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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UA 103

In the Matter of)	
)	
)	
PINE TELEPHONE SYSTEM, INC. and)	
OREGON TELEPHONE CORPORATION)	ORDER
)	
Transfer of telephone service from Oregon)	
Telephone Corp. to Pine Telephone System,)	
Inc.)	

**DISPOSITION: APPLICATION TO TRANSFER TERRITORIES
APPROVED**

On December 17, 2003, the Public Utility Commission of Oregon (Commission) received a joint application from Pine Telephone System, Inc. (Pine Telephone) and Oregon Telephone Corporation (Oregon Telephone), pursuant to ORS 759.510 and OAR 860-034-0490, requesting that the Commission issue an order transferring rights to allocated service territories between Pine Telephone and Oregon Telephone. Pine Telephone seeks to provide telephone service in the service territory of Oregon Telephone and Oregon Telephone seeks to provide telephone service in the service territory of Pine Telephone. Pine Telephone intends to incorporate the transferred territory into its Granite Exchange. Oregon Telephone intends to incorporate the transferred territory into its Hereford-Unity Exchange.

The Commission published notice of the application pursuant to ORS 759.535(2). Notice was published in the Baker City Herald on February 4 and 11, 2004. The notice stated that any affected party or customer may request a hearing within thirty (30) days of the notice. No person filed comments or a request for hearing.

Commission Staff investigated the matter and filed a report with the Commission on February 10, 2004. The report does not object to granting the requested application. The report includes exhibits describing and illustrating the service territories prior to and after the proposed transfers. The report indicates that Staff reviewed these descriptions and illustrations and found them to be accurate. A copy of Staff's report, with the exhibits describing and illustrating the territories, is attached to this order as Appendix A.

ORDER NO. 04-204

The Commission granted Pine Telephone authority to provide telecommunications services in an area called Stices Gulch as part of Pine Telephone's Granite Exchange in Order No. 00-420. Stices Gulch is not contiguous to the primary portion of the Granite Exchange as Qwest Corporation's (Qwest) Sumpter Exchange intersects the two parts of the exchange.

Rather than continuing to lease a cable route from Qwest to connect Stices Gulch, Pine Telephone desires to construct a cable route from Stices Gulch to the Sumpter Exchange that connects with its central office in the Granite Exchange. Although the cable route is not yet finalized, Pine Telephone plans to route the cable past several parcels of private property that are adjacent to the north end of Pine Telephone's Stices Gulch area, but currently in Oregon Telephone's service territory. This area is included in the service territory that Pine Telephone requests be transferred from Oregon Telephone and incorporated into Pine Telephone's Granite Exchange. Appendix A to this order contains a metes and bounds description of the Granite Exchange after the proposed transfer of service territory.

The territory subject to Pine Telephone's transfer request is currently unserved and is approximately ten miles from the nearest area served by Oregon Telephone. Pine Telephone represents that it can provide service to subscribers in the area more economically than Oregon Telephone. Pine Telephone has determined that existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support a Stices Gulch – Sumpter – Granite cable route and to provide telephone service from the route without the imposition of line extension charges. Telephone traffic within the Granite Exchange will be local while traffic to other exchanges will be subject to toll charges.

The south end of Stices Gulch is within three miles of Oregon Telephone's Hereford-Unity Exchange. Oregon Telephone requests the transfer of Pine Telephone territory in the southern end of Stices Gulch to Oregon Telephone's Hereford-Unity Exchange. Appendix A to this order contains a metes and bounds description of the Hereford-Unity Exchange after the proposed transfer of service territory.

The territory subject to Oregon Telephone's transfer request is currently unserved. Pine Telephone would have to construct approximately ten miles of plant to serve the area. Oregon Telephone has concluded that it can more economically serve the area and that existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support the construction of telephone plant to serve subscribers in the area. Oregon Telephone asserts that the Hereford-Unity exchange would be expanded to include the area acquired from Pine Telephone and that traffic within the exchange would be local.

The Commission has reviewed the joint application of Pine Telephone and Oregon Telephone and finds the proposed transfer of service territory to be geographically and economically reasonable. The proposed transfer is not contrary to the public interest and is approved.

ORDER NO. 04-204

Pine Telephone should file a revised map of its Granite Exchange and Oregon Telephone should file a revised map of its Hereford-Unity Exchange to reflect the transfers of territories.

IT IS ORDERED THAT:

- (1) The joint application for transfer of territories between Pine Telephone System, Inc. and Oregon Telephone Corporation, as described in Appendix A is approved.
- (2) Pine Telephone System, Inc. and Oregon Telephone Corporation shall file revised, signed, and dated maps of the new Granite and Hereford-Unity Exchanges within 30 days of this order.

Made, entered, and effective _____.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
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.

PUBLIC UTILITY COMMISSION OF OREGON
Interoffice Correspondence

DATE: February 10, 2004

TO: Traci Kirkpatrick
Administrative Hearings Division

FROM: Marlene Gorsuch
Telecommunications Division

SUBJECT: UA 103 – Pine Telephone Systems, Inc. & Oregon Telephone Corporation
Application for Allocation of Territory

This memo provides information regarding Pine Telephone Systems, Inc. (Pine Telephone) and Oregon Telephone Corporation's (Oregon Telephone) joint application in Docket UA 103 for allocation of territory.

Background:

Pine Telephone and Oregon Telephone are applying jointly to transfer to Pine Telephone the right to provide telephone service to territory currently in the service territory of Oregon Telephone. In addition, the Companies are applying jointly to transfer to Oregon Telephone the right to provide telephone service to territory currently in the service territory of Pine Telephone. Both areas involved currently do not have telephone service.

Pine Telephone intends to incorporate the territory being transferred to it into the Stices Gulch portion of its Granite Exchange. Oregon Telephone intends to incorporate the territory being transferred to it into its Hereford-Unity Exchange. The exchange of territories will take place in the Stices Gulch – Black Mountain Territory. Please see the attached map, which shows the relationship of the two areas.

Pine Telephone Costs:

Pine Telephone has concluded that the existing cost recovery mechanisms, including access charges, federal universal service support, and local rates are adequate to support the construction of the Stices Gulch – Sumpter – Granite cable route as well as provide telephone service to subscribers from such a route.

Pine Telephone would like to construct its own cable route from Stices Gulch to Sumpter to connect with Pine's Granite central office, rather than use the present route leased from Qwest Corporation to connect Stices Gulch. The exact cable route is not yet finalized, but it will pass by several parcels of private property in the area included

in the transfer request between Pine Telephone and Oregon Telephone. This area is adjacent to the north end of Pine Telephone's service area at Stices Gulch.¹ It is eight to ten miles from Oregon Telephone's nearest service. Pine Telephone can provide service to subscribers in the area more economically than Oregon Telephone. There will be no line extension charges to the subscribers along the Stices Gulch – Sumpter – Granite cable route. Telephone traffic within the Granite Exchange will be local, without toll charges. However, as is currently the case, telephone traffic from all areas to Sumpter, Baker, and elsewhere will be toll traffic

Pine Telephone's monthly rates are:

	<u>Residence One-Party</u>	<u>Business One-Party</u>
Granite Exchange	\$10.00	\$15.00

Oregon Telephone Costs:

Oregon Telephone has concluded that the existing cost recovery mechanisms, including access charges, federal universal service support, and local rates, are adequate to support the construction of telephone plant to serve subscribers from the area to be transferred from Pine Telephone.

The territory that Oregon Telephone wants to transfer from Pine Telephone is part of the territory that was transferred to Pine Telephone from Qwest Corporation.² In that transfer transaction, Qwest required that Pine take the entire Stices Gulch area. The south end of the territory is within three miles of Oregon Telephone's Hereford-Unity Exchange and could be much more economically served by them. Pine would otherwise have to construct eight to ten miles of plant to reach this area.

Rates will be the same in all areas of the Hereford-Unity Exchange. Currently, it is undetermined whether there will be line extension charges to new subscribers in the acquired area.

¹ Stices Gulch is part of Pine Telephone's Granite Exchange, but it is not contiguous to the main portion of the Granite Exchange. Qwest Corporation's Sumpter Exchange lies between the two parts of Pine Telephone's Granite Exchange.

² See Order No. 00-420, docket UA 87, August 1, 2000.

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Oregon Telephone's monthly rates are:

	<u>Residence One-Party</u>	<u>Business One-Party</u>
Hereford-Unity Exchange	\$10.95	\$15.50
EAS Additive	\$10.55	\$14.85

The Company does not offer multiparty service. Telephone traffic within the Hereford-Unity Exchange will be local, i.e. no toll charges. However, as is currently the case, EAS and toll traffic from the new combined Hereford-Unity Exchange will remain consistent with that currently in effect. The Hereford-Unity Exchange was granted extended area service to Baker effective August, 2001.

The project will be financed by a loan from the Rural Utilities Service (RUS), formerly known as the REA. Service to these two areas will be economic for Pine Telephone and Oregon Telephone because they are small utilities and have access to federal universal service support money, the Oregon Customer Access Fund (OCAF), and the loan from RUS. Larger utilities, such as neighboring Qwest, generally do not have access to RUS loans, OCAF funds, or federal universal service support money. In addition to local rates, Pine Telephone and Oregon Telephone also receive access charge revenue from long distance carriers for toll traffic to and from these exchanges.

Description of Allocated Territory:

Exhibits A & C of this joint application illustrate Area-B, Stices Gulch, of Pine Telephone's Granite Exchange as it is currently and that which is proposed, respectively. Exhibits B & D are the metes and bounds legal descriptions of Exhibits A & C.

Exhibits F & H of this joint application illustrate Oregon Telephone's Hereford-Unity Exchange as it is currently and that which is proposed, respectively. Exhibits G & I are the metes and bounds legal descriptions of Exhibits F & H.

These descriptions are accurate. Exhibit E is a more detailed map showing the areas to be exchanged. Staff requests that the final order in this proceeding, Docket UA 103, include the descriptions in an appendix to the order. In that way, the description of the allocated territory is officially adopted and permanently memorialized.

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Revised Exchange Map:

After the Commission issues an order in Docket UA 103, assuming the Commission grants Pine Telephone and Oregon Telephone's application to allocate territory, both companies will need to file revised maps of the Granite and Hereford-Unity Exchanges. Each will have an effective date and title information similar to a tariff page.

Staff requests that the final order contain an ordering paragraph directing Pine Telephone and Oregon Telephone to file, within 30 days of the order, new maps of the revised Granite and Hereford-Unity Exchanges.

cc: Rodney Huff – Pine Telephone System, Inc.
Garrin Bott – Oregon Telephone Corporation
Craig Blair – GVNW
Tom Harris - PUC