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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 1018

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

DISPOSITION: (1) COMMUNITY OF INTEREST FOUND BETWEEN THE DAYS CREEK TELEPHONE EXCHANGE AND THE ROSEBURG AND RIDDLE TELEPHONE EXCHANGES; and

(2) NO COMMUNITY OF INTEREST FOUND BETWEEN THE DAYS CREEK TELEPHONE EXCHANGE AND THE GLIDE, GLENDALE AND OAKLAND-SUTHERLIN TELEPHONE EXCHANGES.

On April 3, 2001, the customers of the Days Creek telephone exchange filed a petition with the Commission seeking extended area service (EAS) to the Azalea, Glendale, Glide, Oakland-Sutherlin, Riddle, and Roseburg telephone exchanges. A map of the affected exchanges is attached as Appendix A. The Commission docketed the request as docket UM 1018, for investigation. On July 26, 2001, Allan J. Arlow, an Administrative Law Judge for the Commission, held a hearing on this matter in Days Creek, Oregon. Approximately 70 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 Days Creek exchange is located in Douglas County approximately fifteen miles east of Canyonville and Interstate 5 along the South Umpqua River in southeastern Oregon. Days Creek is the only town of any size in the Days Creek exchange. There is no census data available for the town of Days Creek. The Days Creek exchange has approximately 639 access lines and is served by Citizens Telephone Company of Oregon, Inc. (Citizens). Days Creek currently has EAS service to the Myrtle Creek and Canyonville exchanges.

The Azalea Exchange adjoins the Days Creek exchange on the south. It is also served by Citizens and has approximately 439 access lines. The community of Azalea is approximately 7 and one-half miles south of Days Creek.

The Glendale exchange is southwest of the Days Creek exchange, but it is not contiguous to the Days Creek exchange; Glendale is separated from it by the Azalea and Canyonville exchanges. It is served by Citizens and has approximately 1,086 access lines. The community of Glendale is approximately 36 miles southwest of Days Creek.

The Glide exchange adjoins the Days Creek exchange on the north. It is served by CenturyTel of Oregon, Inc. and has approximately 1,543 access lines. Although the community of Glide is due north of Days Creek, the communities are separated by a forested mountain range and the distance by road between them is approximately 72 miles and takes one and one-half hours by motor vehicle.

The Oakland-Sutherlin exchange is north-northwest of the Days Creek exchange. The Days Creek exchange and the Oakland-Sutherlin exchange do not share a common boundary but are connected indirectly via the unbroken sequence of exchange boundaries: Days Creek has EAS with Myrtle Creek; Myrtle Creek has EAS with Roseburg and Roseburg has EAS with the Oakland-Sutherlin exchange. The Oakland-Sutherlin exchange is served by Qwest Corporation (Qwest) and has approximately 6,821 access lines.

The Riddle exchange is west of the Days Creek exchange; it is not contiguous to the Days Creek exchange but there is an unbroken sequence of exchange boundaries, since both Days Creek and Riddle exchanges share a boundary with the Canyonville exchange and both exchanges have a community of interest with Canyonville. The Riddle exchange is served by Citizens and has approximately 1,279 access lines. The community of Riddle is 18 miles west of Days Creek and is reached after driving approximately 28 minutes.

The Roseburg exchange is northwest of the Days Creek exchange; they do not share a common boundary, but are indirectly connected via the Myrtle Creek exchange. The Days Creek exchange has EAS with the Myrtle Creek exchange and the Myrtle Creek exchange has EAS with the Roseburg exchange. The Roseburg exchange is served by Qwest and has approximately 26,015 access lines.

## **Schools**

Most of the children in the Days Creek exchange attend school at either the Days Creek School, which provides Kindergarten through 12<sup>th</sup> grade classes, or the Milo Academy. The Days Creek School District is dependent upon Roseburg for educational support services and spends between \$6,000 and \$8,000 annually on telephone calls to Roseburg. Milo Academy also relies on businesses in Roseburg for school bus parts and obtains medical services for its students in Roseburg. To obtain nearby access to higher education, the residents of the Days Creek exchange must go to Roseburg, the location of Umpqua Community College, the only college-level educational institution in Douglas County. Many students in the Days Creek exchange attend Umpqua Community College.

## **Government and Jurisdictional Issues**

The Days Creek exchange is located in Douglas County and is served by county governmental offices located in Roseburg, the seat of Douglas County. The nearest Oregon Employment Department office is located in Roseburg. The Department of Revenue also has an office located in Roseburg.

## **Emergency Services**

The Days Creek Fire Department and the Milo Volunteer Fire Department serve the Days Creek exchange residents. The nearest emergency medical services are available in the Canyonville and Myrtle Creek exchanges. The hospital in Roseburg has more complete emergency capabilities than the services available in Canyonville and Myrtle Creek.

## **Medical and Dental Services**

The Days Creek exchange has no medical or dental providers. Some exchange residents seek primary medical and dental care in Canyonville and Myrtle Creek, where some providers practice. The nearest hospital, Mercy Medical Center, and the Veterans Medical Center are in Roseburg. The nearest medical specialists in many fields are located in Roseburg.

## **Business and Commercial Dependence**

The business and agricultural communities in the Days Creek 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 Canyonville, Myrtle Creek, Riddle and Roseburg to meet these needs. Many residents are employed outside of the Days Creek exchange. In addition to the neighboring towns of Canyonville and Myrtle Creek, major employers of Days Creek residents, including Roseburg Forest Products and several lumber wholesale businesses, are located in Riddle. There is only a limited variety of commercial establishments in the Days Creek, Canyonville and Myrtle Creek exchanges and Days Creek residents must rely on Roseburg for the purchase of farm machinery, new automobiles and other durable goods. Availability of other goods and services in the current Days Creek EAS area is very limited.

## **Calling Pattern Data**

At the Commission's request, the local exchange companies serving the Days Creek, Azalea, Glendale, Glide Riddle, Oakland-Sutherlin and Roseburg 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 may be summarized as follows:

**Azalea.** The average number of toll calls per line per month from Days Creek to Azalea is 0.22; the average number of toll calls per line per month from Azalea to Days Creek is 0.16. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Azalea was 7.49%.

**Glendale.** The average number of toll calls per line per month from Days Creek to Glendale is 0.13; the average number of toll calls per line per month from Glendale to Days Creek is 0.19. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Glendale was 5.88%.

**Glide.** The average number of toll calls per line per month from Days Creek to Glide is 0.10; the average number of toll calls per line per month from Glide to Days Creek is 0.06. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Glide was 5.14%.

**Oakland-Sutherlin.** The average number of toll calls per line per month from Days Creek to the Oakland-Sutherlin exchange is 0.49; the average number of toll calls per line per month from Oakland-Sutherlin to Days Creek is 0.02. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Oakland-Sutherlin was 16.94%.

**Riddle.** The average number of toll calls per line per month from Days Creek to the Riddle exchange is 0.35; the average number of toll calls per line per month from Riddle to Days Creek is 0.18. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Riddle was 10.84%.

**Roseburg.** The average number of toll calls per line per month from Days Creek to the Roseburg exchange is 5.57; the average number of toll calls per line per month from Roseburg to Days Creek is 0.06. Over a six-month period, the average percentage of customer accounts that made at least two toll calls per month to Roseburg was 53.02%.

## 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 p. 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 p. 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 established 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 Days Creek and Riddle. We note that the two exchanges do not border on each other but are deemed contiguous due to the existence of EAS service between both exchanges and Canyonville exchange, which separates them. Evidence at the hearing tended to show that major employers of Days Creek residents, including Roseburg Forest Products and several lumber wholesale businesses, are located in Riddle and that existing toll traffic, while not great, is

substantially larger than to the other contiguous exchanges for which petitioners had sought EAS status.

The Commission concludes that the evidence establishes a community of interest between the Days Creek and Roseburg exchanges. We note that the two exchanges do not border on each other but are deemed contiguous due to the existence of EAS service between both exchanges and Myrtle Creek exchange, which separates them. The petitioners have established that Days Creek has critical needs which are met through the services supplied in Roseburg that are not available in the local exchange or in neighboring exchanges. Among the essential goods and services for which access is considered critical are 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 Roseburg are better suited to meet their critical needs than those in Canyonville or Myrtle Creek. The nearest full-service hospitals are Mercy Medical Center and the Veterans Medical Center, in Roseburg. Roseburg is the location of Umpqua Community College, the only college-level educational institution in Douglas County. Roseburg is the seat of government of Douglas County and, as such, Days Creek residents are dependent upon it for numerous governmental services. Roseburg is the nearest source for many types of business establishments. The Commission therefore concludes that the evidence establishes a community of interest between the Days Creek and Roseburg exchanges.

The Commission concludes that the evidence does not establish a community of interest between the Days Creek exchange and the Azalea, Glendale or Glide exchanges. There was evidence of some commercial and social or familial interrelationships between Days Creek and those exchanges; the commercial interrelationship, however, 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 Days Creek and each of these 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 Days Creek and these exchanges supports our conclusion. We are aware that the figures do not include cell phone calls and calls made through interexchange carriers other than Qwest. However, given the lack of evidence to establish strong ties between Days Creek and these communities, we believe that the figures in this case are so far toward the low end of the spectrum as to suggest that the dealings between Days Creek and the Azalea, Glendale and Glide exchanges are not extensive enough to establish a community of interest.

The Commission also concludes that the evidence does not establish a community of interest between Days Creek and the Oakland-Sutherlin exchange. Although calling volumes to that exchange were significantly larger than to the Azalea, Glendale and Glide exchanges, numerous persons testifying at the hearing affirmatively indicated a lack of ties with the Oakland-Sutherlin exchange or of any social, economic or political dependence upon it by Days Creek residents.

**ORDER**

IT IS ORDERED that:

1. The petitioners served by the Days Creek telephone exchange have established a community of interest with the Roseburg exchange, and that the Days Creek/Roseburg 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 Days Creek and the Riddle telephone exchanges.
3. The petitioners have failed to establish that a community of interest exists between the Days Creek exchange and any of the following exchanges: Azalea, Glendale, Glide or Oakland-Sutherlin. That portion of the EAS petition is denied.
4. This completes Phase I for the Days Creek/Roseburg and Days Creek/Riddle portions of the petition. These interexchange routes are now ready to enter Phase II, the rate and cost phase. Citizens and Qwest, the telephone companies serving the Days Creek, Riddle and Roseburg telephone exchanges, shall file proposed rates and supporting cost information by October 15, 2001.

Made, entered, and effective \_\_\_\_\_.

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**Roy Hemmingway**  
Chairman

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**Roger Hamilton**  
Commissioner

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**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.