

ORDER NO. 02-465

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1052

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

DISPOSITION: COMMUNITY OF INTEREST FOUND BETWEEN THE
ROGUE RIVER, GOLD HILL, CENTRAL POINT, AND
MEDFORD TELEPHONE EXCHANGES

SUMMARY

In this order, the Commission finds that a community of interest exists between the Rogue River telephone exchange and the Gold Hill, Central Point, and Medford exchanges. Based on this finding, the Commission concludes that this petition should proceed with Phase II, the rate and cost phase of an EAS investigation.

Procedural History

On May 16, 2002, the customers of the Rogue River telephone exchange petitioned the Commission for extended area service (EAS) to the Gold Hill, Central Point, and Medford telephone exchanges. A map of the affected exchanges is attached as Appendix A.

On June 20, 2002, Michael Grant, an Administrative Law Judge for the Commission, held a hearing on this matter in Rogue River, Oregon. Approximately 500 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 Rogue River, Gold Hill, Central Point and Medford telephone exchanges lie along the Interstate 5 corridor in southern Oregon. The petitioning exchange, Rogue River, consists of some 5,000 access lines and encompasses four different postal zip codes located within the city limits of Rogue River, Grants Pass, and Gold Hill. As a result, some 600 families within the Rogue River exchange have a Gold Hill address, while some 270 Rogue River exchange families have a Grants Pass address. Regardless of address, all Rogue River exchange customers live in Jackson County.

The Gold Hill exchange consists of almost 3,000 access lines and lies just west of the Rogue River exchange. In fact, the Gold Hill exchange literally borders downtown Rogue River, and abuts the Rogue River Bridge, which serves as the main entrance to the city. The Gold Hill exchange currently has EAS to the Central Point and Medford exchanges.

The Central Point exchange consists of about 8,500 access lines and lies about 15 miles southeast of Rogue River. It currently has EAS to the Gold Hill and Medford exchanges. The Medford exchange is the largest of the four exchanges. It lies approximately 20 miles southeast of Rogue River and serves over 50,000 customers. Qwest Corporation (Qwest) serves all four exchanges.

The Rogue River exchange offers limited professional and commercial services to local residents. Many exchange residents, therefore, seek these services in either Grants Pass, to the west, or Medford, to the southeast. Both cities are relatively large urban areas that offer facilities necessary to meet many of the basic needs of Rogue River exchange residents. These include banking, accounting, insurance and medical services, as well as groceries, hardware supplies, auto maintenance, and consumer goods.

Schools

The Rogue River School District is comprised of two elementary schools, one middle school, and one high school. With these facilities, the district provides K-12 education for some 916 students that live within the Rogue River exchange, as well as 162 children from Gold Hill, 128 from Grants Pass, and six from Central Point.

School teachers and licensed staff often have difficulties contacting parents for emergencies, progress reports, or meetings. Over 60 percent of parents work outside the local calling area, while over 50 percent of the teachers and staff live outside of Rogue River. Thus, a majority of calls—placed either during the day or at night—are long distance. Due to this fact, and because the Rogue River School District relies on the Jackson County Educational Service District (ESD) in Medford, the schools pay significant long distance phone bills. To help defray

the cost of local long distance charges, the Rogue River Elementary School and Middle School installed a single Medford line that they share to contact parents, Jackson County ESD, or other Medford area contacts.

Government and Jurisdictional Issues

The Rogue River exchange is located in Jackson County and served by county governmental offices located in Medford. These include offices for Planning, Zoning, Tax Assessor, County Surveyor, County Auditor, Water Master, Circuit Court, District Attorney, Juvenile Department, Taxation, and Sheriff. Many state agencies, such as Department of Motor Vehicles, Department of Employment, and the Veterans Administration, also have offices in Medford.

The Rogue River, Gold Hill and Central Point exchanges lie within Oregon House District 4 and Senate District 2.

Medical and Dental Services

There are limited medical and dental services available within the Rogue River exchange. Currently, two general practitioners and two nurse practitioners have offices within the Rogue River exchange, as well as two dentists. Consequently, most area residents rely on Central Point, Medford or Grants Pass to obtain these services. A telephone survey showed that most (68 percent) area residents use medical and/or dental services in Central Point or Medford.

Rogue River exchange customers also rely on hospitals located in Grants Pass or Medford. Some use the Three Rivers Hospital in Grants Pass. Most, however, rely on one of the two hospitals located in Medford: Providence Hospital and the Rogue River Medical Center (RRMC). RRMC is the largest hospital in southern Oregon and offers numerous specialized medical care.

Emergency Services

The Rogue River City Police Department (RRPD) serves local residents that live within the city limits. Because Rogue River has no jail, all detainees must be transported to the Jackson County Jail in Medford.

The Jackson County Sheriff's Office, located in Medford, or the Oregon State Police, with an office in Central Point, provide law enforcement to Rogue River exchange residents that live outside the city limits. On average, Rogue River exchange customers make some 30 calls per month to the Sheriff's Office in Medford, and about 10 calls per month to the State Police in Central Point.

The Rogue River Fire District provides service to most of the Rogue River exchange and about 25 percent of the Gold Hill exchange. The Rogue River Fire House, located within sight of downtown Rogue River, has a Gold Hill address. The fire department works cooperatively with other Jackson County fire departments, law enforcement agencies, and training co-ops.

FireMed Ambulance Service, located in Rogue River, provides service to most of the Rogue River and Gold Hill exchanges. Because many local citizens have physicians in the Medford area, many emergencies are dispatched to the Rogue River Medical Center. During the past year, FireMed delivered 285 patients to Medford from the Rogue River and Gold Hill area.

Employment and Commuting Patterns

There are limited employment opportunities within the Rogue River exchange. The largest local employers are the local bank, grocery store, and pharmacy. Some residents work at area antique shops, coffee shops, and real estate offices. Most Rogue River exchange residents work outside the area in Central Point, Medford, or Grants Pass. A telephone survey of over 1,000 residents showed that almost half of the exchange residents work outside the local calling area. Many find work at the largest employers in Medford, such as Bear Creek Corp. (3,300 employees), Asante Health Systems (2,700 employees), Providence Health Systems (1,200 employees), Jackson County (1,078 employees), and Boise Cascade (850 employees). Others commute to Central Point to work at the Central Point School District (503 employees) or Erikson Air-Crane (400 employees).

Transportation Patterns

Interstate 5 directly links the Rogue River, Gold Hill, Central Point and Medford exchanges. Residents of all four exchanges rely on the Medford Airport for air travel.

Calling Pattern Data and Toll Avoidance

At the Commission's request, Qwest provided monthly telephone usage data for the Rogue River and target exchanges. The toll data is summarized in Appendix B. Of the requested EAS routes, the data showed that Rogue River exchange customers make the most calls to the Medford exchange, with an average of 3.75 calls per line per month placed between exchanges, and an average of almost 28 percent of Rogue River exchange customers making at least two toll calls per month to the Medford exchange.

This data does not capture all toll activity between the exchanges, and is imprecise due to the toll avoidance habits of Rogue River residents. A survey of over 1,000

residents showed that 517 (51%) use cell phones, while 348 (34%) use long distance calling cards. Moreover, as noted above, the Rogue River School District uses a foreign exchange line for calling to Medford. Consequently, these calls are not reflected in the data.

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 customer's pay for calling outside their local exchange. 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 petitioning exchange in this case appropriately bears the name of the neighboring scenic Rogue River. The telephone exchange itself, however, bears little physical relationship to the community it serves. The circumstantial and historical placement of exchange and jurisdictional boundaries has created a complex and confusing maze, where city residents live in different exchanges, and neighbors live in different cities. The growth of the Rogue River Valley and the decline of local economies have complicated matters, as rural communities merge and become increasingly dependent upon larger urban areas for basic goods and services.

Due to these facts, the petitioners were able to present a significant amount of evidence to establish that the exchanges of Rogue River, Gold Hill and Central Point, are strongly linked through schools, local government programs, and social activities. Residents living within the boundaries of Rogue River and Gold Hill are served by the Rogue River exchange. Children that live in portions of all three exchanges attend schools in the Rogue River School District. The exchanges also share emergency service providers and lie within the same legislative districts.

Petitioners also presented ample evidence that the Rogue River exchange customers rely heavily on the Medford exchange. Because the city of Rogue River offers little business or commercial services, exchange residents must travel elsewhere to obtain professional services, commercial supplies, and retail goods. Some residents seek these goods and services in Grants Pass. Most, however, rely on Medford, which is larger than Grants Pass and offers a greater variety of professional, medical and business services, as well as retail and other commercial goods. Moreover, Medford is the county seat of Jackson County and the home of essential governmental services. It is also important to note that the Rogue River exchange customers also rely on the Central Point exchange for law enforcement, medical and business services, and for employment.

With this evidence, petitioners have established that the current long distance charges between Rogue River and Gold Hill, Central Point, and Medford create an artificial barrier that divides the community and restricts access to basic goods and services. While other jurisdictional boundaries may continue to cause confusion to the residents of the Rogue River

Valley, the long distance calling barriers should be removed to better connect this unified community with each other and areas of essential services.

Accordingly, the Commission finds that that a strong social, economic, and political interdependence exists between the Rogue River, Gold Hill, and Central Point telephone exchanges, and that the Rogue River exchange depends heavily on the Medford exchange for services and facilities necessary to meet many of its basic needs. Based on these findings, the Commission concludes that the petitioners have established that a community of interest exists between the Rogue River and target exchanges. This petition should proceed to Phase II, the rate and cost phase of an EAS investigation.

ORDER

IT IS ORDERED that:

1. The petitioners served by the Rogue River telephone exchange have established a community of interest with the Gold Hill, Central Point, and Medford telephone exchanges.
2. This completes Phase I for this petition. This petition is 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, 2002.

Made, entered, and effective _____.

Roy Hemmingway
Chairman

Lee Beyer
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.