

ORDER NO. 03-313

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 916

In the Matter of)
)
EXTENDED AREA SERVICE)
)
Petition by the Government Camp)
Telephone Exchange to join the Portland)
Extended Area Service (EAS) Region.)

ORDER

**DISPOSITION: COMMUNITY OF INTEREST FOUND BETWEEN
GOVERNMENT CAMP AND PORTLAND EAS REGION**

The customers of the Government Camp telephone exchange seek inclusion in the Portland Extended Area Service (EAS) Region. The Portland EAS Region is a toll-free calling area that is comprised of 32 telephone exchanges serving the greater Portland Metropolitan area. A map of the Government Camp exchange and the Portland EAS Region is attached as Appendix A.

The Public Utility Commission of Oregon (Commission) docketed the request as UM 916 for investigation. On April 19, 2003, Michael Grant, an Administrative Law Judge for the Commission, held a hearing on this matter in Government Camp, Oregon. Approximately 30 people appeared in support of the petition.

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 all EAS investigations, the Commission first determines whether a community of interest exists between the telephone exchanges to warrant the elimination of toll calling. The Commission has stated that 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."

The Commission has established two methods by which a petitioning exchange can establish a community of interest. The first is the objective criteria test, which is based on an analysis of calling pattern data and geographic information. Under this test, a petitioning exchange must meet the following objective criteria for determining a community of interest in Portland EAS Region expansion dockets:

Contiguity: The petitioning exchange must have a common boundary with at least one Portland Region telephone exchange.

Volume: A petitioning exchange must show one of the following:

An average of one call per line per month to 25 percent of the Region exchanges, and at least four calls per line per month to two of those exchanges; or

An average of 22 calls per line per month from the petitioning exchange to the Region.

Distribution: A majority of customers in the petitioning exchange must make four calls per line per month to the Region, and at least 33 percent of customers must make one call per line per month to 25 percent of the Region exchanges.

In adopting this objective criteria test, the Commission recognized that the calling data might not truly reflect the existence of a community of interest. Moreover, the Commission acknowledged that it does not have access to all of the calling data between the petitioning and target exchange(s). Accordingly, if a petition fails to meet

the objective criteria test, petitioners are given the opportunity to request a hearing to make an alternative showing of a community of interest through demographic, economic, financial, or other evidence. Under this second test, petitioners must show that the community of interest with the Region is diverse, and not limited to one exchange. In this alternative showing, the Commission relies on an analysis of the following factors:

- (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; and
- (10) other factors deemed relevant by the Commission.

COMMUNITY OF INTEREST DETERMINATIONS

Objective Calling Criteria

In response to Staff's data request, CenturyTel of Oregon, Inc., which serves the Government Camp exchange, provided six months of calling pattern data related to access lines, toll calls, and customer accounts. The results of Staff's examination of the calling pattern data are attached as Appendix B. Staff concluded that the Government Camp petitioners failed to meet all of the community of interest requirements. The petition meets the first objective criterion (Contiguity), as the Portland EAS Region surrounds the Government Camp exchange. However, the petition fails all options under the second community of interest criterion, Calling Volume, as well as both parts of the third criterion, Calling Distribution.

Demographic Evidence

The Government Camp exchange consists of a rural, unincorporated area located on the southern approaches of Mt. Hood. The area lies approximately 50 miles from downtown Portland and is surrounded by the Mt. Hood National Forest. The exchange has approximately 250 full-time residents and significantly more part-time or seasonal residents. Overall, the exchange has approximately 650 access lines.

The area is best known for Mt. Hood, which provides winter and summer recreational opportunities to Portland area residents. The exchange has two ski areas—Timberline Lodge and Mt. Hood Skibowl. Each year hundreds of thousands of skiers visit the Government Camp area, 80 percent of whom live in the Portland metropolitan area. This is reflected in the fact that most members of the Cascade Ski Club, based in Government Camp, live in the Portland EAS Region.

The Government Camp exchange has few centralized businesses to serve its residents. Currently, the exchange has three restaurants, two taverns, one gas station, one small grocery store, and a few hotels. Exchange residents, therefore, heavily rely on commercial services located in the Portland EAS Region. Due to geographic proximity,

the Government Camp exchange customers seek essential goods and services in the Hoodland, Sandy, Gresham, or Portland exchanges. These exchanges offer a variety of business services, including banking, accounting, legal, insurance, as well as groceries, hardware and building supplies, automotive parts and maintenance, and consumer goods.

Employment and Business

Timberline Lodge and Mt. Hood Skibowl serve as the largest employers in Government Camp. Skibowl employs over 180 seasonal employees, most of who live in the Portland, Gresham, Hoodland, or Estacada exchanges.

All area employers rely exclusively on businesses located in the Portland EAS Region for supplies and support services. For example, all food and beverage suppliers are located in the Portland exchange. Office and business suppliers are located in Sandy and Gresham. Ski company representatives are based in the Beaverton and Portland exchanges.

Schools

There are no schools located in the Government Camp exchange. Area school children attend elementary and middle schools in the Hoodland exchange and High School in the Sandy exchange.

Governmental Services

The Government Camp exchange lies in Clackamas County and is served by government offices in Oregon City.

Emergency Services

The Government Camp exchange is served by a fire department located in the Hoodland exchange, the state police based in the Oak Grove-Milwaukie exchange, and the Clackamas County Sheriff based in the Oregon City exchange.

Medical and Dental Services

There are no medical or dental providers in the Government Camp exchange. The Mt. Hood Meadows ski area, located on the eastern portion of Mt. Hood, houses a seasonal medical clinic. Most Government Camp exchange residents seek primary medical and dental care in the Hoodland, Sandy, Gresham or Portland exchanges. Local residents seek emergency care at hospitals located in either Gresham or east Portland.

Toll Avoidance and Customer Confusion

Almost all permanent residents of the Government Camp exchange use cell phones to place calls to the Portland EAS region. Some use foreign exchange lines and other services to reduce toll charges.

Many visitors to the Government Camp exchange are surprised and confused that they must pay toll charges for calls to the Portland EAS Region. The primary source of the confusion stems from the fact that areas beyond Government Camp—including the Mt. Hood Meadows ski resort, are part of the Portland EAS Region by being part of the Estacada exchange.

Resolution

The Government Camp is an isolated telephone exchange located at the base of Mt. Hood. Due to its remoteness, there are few if any business or commercial services available locally to full and part-time exchange residents. Consequently, Government Camp exchange residents are heavily dependent on Portland and neighboring communities. They seek retail and commercial goods in the Hoodland, Sandy, Gresham, and Portland exchanges. Residents obtain medical, dental, and other professional services in Portland and neighboring communities along U.S. Route 26. They similarly rely on governmental and emergency services located in the Oregon City, Oak Grove-Milwaukie, Estacada, and Gresham exchanges.

Ironically, the Government Camp exchange—while isolated—is completely encircled by the Portland EAS Region. The Estacada exchange lies to the east and south, while the Hoodland exchange lies to the north and the west. This fact has frustrated Government Camp residents and confused visitors to the exchange. Residents and visitors alike question why one can drive further away from Portland to reach a toll-free calling area.

After a review of the evidence presented, the Commission concludes that the Government Camp exchange petitioners have established a community of interest with the Portland EAS Region. The Government Camp exchange is very heavily dependent on the Portland EAS Region. This reliance is diverse and includes the Portland, Oak Grove-Milwaukie, Oregon City, Gresham, Sandy, Hoodland, and Estacada exchanges. Moreover, the addition of Government Camp will benefit the Portland EAS Region as a whole by allowing toll-free calling to an area commonly known as Portland's playground. This proposed expansion of the Portland EAS Region would allow recreational visitors the ability to call home without incurring long-distance charges and eliminate customer calling confusion that currently exists on Mt. Hood.

In reaching this decision, the Commission acknowledges that the calling pattern data for the Government Camp exchange failed all parts of the Commission's objective community of interest requirements. This failure, however, is not surprising. The Commission has previously recognized the deficiencies of objective criteria

determinations. Due in part to jurisdictional limitations, the calling pattern data analysis is limited to toll traffic carried by primary toll-carriers, such as Qwest Corporation, Verizon Northwest Inc., and CenturyTel of Oregon, Inc. The increased use of other interexchange and wireless carriers, combined with the implementation of intraLATA dialing parity, has greatly reduced the effectiveness of objective criteria determinations. For this reason, the Commission has discontinued the use of calling pattern data as an initial measure of community of interest for petitions seeking EAS to individual exchanges. *See* Order No. 00-644 at 7. While the Commission did not make a similar change to procedures governing petitions seeking expansion to an EAS Region, the same deficiencies with objective criteria determinations apply.

ORDER

IT IS ORDERED that:

1. The Government Camp exchange has established a community of interest with the Portland EAS Region. This petition will now enter Phase II (tariff analysis).
2. The local exchange companies serving the exchanges located within the Portland EAS Region shall prepare and submit tariffs and supporting documentation for the new EAS routes on or before October 15, 2003.

Made, entered, and effective _____.

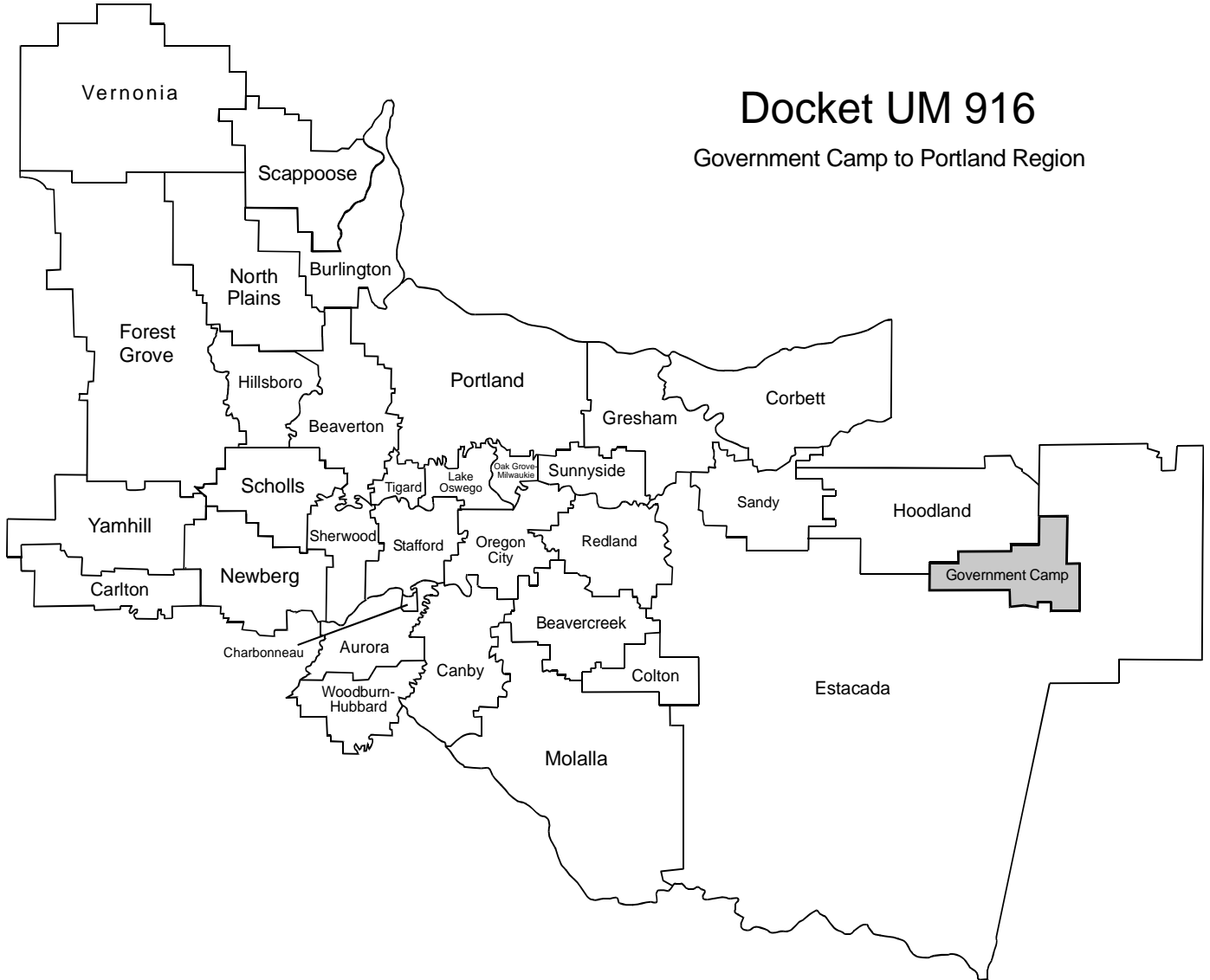
Roy Hemmingway
Chairman

Lee Beyer
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.

Docket UM 916

Government Camp to Portland Region



Objective Criteria Determination

Government Camp EAS

PHASE 1: COMMUNITY OF INTEREST – GOVERNMENT CAMP					
Requested EAS Routes	From	To	Calling Volume	Customer Distribution	Achieves Minimum Volume & Distribution Standards
Gov't Camp to Portland Region	Gov't Camp	Aurora	0.01	0.42%	No
	Gov't Camp	Beaver Creek	0.01	0.39%	No
	Gov't Camp	Beaverton	0.19	6.57%	No
	Gov't Camp	Burlington	0.00	0.00%	No
	Gov't Camp	Canby	0.01	0.48%	No
	Gov't Camp	Carlton	0.00	0.00%	No
	Gov't Camp	Charbonneau	0.00	0.00%	No
	Gov't Camp	Colton	0.00	0.00%	No
	Gov't Camp	Corbett	0.02	0.65%	No
	Gov't Camp	Estacada	0.04	1.46%	No
	Gov't Camp	Forest Grove	0.01	0.45%	No
	Gov't Camp	Gresham	0.33	7.66%	No
	Gov't Camp	Hillsboro	0.02	1.18%	No
	Gov't Camp	Hoodland	0.74	11.34%	No
	Gov't Camp	Lake Oswego	0.14	4.16%	No
	Gov't Camp	Molalla	0.01	0.36%	No
	Gov't Camp	Newberg	0.01	0.67%	No
	Gov't Camp	North Plains	0.00	0.00%	No
	Gov't Camp	Oak Grove Milwaukie	0.00	0.00%	No
	Gov't Camp	Oregon City	0.13	4.46%	No
	Gov't Camp	Portland	3.21	25.42%	No
	Gov't Camp	Redland	0.01	0.39%	No
	Gov't Camp	Sandy	0.22	6.57%	No
	Gov't Camp	Scappoose	0.01	0.53%	No
	Gov't Camp	Scholls	0.01	0.31%	No
	Gov't Camp	Sherwood	0.01	0.48%	No
	Gov't Camp	Stafford	0.04	1.60%	No
	Gov't Camp	Sunnyside	0.04	1.99%	No
	Gov't Camp	Tigard	0.06	5.61%	No
	Gov't Camp	Vernonia	0.00	0.00%	No
	Gov't Camp	Woodburn	0.01	0.56%	No
	Gov't Camp	Yamhill	0.00	0.00%	No
			5.29		
	Gov't Camp	The Region	5.31	28.60%	No