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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1076

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

DISPOSITION: (1) COMMUNITY OF INTEREST FOUND BETWEEN
THE SILETZ AND LINCOLN CITY EXCHANGES;
(2) SILETZ/LINCOLN CITY EAS ROUTE
NECESSARY TO MEET CRITICAL NEEDS.

SUMMARY

In this order, the Public Utility Commission of Oregon (Commission) finds that a community of interest exists between the Siletz and Lincoln City telephone exchanges, and that the interLATA extended area service (EAS) route is necessary to meet the critical needs of customers in the Siletz exchange. Based on these findings, the Commission concludes that this petition should proceed with Phase II, the rate and cost phase of an EAS investigation.

Procedural History

On March 19, 2003, the customers of the Siletz telephone exchange petitioned the Commission for extended area service (EAS) to the Lincoln City telephone exchange. A map of the affected exchanges is attached as Appendix A. The petition is unique, in that it seeks EAS across a LATA boundary.¹ The Siletz exchange is located in the Eugene LATA, while the Lincoln City exchange is located in the Portland LATA. A map of the two exchanges is attached as Appendix A.

Based on a preponderance of the evidence in this matter, the Commission makes the following:

¹ LATAs, or Local Access Transport Areas, are long distance calling regions created pursuant to the divestiture of the Bell system. Under federal law, former Bell Operating Companies, such as Qwest Corporation, are currently prohibited from carrying traffic across LATA boundaries.

FINDINGS

Geography and Demography

The Siletz and Lincoln City telephone exchanges lie along the central Oregon coast in Lincoln County. The county is geographically isolated by the Coast Range Mountains to the east, the Pacific Ocean to the west, and large prominent headlands to the north and south. The petitioning exchange, Siletz, is served by Qwest Corporation and consists of approximately 1,300 access lines. It currently has EAS to the Newport and Toledo telephone exchanges. The target exchange, Lincoln City is served by Sprint/United and has about 11,271 access lines.

The Siletz exchange serves a small rural area that is home to many Siletz Indians, for whom the city—and, in turn, the exchange—was named. There, the Confederated Tribes of the Siletz Indians (the Tribes) occupy and manage a 3,500 acre reservation with timber, water and fish resources. The Tribes' administrative offices are located in Siletz, where it manages tribal operations. The city of Siletz, however, offers limited professional and commercial services to local residents. Currently, it has a bank, a gas station, two small markets, a restaurant, and library.

Due to limited services, the Siletz exchange residents rely on neighboring communities to meet their basic needs. The cities of Newport, located about 18 miles away, and Lincoln City, located about 28 miles away, are the closest areas that offer a wide variety of basic services. Both Newport and Lincoln City are relatively large cities that offer numerous goods and services. These include banking, accounting, insurance, governmental, social, and medical services, as well as groceries, hardware supplies, automotive maintenance, and consumer goods.

Although Newport and Lincoln City are relatively large cities, neither alone can provide Siletz residents with all the goods and services to meet their basic needs. Through a combination of geography and county economics, Newport and Lincoln City rely heavily on each other and are viewed by local residents as one unified community.² Businesses in Newport and Lincoln City rely on suppliers, customers, and employees located in both cities. Professional and social service providers offer a full range of services to Lincoln County residents by maintaining complimentary facilities in both cities. For example, social service agencies make the most of tight budgets by splitting their facilities and offering some services in Newport, and others in Lincoln City.

² The Commission previously discussed this relationship in an investigation by the Newport exchange to obtain EAS to the Lincoln City exchange. *See* Order No. 01-244. The Commission takes official notice of the facts contained in the record of that investigation. Any party may explain or rebut a noticed fact within 15 days of this order. *See* OAR 860-014-0050(2).

Employment and Commuting Patterns

From its administrative offices located in Siletz, the Confederated Tribes owns and operates the Chinook Winds Casino and Convention Center in Lincoln City. At the casino, the Tribes employs over 700 county residents, making the Tribes the largest private employer in Lincoln County. Because of the large number of Siletz residents work at the Casino, the Tribes established shuttle service between Lincoln City and Siletz to pick up and drop off employees.

Schools

Lincoln County has a countywide school district with an elementary and middle school in Siletz. Area children in Siletz primarily attend the high school in Toledo. However, because a large number of Siletz residents work in Lincoln City, many children from the Siletz exchange attend Taft High School in Lincoln City.

The Oregon Coast Community College (OCCC) serves Lincoln County with education centers in both Newport and Lincoln City. Currently, the school has an enrollment of over 5,000 students. Due to the school's limited budget, it is necessary for OCCC's centers to specialize in services and curriculum. For example, the Small Business Development Center is located in Lincoln City, while the College Student Success Center is in Newport. As far as curriculum availability, chemistry and oceanography classes are offered in Newport, while biology and history are offered in Lincoln City.

Government and Jurisdictional Issues

The Siletz and Lincoln City exchanges are located in Lincoln County and served by county governmental offices located in Newport. These include the Planning, Circuit Court, District Attorney, Commission on Children and Families, Juvenile Department, Taxation, and Sheriff offices. Some county agencies also maintain offices in Lincoln City, such as the Department of Health and Human Services. Many state agencies have offices in Newport, including the Adult and Family Services, Employment Department, Services to Children and Families, State Police, and Department of Motor Vehicles.

The Tribes' offices in Siletz also provide services to tribal members who live in all parts of Lincoln County. These services include employment assistance, housing, and youth services.

Medical and Dental Services

The Tribes run a community health clinic in Siletz for its members that live in all parts of Lincoln County. Most local residents, however, receive primary and specialized medical care in either Newport or Lincoln City. Each community has a hospital and, working together, the hospitals provide a full range of medical services for

county residents. Of the two communities, Lincoln City has more medical specialists. For example, the only cardiologist, oncologist, and midwife in the county practice in Lincoln City. Lincoln City also offers the county's only dialysis center, breast-feeding support service, and chronic wound treatment care facility.

In addition, most health care providers in Lincoln County conduct a countywide practice. It is common for doctors with offices in Newport to have medical privileges at the hospital in Lincoln City. Consequently, many residents of Siletz have primary care doctors located in Lincoln City.

Social Services

Siletz is the administrative home of the social services provided by the Tribes. In addition to these services, Siletz exchange residents seek other social services available only in Lincoln City. For example, My Sister's Place, a nonprofit organization to serve victims of domestic violence, has its only shelter in Lincoln City.

Transportation Patterns

The cities of Siletz and Lincoln City are located approximately 28 miles apart and connected via State Route 229. This highway, which runs along the Siletz River, connects U.S. Route 20 to U.S. Route 101.

Community Support

Many organizations in both Siletz and Lincoln City support the proposed EAS linking the two communities. Those who officially indicated their support include: Lincoln County School District; Lincoln County Board of Commissioners, City Council of Lincoln City, Siletz City Council, News-Times Newspaper of Siletz, Lincoln County Chapter – American Red Cross, the News Guard of Lincoln City, and the Board of the Oregon Coast Community College.

Calling Pattern Data

As part of this investigation, the Commission Staff requested calling pattern data from Qwest and Sprint for the two affected telephone exchanges. In response, Qwest reported that it was unable to provide monthly telephone usage data for the Siletz exchange because it is unable to collect interLATA traffic. Sprint did provide data for the Lincoln City exchange, and reported that an average of 0.29 calls per line per month were placed to the Siletz exchange.

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 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."

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.³

Critical Needs

As noted above, this petition is unique because it seeks EAS across a LATA boundary. The Siletz exchange is located in the Eugene LATA, while the Lincoln City exchange is located in the Portland LATA. This fact is important, because Qwest is currently prohibited under federal law from providing telecommunication services across LATA boundaries. Consequently, to allow this interLATA EAS route, Qwest must obtain a waiver of the LATA restriction from the Federal Communications Commission (FCC).

Consequently, the petitioners must also show that the proposed interLATA EAS route is necessary to meet the critical needs of residents due to the lack of essential services in their own exchange, or neighboring exchange located within the same LATA.⁴

COMMISSION RESOLUTION

The Commission concludes that the Siletz exchange petitioners have established that a community of interest exists between the Siletz and Lincoln City exchanges. The evidence presented at hearing establishes a sufficient interrelationship between the two areas to justify EAS conversion.

In a prior investigation, we previously concluded that a community of interest exists between the Newport and Lincoln City exchanges.⁵ We based that conclusion on findings that the cities of Newport and Lincoln City rely heavily on each other and share common interests, concerns, and pursuits. We make similar findings here. The Siletz exchange is the administrative home of the Confederated Tribes of the Siletz Indians. In Siletz, the tribe provides social and health services to its members that live throughout the county, including Lincoln City. The Tribes also own and manage the Chinook Winds Casino and Conference Center, located in Lincoln City. Many Siletz exchange residents commute to Lincoln City to work at the casino, which is the county's largest employer. The Siletz and Lincoln City exchanges also share a school district and are served by the Oregon Coast Community College.

The Commission further concludes that the Siletz petitioners have established that the proposed interLATA EAS route is necessary to meet the critical needs of customers not reasonably met by intraLATA EAS alternatives. Despite the presence of the tribal headquarters, Siletz offers few professional and commercial services for its local residents. Consequently, Siletz exchange residents depend on neighboring exchanges to meet their basic needs. The city of Newport, located within the same LATA as the Siletz exchange, provides many basic services. As we found in Order No. 01-244, however, Newport is not a self-sufficient community. Residents of Newport

³ See Order No. 93-1045 at 12.

⁴ See Order No. 95-1168.

⁵ See Order No. 01-244.

rely on services only available Lincoln City, and vice versa. Working together, the cities of Newport and Lincoln City provide the necessary goods and services to meet all the basic needs of Lincoln County residents. Accordingly, like other Lincoln County residents, those living in the Siletz exchange rely on Lincoln City for many goods and services not available in Newport.

ORDER

IT IS ORDERED that:

1. The petitioners have established that a community of interest exists between the Siletz and Lincoln City telephone exchanges.
2. The petitioners have also established that the proposed interLATA EAS route is necessary to meet the critical needs of Siletz residents.
3. This completes Phase I for that portion of the petition. For Phase II, the proposed Siletz/Lincoln City interexchange route will be grouped with all other EAS dockets that complete Phase I by August 2003. The telephone companies serving these exchanges shall file proposed rates and supporting cost information by 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.