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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1061

In the Matter of)	
)	
EXTENDED AREA SERVICE)	ORDER
)	
Investigation to Southern Oregon EAS)	
Region.)	

DISPOSITION: INVESTIGATION OPENED

On April 24, 2002, Rogue Valley Council of Governments (RVCOG) sent a letter to the Public Utility Commission of Oregon (Commission), asking the Commission to create an Extended Area Service (EAS) Region encompassing Jackson and Josephine Counties. The letter was prompted by a petition filed by the Rogue River telephone exchange seeking EAS to Gold Hill, Central Point, and Medford.

In the weeks that followed, the Commission received other letters supporting the creating of a Southern Oregon EAS Region from the mayor and city council of Medford, the Grants Pass/Josephine County and Medford/Jackson County Chambers of Commerce, the office of Southern Oregon Regional Economic Development, Jackson County Board of Commissioners, Senators David Nelson, Jason Atkinson, Bill Fisher, Representatives Alan Bates and Cheryl Walker, Congressmen Greg Walden and Peter DeFazio, and local businesses and residents.

On August 14, 2002, RVCOG held a round table meeting in Rogue River to discuss the creation of a Southern Oregon EAS Region. Senator Lenn Hannon opened the meeting, which was attended by several elected officials, community leaders, and representatives from the Commission, including Commissioner Lee Beyer.

Following the round table meeting, Staff brought this matter to the Commission at its August 20, 2002 regular public meeting. Staff's public meeting memo is attached as Appendix A and incorporated by reference. Staff confirms that there is a great deal of community interest in investigating the need, shape, and viability of a Southern Oregon EAS Region. Consequently, Staff recommends that the Commission initiate an investigation into the Southern Oregon EAS Region. Staff also recommends that the Commission establish an advisory panel of elected officials and community leaders to address which exchanges should be included in the proposed EAS Region.

At the public meeting, the Commission adopted Staff's recommendation and initiated this investigation, docketed as UM 1061. The Commission will soon schedule a prehearing conference to adopt a procedural schedule for the investigation and to address other related matters. Staff will assist local officials in creating an advisory task force to help identify the size of the proposed EAS Region.

ORDER

IT IS ORDERED that an investigation is opened to determine whether a Southern Oregon EAS Region should be established.

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.

ITEM NO. 1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 20, 2002**

REGULAR X CONSENT EFFECTIVE DATE Not Applicable

DATE: August 13, 2002

TO: John Savage through Phil Nyegaard

FROM: Lance Ball

SUBJECT: EXTENDED AREA SERVICE (EAS): Request from staff to open a Southern Oregon EAS Region investigation.

STAFF RECOMMENDATION:

Staff recommends that the Commission open an investigation to determine whether a Southern Oregon EAS Region should be established.

DISCUSSION:

Local Interest in a Southern Oregon EAS Region

The idea of establishing a Southern Oregon EAS Region¹ has been gaining significant community support in recent months. The following chronology of events explains this support.

On April 24, 2002, the Rogue Valley Council of Governments (RVCOG) sent a letter to the Commission asking it to consider linking up Jackson and Josephine counties into one calling area. This letter was prompted by Extended Area Service (EAS) activity in docket UM 1052, an investigation for EAS between the Rogue River and the Gold Hill, Central Point, and Medford exchanges.² Jim Lewis is the current president of RVCOG.

¹ An EAS region is a unified toll-free calling area. In a sense it is a "super-exchange" in that all of the exchanges comprising the region can call one another without restriction, because the region is a local calling area. To illustrate, the Portland EAS Region is comprised of thirty-two exchanges, 992 separate EAS routes, served by ten connecting telephone companies, and serves approximately 1 million access lines. In the Portland EAS Region, residential flat EAS rates range from \$5.03 (Verizon) to \$21.35 (Colton Telephone) per month. Business flat EAS rates range from \$5.28 (Verizon) to \$28.40 (Colton Telephone) per month. EAS flat rates are in addition to local exchange service and other service charges. Low-usage customers may opt for measured EAS rates in lieu of a flat EAS rate.

² Shayne Maxwell, lead petitioner, filed a petition for EAS between the Rogue River, Gold Hill, Central Point, and Medford exchanges on May 16, 2002. A demographic hearing was held on June 20, 2002 at the Rogue River Middle School. On July 8, 2002, the Commission found that a community of interest

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On May 15, 2002, the agency received a letter from Lindsay D. Berryman, Mayor of Medford and jointly signed by Bill Moore, the President of the Medford City Council. Although the letter was in support of the UM 1052 Rogue River EAS petition, the letter expressed support for a Southern Oregon EAS Region. Also on May 15, the agency received a letter from Phil Peeters, the Mayor of Rogue River supporting the idea of a region.

On May 21, 2002, Senator Bill Fisher wrote Shayne Maxwell to offer support for a Southern Oregon EAS region. Also on May 21, Congressman Greg Walden wrote to PUC Commissioner Hemmingway, adding support for the Rogue River request and mentioning that Senator Lenn Hannon would be hosting a meeting on August 14, 2002 to discuss the idea of establishing a region.

Dwight F. Ellis, Executive Director of the Grants Pass and Josephine County Chamber of Commerce, wrote the agency on May 23, 2002 requesting that we consider a proposal for a region. The next day, May 24, 2002, we received a letter from Gordon Safley, Executive Director of SOREDI (Southern Oregon Regional Economic Development, Inc.), expressing support for a Southern Oregon EAS region. On May 31, Senator Bill Fisher wrote a second letter to Shayne Maxwell, lead petitioner for the Rogue River EAS request, offering his support to the Rogue River EAS request and lending support to the idea of a Southern Oregon EAS region.

On June 3, 2002, Senator David Nelson wrote to Commissioner Roy Hemmingway, conveying his support for the Rogue River EAS request and mentioned the "ground swell of local interest and support for a southern region." Senator Jason Atkinson (Senate Majority Whip) wrote to the three PUC Commissioners lending support for a Southern Oregon EAS Region on June 6. Last, we received a letter on June 11 from the Jackson County Board of Commissioners, Rick Holt, Jack Walker, and Sue Kupillas, asking for an EAS Region that would include Josephine and Jackson Counties.

Rogue Valley Round Table Discussion on August 14, 2002

A round table discussion is being held on August 14, 2002, in Rogue River, to discuss the need for a Southern Oregon EAS Region. Over fifty participants ranging from county commissioners and community representatives to members of the Oregon legislature and staff of U.S. Senators will take part in the meeting. The meeting is hosted by the City of Rogue River at the Rogue River Fire Hall, from 6 to 8:30 PM.

exists between these four exchanges. See Order No. 02-465. This docket enters a consolidated Phase II "downstate" EAS investigation in October 2002 when connecting carriers file proposed costs and rates with the PUC. EAS deployment is scheduled for August 2, 2003, after costs and rates are established, public comment hearings are held, and a final order is issued.

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Senator Lenn Hannon and PUC Commissioner Lee Beyer will make opening remarks. Shayne Maxwell, a citizen initiator, will make a presentation regarding why a Southern Oregon EAS Region is important to local citizens. Phil Nyegaard will explain what EAS is, the pros and cons of EAS, and explain the EAS region study process. After a question and answer session, Senator Hannon will make final remarks and end the meeting. When this memo is presented at the Commission's August 20 public meeting, I will give the Commissioners an update of what actually transpired at the meeting.

The process of identifying a Southern Oregon EAS Region

One of the expected highlights of the meeting on August 14 will be a discussion of how a Southern Oregon EAS Region will be identified. Early discussions with community proponents have indicated a desire to incorporate all of Jackson and Josephine counties into an EAS region, as they believe this two county area has a significant community of interest. Even though PUC staff has discussed the pros and cons of adding more exchanges in the EAS region with some of the community proponents, staff has been neutral with respect to the size of the proposed EAS region, as staff believes that an EAS region community of interest is initially best debated and formulated by local communities. In short, staff prefers that local citizens work together and propose an EAS region that satisfies their community of interest needs.³

Because formal rules on establishing an EAS region do not exist,⁴ staff believes it may be more efficacious for the Commission to accept community of interest recommendations from a Southern Oregon EAS citizens' advisory panel.⁵ In this way, southern Oregonians will have a say in the selection of exchanges for a Southern Oregon EAS Region. The panel will be strictly advisory in nature. The Commission cannot delegate its statutory responsibility to determine the public interest with respect to establishing an EAS region. Once recommendations are forwarded from the advisory panel, the Commission may accept, modify, or reject the proposal. The filing of proposed costs and rates by the connecting carriers would commence after the Commission issues a community of interest order establishing the Southern Oregon EAS Region's boundaries. The investigation would then proceed through standard EAS procedure, i.e., staff analysis, settlement conferences, stipulations with connecting carriers, testimony, evidentiary hearings, public comment hearings, briefings, final order, reconsiderations, and deployment.

Summary

³ A community of interest is understood to exist when there is a social, economic, or political interdependence between two areas, or the areas are dependent on one another. See *Forest Grove EAS Investigation*, UM 116, Order No. 87-309.

⁴ The PUC's policy for EAS region designation does not specify a procedure for creating an EAS region. See *Investigation into Extended Area Service*, UM 189, Order No. 89-815. The order states ".the Commission may designate the group of exchanges as an 'EAS Region'."

⁵ The advisory panel would be called *The Advisory Task Force on a Southern Oregon EAS Region*.

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A great deal of community interest exists in investigating the need, shape, and viability of a Southern Oregon EAS Region. At this point, it appears there is considerable interest in establishing an advisory panel of various elected officials in southern Oregon to advise the Commission on the size of the toll-free calling area. Commissioner Lee Beyer and staff will attend the August 14 Rogue Valley Round Table meeting in Rogue River to listen to community proponents for a region.

PROPOSED COMMISSION MOTION:

That a Southern Oregon EAS Region investigation be opened.