 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.