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**BEFORE THE PUBLIC UTILITY COMMISSION**

**OF OREGON**

UM 1061

In the Matter of	)	
	)	ORDER
SOUTHERN OREGON EXTENDED	)	
AREA SERVICE REGION	)	
	)	
Investigation to determine whether a	)	
Southern Oregon EAS Region should be	)	
established.	)	

**DISPOSITION: SOUTHERN OREGON EXTENDED AREA SERVICE REGION ESTABLISHED; TARIFFS APPROVED**

In this order, the Commission approves the creation of a unified toll-free calling area in Southern Oregon. The new Extended Area Service (EAS) Region includes 18 exchanges served by four telephone companies, as shown by the map at Appendix A. Toll-free calling in the Southern Oregon EAS Region will be available no later than October 2, 2004.

To analyze the merits of the EAS Region, the Commission followed the procedures outlined in Order No. 89-815: first determine demand and the community of interest, then analyze the proposed tariffs, and finally, decide whether the proposed EAS service is in the public interest. In Phase I, the Commission found that a community of interest exists among these exchanges. See Order No. 03-148. In Phase II, the Commission solicited public input and analyzed the proposed tariffs and the effect on consumers. After consideration, the tariffs are approved, subject to the terms of this order, and the proposed EAS Region is found to be in the public interest.

**PHASE I – COMMUNITY OF INTEREST DETERMINATION**

The Commission has long recognized the problem of out-dated telephone exchange boundaries. To address this problem, the Commission allows telephone customers to request EAS to other nearby exchanges to increase their toll-free calling area. However, EAS is not cost-free; it merely changes the way telephone companies are compensated for interexchange telephone service. To balance whether the benefits of

EAS service outweigh the costs, the Commission establishes whether a community of interest exists among the exchanges in the first phase.

To determine whether a community of interest exists among exchanges, the Commission examines whether "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." *See* UM 116, Order No. 87-309 at 8. In this examination, the Commission created an Advisory Task Force on a Southern Oregon EAS Region to analyze the extent to which the exchanges share business, social, governmental, educational, medical, and other links. The Task Force recommended that eighteen exchanges be included in the Southern Oregon EAS Region, attached as Appendix A. The Commission adopted that recommendation. *See* Order No. 03-148.

## **PHASE II – TARIFF ANALYSIS**

After Phase I was completed, the Commission analyzed the proposed company tariffs in Phase II of the EAS process. Four different local exchange carriers (LECs) provide service to the exchanges in the proposed Southern Oregon EAS Region. Citizens Telecommunications Company (Citizens) serves the Glendale, Wolf Creek, Selma, Cave Junction, and O'Brien exchanges; United Telephone Company of the Northwest dba Sprint (Sprint) serves the Prospect, Shady Cove, Butte Falls, and White City exchanges; Verizon Northwest Inc. (Verizon) serves the Murphy-Provolt exchange; and Qwest Corporation (Qwest) serves the Ashland, Grants Pass, Rogue River, Gold Hill, Central Point, Medford, Jacksonville, and Phoenix-Talent exchanges. Each LEC proposed tariffs to provide the EAS routes under consideration.

### **Customer Notification and Public Hearings**

Customers in every affected exchange were notified by the LECs of a series of seven open house meetings held in the evenings from December 1 through December 11, 2003 to explain the proposed EAS routes and gauge customer sentiment. The meetings were held in Medford, Grants Pass, Wolf Creek, Cave Junction, Applegate, Shady Cove, and Eagle Point. Those locations represent exchanges in each of the four LEC service areas. Commission Staff, representatives from the affected LEC, and members of the Task Force participated in each open house meeting. At those meetings, customers could comment by writing down their remarks on a card or by speaking to a court reporter.

Of the comment cards, four opposed the Region, three asked questions, and 90 supported the inclusion of their exchange in the EAS Region. Those who were opposed lived in the Sprint or Citizens exchanges and were concerned that they had to pay higher rates than those who lived in exchanges served by other telephone companies. Many of the positive responses indicated that they would save money due to reduced long

distance charges, that it would enhance business prospects, and that the proposal was "long overdue."

Sprint customers in the Prospect, Shady Cove, Butte Falls, and White City exchanges were also balloted because their increase in rates was much higher than in other exchanges. The initial ballots appeared to present a choice between the increased rates for joining the Region or their current rates for staying out of the Region. Customers in Shady Cove, Butte Falls, and White City opted to join the Region, but customers in Prospect did not. Then, Sprint proposed changing its method of calculating EAS charges to a matrix system resembling those used by other telephone companies, which would have dramatically changed the rates for those exchanges even if they stayed out of the Region. After due consideration, the Commission approved Sprint's new matrix. *See* Order No. 04-093. With the new rate information, customers in Prospect were balloted again and supported joining the Region. *See* Order No. 04-217 at 6.

In addition, dozens of letters sent to the Commission were tallied. E-mails sent to the Commission and the Task Force were also included in the written record, as were notes from telephone calls made to the Commission. Most of the letters, e-mails, and phone calls supported including every exchange in the Region. A few felt that increased EAS access was not necessary at any price, but many saw it as an improvement. Business owners wrote to say that it would increase the area from which they could seek customers, and residential customers commented on the benefits of local calling to nearby neighbors who are on the other side of an exchange boundary. Based on the support from each exchange for participating in the Region, all 18 exchanges were included in the Region. *See* Order No. 04-217.

### **Stipulations**

Staff reviewed the telephone companies' proposed tariffs and after conducting discovery and exchanging information, entered into a stipulation with each company. No party filed an objection to the stipulations, which are set forth in Appendices B through E. The stipulated EAS rates for each of the four LECs are set out in Appendices F through I.

### **Rate Design Criteria**

In the generic EAS docket, UM 189, the Commission adopted ten rate design criteria for EAS conversion. The stipulated rates for each LEC meet those criteria by containing the following features:

EAS Criterion 1: Flat EAS rates must be available for all EAS routes.

The stipulated EAS rates for each LEC comply with Criterion 1. Each LEC has a flat rate available for all EAS routes, existing and proposed.

Criterion 2: A measured rate option must be available for all EAS routes.

The stipulated rates for each LEC comply with Criterion 2. The carriers have an existing measured rate option and have not proposed to change their measured EAS rates. All of the measured EAS rates proposed by the companies are consistent with measured rates charged by the other telecommunications utilities and with Commission guidelines.

Criterion 3: A combination of flat local exchange service and measured EAS must be offered.

The stipulated rates for each LEC comply with Criterion 3. Each carrier currently provides a combination of flat rate local exchange service and measured rate EAS.

Criterion 4: Flat EAS rates should be asymmetrical between exchanges to reflect differences in the number of subscriber lines.

The stipulated rates for each LEC comply with Criterion 4. Each of the LECs has developed a company-wide matrix of EAS rates, which satisfies Criterion 4. All companies, except Sprint, propose to maintain their current EAS matrix style. Sprint proposes to use the EAS matrix recently approved by the Commission. *See* Order No. 04-093. The remaining companies propose to charge for expanded EAS service based on their existing EAS matrix styles.

Criterion 5: One flat rate option should incorporate all EAS available to the customer.

The stipulated rates for each LEC comply with Criterion 5. All of these companies provide a flat rate option that incorporates all EAS routes available to customers in each exchange.

Criterion 6: Flat EAS rates must include a residential/business differential under which business customers pay a higher flat rate.

The stipulated rates for each LEC comply with Criterion 6. All of these companies charge a higher flat EAS rate to their business customers than to their residential customers.

Criterion 7: Measured EAS rates must be the same for business and residential customers.

The stipulated rates for each LEC comply with Criterion 7. All of these companies charge the same measured EAS rate to both residential and business customers.

Criterion 8: EAS rates must recover the costs of switching and transport and make a contribution to common overhead and the cost of the local loop.

The stipulated rates for each LEC substantially comply with Criterion 8. The proposed EAS revenues substantially recover traffic sensitive costs, such as the distributed costs of switching and transport, plus they provide a contribution to the cost of the local loop.

Criterion 9: Revenue shortfalls due to new EAS routes must be made up first from company-wide EAS rates, then from company-wide local exchange rates.

The stipulated rates for each LEC comply with Criterion 9. No Company will increase its local exchange rates in this proceeding.

Criterion 10: EAS tariff proposals should be revenue neutral.

The stipulated rates for each LEC substantially comply with Criterion 10. Under Criterion 10, the additional EAS revenues proposed should equal the sum of the cost shift attributed to the EAS conversion plus any additional costs for EAS. Deviations from revenue neutrality are either very small or the result of a LEC's decision to accept a net revenue loss.

## **Resolution**

The Commission concludes that the Southern Oregon EAS Region should be implemented as proposed. The stipulated rates for each of the LECs satisfy the rate design criteria for EAS conversion and are just and reasonable. Accordingly, the Commission adopts the stipulated rates and other provisions included in the stipulations between Staff and the LECs, subject to the terms of this order.

## **ADDITIONAL ISSUES**

### **Customer Notification**

Customer notification is a critical part of any EAS implementation. Customers have the right to receive adequate information in an understandable format so that they can make informed decisions. The minimum requirements adopted by the Commission in Order No. 91-1140, accomplish that goal. The Commission will require the LECs to comply with those requirements, under which the companies shall, at a minimum, provide their customers the following:

1. Customers shall be permitted to change EAS options for a six-month period following implementation of EAS on October 2, 2004, without incurring a fee for the change in service.

2. A brochure with complete information about the company's EAS options and the rates for each shall be mailed to each customer prior to the date of implementation of service and once more 90 days after the EAS conversion.
3. The brochure should include:
  - a. A simple, non technical explanation of how to calculate which option is to the customer's advantage, including a statement of the "break-even" point, *i.e.*, the number of minutes of EAS calling under measured service that would exceed the company's flat rate.
  - b. A description of at least two methods for choosing the best option: (1) changing service and comparing bills; and (2) keeping a log and estimating minutes of use. A sample log and worksheet should be included.
  - c. The brochure shall notify the customer that service can be changed at no charge for six months from implementation.
  - d. The phone number of the company office, which can provide customers with additional assistance or information.
  - e. A map depicting existing EAS exchanges and new exchanges for which EAS will become available.
  - f. An explanation of the "default services." Customers should be informed of the type and cost of the EAS they will receive if they take no action.

It is important to note that the foregoing notification requirements do not apply to exchanges where EAS rates change, but no new EAS is implemented. For such exchanges, the LECs should follow ordinary procedures for notifying customers of rate changes. The LECs are strongly encouraged, however, to provide basic EAS information in these exchanges as well.

### **Measured Rate Option**

Many senior citizens and others on fixed incomes commented that they do not make many long distance calls and need to keep their costs down. They also were under the impression that flat rate EAS is mandatory and an inevitable rising cost. We are aware that a flat rate increase could be a hardship for some customers. For these reasons, we emphasize that more must be done to publicize the measured rate option, particularly in the Sprint exchanges facing EAS flat rate increases. The measured rate

was discussed in the one page flyer sent to all telephone customers in the Region and at the open house meetings. We encourage the LECs to provide more information to make customers aware of this option.

### **CONCLUSIONS**

Based on the record developed in these dockets, the Commission concludes that the proposed Southern Oregon EAS Region identified in Appendix A is in the public interest. The public comment and testimony on the proposed region reflect a significant demand for EAS. Calling pattern data or demographic evidence establishes that there is a community of interest between the affected exchanges. The proposed EAS rates are reasonable and in compliance with the Commission's rate design criteria for EAS conversion. The Region shall be implemented as proposed.

### **ORDER**

IT IS ORDERED that:

1. The Southern Oregon Extended Area Service Region shall be implemented, as indicated by the map at Appendix A.
2. The stipulations entered between Staff and the four local exchange telephone companies, set forth in Appendices B through E, are approved.
3. The local exchange companies shall, at a minimum, provide their customers with notification of new EAS as described above.

4. Customers who do not select an EAS option shall be defaulted to the type of EAS they have at the time of conversion.

Made, entered, and effective \_\_\_\_\_.

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**Lee Beyer**  
Chairman

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**John Savage**  
Commissioner

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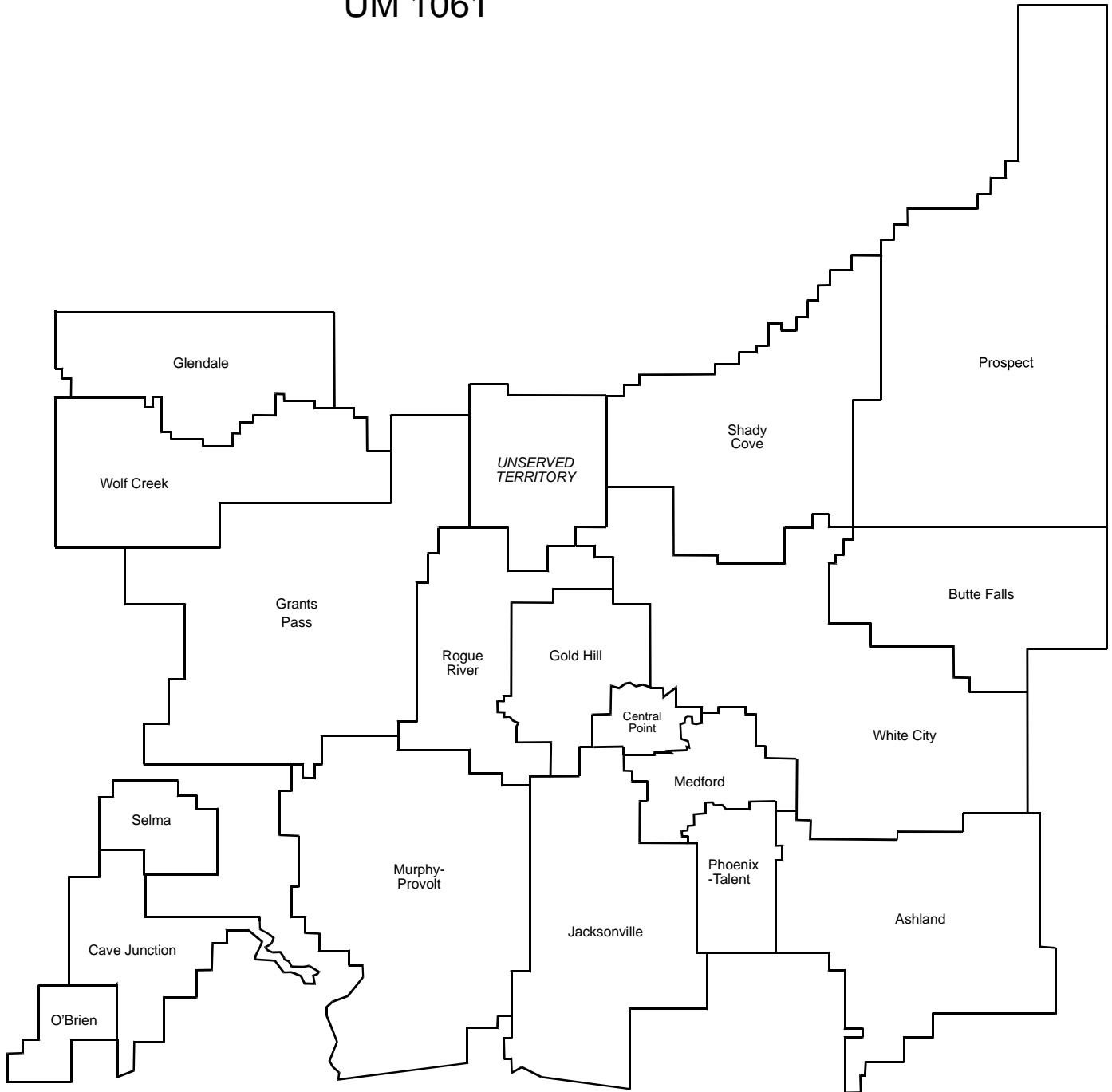
**Ray Baum**  
Commissioner

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.



# Proposed Southern EAS Region

## UM 1061



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

2004 Extended Area Service Dockets  
Phase II

In the Matter of Petitions for Extended Area )  
Service by Government Camp (UM 916) and ) STIPULATION BETWEEN  
South Beach (UM 1075), and the Investigation ) QWEST AND STAFF  
into Southern Region EAS (UM 1061) )

Qwest and the Public Utility Commission of Oregon Staff (Staff), after having conducted extensive discovery and exchanges of information, stipulate and agree to the following:

- 1. To a cost recovery amount of \$1,265,070 as set forth at Line A.1 in Exhibit 1 to this stipulation.
- 2. To a \$1,264,924 increase in annual EAS revenues as set forth in Exhibit 1 to this stipulation.
- 3. To the rates, terms and conditions as set forth in Advice No. 1971, filed February 4, 2004 and Supplement 1, filed on March 10, 2004.

Both parties reserve the right to re-examine Provisions 1 through 3 of this stipulation should any of the routes in dockets UM 916, UM 1061, and UM 1075 in this proceeding not be approved by the Commission. In making this agreement, neither party to this stipulation takes a position on whether the EAS routes at issue in the dockets that comprise this proceeding should be approved.

APPENDIX B

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Don Mason  
Oregon Regulatory Director for Qwest

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Stephanie Andrus  
Assistant Attorney General  
Of Attorneys for PUC Staff

APPENDIX B

**EAS Dockets UM 961, UM 1075, and UM 1061  
Summary of Revenue Impact of 2004 EAS Conversions  
Qwest**

<b>A.</b>	<b>Cost Recovery Requirement for EAS:</b>		
	1 Local & EAS Revenue Requirement Shift		\$1,265,070
<b>B.</b>	<b>EAS Criterion 10: Net Neutrality</b>	<b>Rate</b>	<b>Annual Revenue</b>
	1 Proposed EAS Revenue Increase	<u><b>Change</b></u>	<u><b>Change</b></u>
	2 Increase rates in Rate Band B:		
	3 Increase residence from \$2.03 to \$2.20	\$ 0.17	\$ 844,135
	4 Increase business from \$3.05 to \$3.27	\$ 0.22	\$ 330,197
	5 Increase business Centrex from \$.67 to \$.85	\$ 0.18	\$ 1,459
	6 Increase 3/6 package from \$.55 to \$.79	\$ 0.24	\$ 13,395
	7 Increase 6/9 package from \$.79 to \$1.04	\$ 0.25	\$ 60,231
	8 Increase 12/18 package from \$1.56 to \$1.81	\$ 0.25	<u>\$ 15,507</u>
	9 TOTAL Increase in Annual Revenues		<u>\$1,264,924</u>
	10 Surplus (+) or Deficiency (-) (B9-A1)		-146

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

2004 Extended Area Service Dockets  
Phase II

In the Matter of Petitions for Extended Area Service by Government Camp (UM 916), the Southern Oregon EAS Region (UM 1061), and Bandon (UM 1089) ) STIPULATION BETWEEN ) VERIZON ) AND STAFF )

Verizon Northwest, Inc., and the Public Utility Commission of Oregon Staff (Staff), after having conducted extensive discovery and exchanges of information, stipulate and agree to the following:

- 1. To a cost recovery amount of \$127,467 set forth at Line E.4 in Exhibit 1 to this stipulation.
- 2. To a \$128,064 increase in annual EAS revenues as set forth at Line F.1 in Exhibit 1 to this stipulation.
- 3. To the rates, terms and conditions as set forth in Advice No. 821, filed on October 15, 2003; Supplement A, filed on February 12, 2004; and Supplement B, filed on March 5, 2004.

Both parties reserve the right to re-examine Provisions 1 through 3 of this stipulation should the company's proposed routes in dockets UM 916, UM 1061, and UM 1089 in this proceeding not be approved by the Commission. In making this

agreement, neither party to this stipulation takes a position on whether the EAS routes at issue in these dockets should be approved.

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Chuck Carrathers  
Attorney for Verizon-Northwest, Inc.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Stephanie Andrus  
Assistant Attorney General  
Attorney for PUC Staff

APPENDIX C

**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

2004 Extended Area Service Dockets  
Phase II

In the Matter of Petitions for Extended Area            ) STIPULATION BETWEEN  
Service by Government Camp (UM 916),                 ) SPRINT/UNITED  
the Southern Oregon EAS Region (UM 1061),            ) AND STAFF  
South Beach (UM 1075), and Siletz (UM 1076)         )

Sprint/United and the Public Utility Commission of Oregon Staff (“Staff”), after having conducted extensive discovery and exchanges of information, stipulate and agree to the following:

1. To a cost recovery amount of \$313,998 as set forth at Line A.1 in Exhibit 1 to this stipulation.
2. To a \$313,913 increase in annual EAS revenues as set forth at Line B.1 in Exhibit 1 to this stipulation.
3. To the rates, terms and conditions as set forth in Advice No. OR03-18, filed on October 16, 2003 and Supplement 1, filed on January 28, 2004.

Both parties reserve the right to re-examine Provisions 1 through 3 of this stipulation should the company's proposed new EAS rate matrix or any of the routes in dockets UM 916, UM 1061, UM 1075, and UM 1076 in this proceeding not be approved by the Commission. In making this agreement, neither party to this stipulation takes a position on whether the EAS routes at issue in these dockets should be approved.

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DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Tre E. Hendricks, III  
Attorney for Sprint/United NW

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Stephanie Andrus  
Assistant Attorney General  
Of Attorneys for PUC Staff

APPENDIX D



**BEFORE THE PUBLIC UTILITY COMMISSION  
OF OREGON**

2004 Extended Area Service Dockets  
Phase II

In the Matter of )  
EXTENDED AREA SERVICE ) STIPULATION BETWEEN  
Investigation into Southern Oregon EAS ) CITIZENS AND STAFF  
Region (UM 1061) )

Citizens Telecommunications Company of Oregon (Citizens) and the Public Utility Commission of Oregon Staff (Staff), after having conducted extensive discovery and exchanges of information, stipulate and agree to the following:

1. To a cost recovery amount of \$101,414 as set forth at Line A.1 in Exhibit 1 to this stipulation.
2. To a \$101,337 increase in annual EAS revenues as set forth at Line B.1 in Exhibit 1 to this stipulation.
3. To the rates, terms, and conditions as set forth in Advice No. OR-04-02, filed February 12, 2004, and Supplement 1, filed February 25, 2004.

Both parties reserve the right to re-examine Provisions 1 through 3 of this stipulation should the EAS routes in docket UM 1061 in this proceeding not be approved by the Commission. In making this agreement, neither party to this stipulation takes a position on whether the EAS route at issue in this docket should be approved.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Chuck Best  
Attorney for Citizens Telecommunications  
Company of Oregon

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

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Stephanie Andrus  
Assistant Attorney General  
Of Attorneys for PUC Staff

Stipulation  
Exhibit 1

**EAS Docket UM 1061  
Investigation into Southern Oregon EAS Region  
Summary of Revenue Impact of 2004 EAS Conversions  
Citizens Telecommunications Company of Oregon**

	<b>Stipulated Revenues Staff and Company</b>
<b>A. Cost Recovery Requirement for EAS:</b>	
1 Local & EAS Revenue Requirement Shift	\$101,414
<b>B. EAS Criterion 10: Net Neutrality</b>	
1 Proposed EAS Revenue	\$101,337
2 EAS & Local Revenue Requirement (Ln A1)	\$101,414
3 Surplus or (Deficiency) (B1-B2)	(\$77)

APPENDIX E

## QWEST EAS RATES

### Qwest Monthly Flat EAS Rates

The Qwest EAS rate matrix is based on the classification of exchanges by the number of access lines available to a caller in a particular EAS calling area, i.e. the number of access lines that a customer in that exchange can call without incurring a toll charge. Qwest's current and proposed EAS rate matrices follow:

#### **Current EAS Rate Matrix:**

<u>EAS BAND</u>	<u>ACCESSIBLE EAS LINES</u>	<u>RESIDENTIAL RATES</u>	<u>BUSINESS RATES</u>
A	1 - 50,000	\$1.28	\$1.95
B	50,001 - 600,000	\$2.03	\$3.05
C	600,001 - 999,000	\$4.97	\$7.49

#### **Proposed EAS Rate Matrix:**

<u>EAS BAND</u>	<u>ACCESSIBLE EAS LINES</u>	<u>RESIDENTIAL RATES</u>	<u>BUSINESS RATES</u>
A	1 - 50,000	\$1.28	\$1.95
B	50,001 - 600,000	<b>\$2.20</b>	<b>\$3.27</b>
C	600,001 - 999,000	\$4.97	\$7.49

While only the 17 Qwest exchanges (marked on the following list with an "\*") will receive new EAS routes, all customers in Qwest's EAS rate band B will experience an increase in EAS rates if the Commission approves the EAS routes and rates in this proceeding. The company proposes an increase in EAS rate band B to recover its revenue loss and the cost to implement the new 2004 EAS routes. Qwest's EAS rates, current and proposed, for each exchange follows:

<u>Exchange</u>	<u>Current</u>		<u>Proposed</u>		<u>Increase</u>	
	Res.	Bus.	Res.	Bus.	Res.	Bus.
Albany	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Ashland*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Astoria	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Athena/Weston	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Baker City	\$1.28	\$1.95	\$1.28	\$1.95	-	-

Bend	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Blue River	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Burlington*	\$4.97	\$7.49	\$4.97	\$7.49	-	-
Camp Sherman	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Cannon Beach	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Central Point*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Corvallis	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Cottage Grove	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Culver	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Dallas	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Eugene/Springfield	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Falls City	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Florence	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Gold Hill*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Grants Pass*	\$1.28	\$1.95	\$2.20	\$3.27	\$0.92	\$1.32
Harrisburg	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Hermiston	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Independence/ Monmouth	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Jacksonville*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Jefferson	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Junction City	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Klamath Falls	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Lake Oswego*		\$4.97	\$7.49	\$4.97	\$7.49	-
Lapine	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Leaburg	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Lowell	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Madras	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Mapleton	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Marcola	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Medford*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Milton-Freewater	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Newport	\$1.28	\$1.95	\$1.28	\$1.95	-	-
North Plains*	\$4.97	\$7.49	\$4.97	\$7.49	-	-
Oak Grove/ Milwaukie*	\$4.97	\$7.49	\$4.97	\$7.49	-	-
Oakland/Sutherlin	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Oakridge	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Oregon City*	\$4.97	\$7.49	\$4.97	\$7.49	-	-
Pendleton	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Phoenix/Talent*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Portland*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Prineville	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Rainier	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Redmond	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22

Rogue River*	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Roseburg	\$1.28	\$1.95	\$1.28	\$1.95	-	-
St. Helens	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Salem	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Seaside	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Siletz*	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Sisters	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Stanfield	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Sumpter	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Toledo*	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Umatilla	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Veneta	\$2.03	\$3.05	\$2.20	\$3.27	\$0.17	\$0.22
Walla Walla	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Warrenton	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Westport	\$1.28	\$1.95	\$1.28	\$1.95	-	-
Woodburn/ Hubbard*	\$4.97	\$7.49	\$4.97	\$7.49	-	-

Additionally, Qwest's Siletz customers will receive a non-optional, flat rate (pursuant to FCC Order No. 97-244) for the interLATA route to Lincoln City. The monthly non-optional, flat rate will be \$0.45 for residence customers and \$0.90 for business customers.

Qwest's 20 exchanges showing an increase in rates on the above list, but not marked with an "\*", will experience the increase shown although these exchanges will receive no new EAS routes in this proceeding. This is considered normal since consistent with Criterion 4; EAS rates are applied statewide within each rate band.

**Qwest Measured EAS Rates**

Customers in all exchanges are allowed a measured rate option for their intraLATA EAS, pursuant to Criterion 2. Customers can change EAS rate options at no charge for 90 days after the effective date of any change in EAS rates.

Qwest's measured EAS rate is \$0.04 per minute of use for weekday calls and \$0.02 per minute of use for night, weekend, and holiday calls. Qwest is not proposing an increase in its measured EAS rate in this proceeding.

**Qwest Local Exchange Rates**

Qwest monthly local exchange rates for residence service are \$12.80, \$13.80, and \$14.80 for rate groups 1, 2, and 3, respectively. Its monthly local exchange rates for business service are \$26.00, \$28.50, and \$30.50 for rate groups 1, 2, and 3, respectively. Qwest is not proposing an increase in its local exchange rate in this proceeding.

## VERIZON EAS RATES

### Verizon Monthly Flat EAS Rates

Verizon has an 18-Band EAS pricing matrix. The EAS band for a particular exchange is determined on a basis of (1) the number of access lines in the originating exchange, and (2) the number of access lines in the applicable EAS calling Area (the number of access lines that a customer is able to call without incurring a "toll" charge). The parameters for Verizon's current EAS matrix follow:

<u>Exchange Calling Area</u>	<u>EAS Calling Area</u>
A - 5,000 lines or less	I - 5,000 lines or less
B - 5,001 to 25,000 lines	II - 5,001 to 15,000 lines
C - 25,001 lines and above	III - 15,001 to 100,000 lines
	IV - 100,001 to 250,000 lines
	V - 250,001 lines and above

Verizon does not propose to make any changes to its EAS parameters in this proceeding. Applying the parameters listed above, results in Verizon's 18-Band EAS pricing matrix. Verizon's current and proposed EAS rate matrix follows:

#### **Current EAS Rate Matrix:**

<u>EAS CALLING AREA</u>	<u>EXCHANGE CALLING AREA</u>					
	<u>Residence</u>			<u>Business</u>		
	<u>A</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>B</u>	<u>C</u>
I	\$1.19	\$1.24	\$ -	\$1.90	\$1.98	\$ -
II	2.19	2.19	-	3.50	3.50	-
III	5.00	-	-	8.00	-	-
IV	5.22	5.00	-	8.35	8.00	-
Va	5.03	5.03	5.03	5.28	5.28	5.28
Vb	8.19	8.19	-	8.60	8.60	-

**Proposed EAS Rate Matrix:**

<b>EAS CALLING AREA</b>	<b>EXCHANGE CALLING AREA</b>					
	<u>Residence</u>			<u>Business</u>		
	<u>A</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>B</u>	<u>C</u>
I	\$1.19	\$1.24	\$ -	\$1.90	\$1.98	\$ -
II	2.19	2.19	-	3.50	3.50	-
III	<b>5.50</b>	-	-	<b>8.40</b>	-	-
IV	<b>5.60</b>	<b>5.60</b>	-	<b>8.50</b>	<b>8.50</b>	-
Va	5.03	5.03	5.03	5.28	5.28	5.28
Vb	8.19	8.19	-	8.60	8.60	-

(Rate increases are shown in bold type.)

If the Commission approves the EAS petitions in this proceeding, and the related EAS matrix and rates proposed by Verizon, Customers of 17 Verizon exchanges will receive new EAS routes and customers of 12 Verizon exchanges will experience an increase in their EAS flat rate. Customers of the 14 Verizon exchanges in the Portland Region (EAS Bands V and Va) will not experience an increase although they will receive EAS to Government Camp. Verizon will recover its revenue loss and implementation costs associated with the new EAS routes through an increase in the rates for EAS Bands III and IV. Customers of the Bandon and Coquille exchanges will receive new EAS routes between the two exchanges and will experience an increase in their EAS flat rate because they are classified in EAS rate Band III A. Customers of the Murphy/Provolt exchange will receive new EAS routes to 16 new exchanges in the Southern Oregon EAS Region and will experience an increase in their EAS flat rate because they will be reclassified from EAS Band III A to Band IV A.

A list of Verizon exchanges that receive new EAS routes and/or receive an increase in EAS flat rate in this proceeding is as follows:

<u>Exchange</u>	<u>Rate Band</u>		<u>Current Rate</u>		<u>Proposed Rate</u>	
	Current	Proposed	Res.	Bus.	Res.	Bus.
Amity*	IV A	IV A	\$5.22	\$8.35	<b>\$5.60</b>	<b>\$8.50</b>
Aumsville/Turner*	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Bandon	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Beaverton	Va C	Va C	\$5.03	\$5.28	\$5.03	\$5.28
Coquille	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Detroit*	IV A	IV A	\$5.22	\$8.35	<b>\$5.60</b>	<b>\$8.50</b>
Forest Grove	Va B	Va B	\$5.03	\$5.28	\$5.03	\$5.28
Grand Island*	IV A	IV A	\$5.22	\$8.35	<b>\$5.60</b>	<b>\$8.50</b>



Gresham	Va C	Va C	\$5.03	\$5.28	\$5.03	\$5.28
Hillsboro	Va B	Va B	\$5.03	\$5.28	\$5.03	\$5.28
Hoodland	Vb A	Vb A	\$8.19	\$8.60	\$8.19	\$8.60
Lakeside*	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Mill City*	IV A	IV A	\$5.22	\$8.35	<b>\$5.60</b>	<b>\$8.50</b>
Murphy/Provolt	III A	IV A	\$5.00	\$8.00	<b>\$5.60</b>	<b>\$8.50</b>
Myrtle Point*	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Newberg	Va B	Va B	\$5.03	\$5.28	\$5.03	\$5.28
Powers*	III A	III A	\$5.00	\$8.00	<b>\$5.50</b>	<b>\$8.40</b>
Sandy	Vb B	Vb B	\$8.19	\$8.60	\$8.19	\$8.60
Scholls	Va A	Va A	\$5.03	\$5.28	\$5.03	\$5.28
Sherwood	Va B	Va B	\$5.03	\$5.28	\$5.03	\$5.28
Silverton*	IV B	IV B	\$5.00	\$8.00	<b>\$5.60</b>	<b>\$8.50</b>
Stafford	Va B	Va B	\$5.03	\$5.28	\$5.03	\$5.28
Sunnyside	Vb B	Vb B	\$8.19	\$8.60	\$8.19	\$8.60
Tigard	Va C	Va C	\$5.03	\$5.28	\$5.03	\$5.28
Vernonia	Vb A	Vb A	\$8.19	\$8.60	\$8.19	\$8.60
Yamhill	Vb A	Vb A	\$8.19	\$8.60	\$8.19	\$8.60

Customers of nine Verizon exchanges classified as EAS rate Band III or IV (marked with an "\*" on the list below) will experience an increase in their EAS flat rate although they receive no new EAS routes in this proceeding. This is considered normal since EAS rates are applied statewide within each rate band consistent with EAS Criterion 4.

### **Verizon's Measured EAS Rates**

Customers in all exchanges are allowed an EAS measured rate option pursuant to Criterion 2. Customers can change EAS rate options at no charge for 90 days after the effective date of any change in EAS rates.

Verizon's measured EAS rate is \$0.04 per minute of use for weekday calls. A 50% discount applies to calls placed between 9 p.m. and 7:59 a.m. weekdays, and all day Saturday, Sunday, and holidays.

Verizon is not proposing an increase in its measured EAS rate in this proceeding.

### **Verizon's Local Exchange Rates**

Verizon's monthly local exchange rate for one-party residence service is \$12.59. Its monthly local exchange rates for one-party business service are \$19.00, \$24.00, and \$28.27 for rate groups 1, 2, and 3, respectively. Verizon is not proposing an increase in its local exchange rate in this proceeding.

#### APPENDIX G

## SPRINT EAS RATES

### Sprint Monthly Flat EAS Rates

Sprint proposed a new EAS flat rate matrix in this proceeding. The Commission in its Order No. 04-093, dated February 19, 2004, approved the company's proposed matrix. The new EAS flat rate matrix is as follows:

<u>EAS Rate Band</u>	<u>Quantity of Access Lines Available to The Local Calling Area</u>	<u>Residence</u>	<u>Business</u>
Level 1	1 to 11,000	\$2.00	\$ 3.30
Level 2	11,001 to 35,000	\$4.04	\$ 6.67
Level 3	Over 35,000	\$9.00	\$14.85

The following table shows Sprint customers' current EAS flat rate compared to the EAS flat rate proposed to take effect with the implementation of new rates in this proceeding, October 2, 2004. The proposed rates are pursuant to the new flat rate matrix shown above.

<b>Exchange</b>	<b>Classification (New Matrix)</b>	<b>Residence</b>		<b>Business</b>	
		<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
Arlington	None	N/A	N/A	N/A	N/A
Bay City	Level 2	\$ 5.75	\$4.04	\$ 9.61	\$ 6.67
Beaver	Level 2	\$ 5.70	\$4.04	\$ 9.61	\$ 6.67
Butte Falls*	Level 3	\$ 6.85	\$9.00	\$11.55	\$14.85
Carlton <sup>1</sup>	Level 3	\$13.43	\$9.00	\$24.00	\$14.85
Cascade Locks	Level 1	\$ 1.40	\$2.00	\$ 2.30	\$ 3.30
Cloverdale	Level 1	\$ 2.80	\$2.00	\$ 4.60	\$ 3.30
Crater Lake	Level 2	\$ 1.50	\$4.04	\$ 2.58	\$ 6.67
Diamond Lake	None	N/A	N/A	N/A	N/A
Fish Lake	None	N/A	N/A	N/A	N/A
Garibaldi	Level 2	\$ 5.80	\$4.04	\$ 9.70	\$ 6.67
Grand Ronde	Level 2	\$ 6.60	\$4.04	\$11.05	\$ 6.67
Grass Valley	Level 2	\$ 6.85	\$4.04	\$11.55	\$ 6.67
Hood River	Level 2	\$ 3.80	\$4.04	\$ 6.32	\$ 6.67
Lincoln City	Level 2	\$ 1.90	\$4.04	\$ 3.16	\$ 6.67

<sup>1</sup> The Carlton exchange EAS rates are currently capped at Sprint's monthly rate for local exchange service, \$13.43 per month for residence and \$24.00 per month for business.

Moro	Level 2	\$ 7.20	\$4.04	\$11.90	\$ 6.67
Mosier	Level 2	\$ 6.85	\$4.04	\$11.55	\$ 6.67
Odell	Level 2	\$ 6.05	\$4.04	\$10.10	\$ 6.67
Pacific City	Level 1	\$ 1.90	\$2.00	\$ 3.16	\$ 3.30
Parkdale	Level 2	\$ 6.85	\$4.04	\$11.55	\$ 6.67
Prospect*	Level 3	\$ 3.20	\$9.00	\$ 5.37	\$14.85
Rockaway	Level 2	\$ 2.40	\$4.04	\$ 4.02	\$ 6.67
Rufus	Level 2	\$ 4.10	\$4.04	\$ 6.81	\$ 6.67
Shady Cove*	Level 3	\$ 7.35	\$9.00	\$12.41	\$14.85
Sheridan	Level 2	\$ 4.90	\$4.04	\$ 8.26	\$ 6.67
The Dalles	Level 2	\$ 4.00	\$4.04	\$ 6.88	\$ 6.67
Tillamook	Level 2	\$ 2.00	\$4.04	\$ 3.44	\$ 6.67
Wasco	Level 2	\$ 4.90	\$4.04	\$ 8.16	\$ 6.67
White City*	Level 3	\$ 8.45	\$9.00	\$14.12	\$14.85
Willamina	Level 2	\$ 6.60	\$4.04	\$11.05	\$ 6.67

Sprint exchanges included in the Southern Oregon EAS Region are marked with an asterisk "\*". The Southern Oregon EAS Region exchanges are classified in Band 3 of the proposed new Sprint EAS matrix. Customers will be able to reach the 150,762 access lines in the 18 exchanges within the Region boundaries. The Arlington, Diamond Lake, and Fish Lake exchanges have no EAS.

### **Sprint measured EAS Rates**

Customers in all exchanges are allowed an EAS measured rate option pursuant to Criterion 2. Customers can change EAS rate options at no charge for 90 days after the effective date of any change in EAS rates.

Sprint's EAS measured rate is \$0.06 per minute of use. A 25% discount applies to calls placed between 5 p.m. and 11 p.m. Sunday through Friday. A 50% discount applies to calls placed between 11 p.m. and 8 a.m. daily, and calls placed between 8 a.m. and 11 p.m. Saturday, and calls placed between 8 a.m. and 5 p.m. Sunday.

Sprint is not proposing to increase its measured EAS rate in this proceeding.

### **Sprint Monthly Local Exchange Service Rates**

Currently the company's monthly residence and business local exchange rates are \$13.43 and \$24.00, respectively. Sprint is not proposing to increase its local exchange rates in this proceeding.

## **APPENDIX H**

## CITIZENS EAS RATES

### Citizens Monthly Flat EAS Rates

In Citizens' EAS rate matrices, its exchanges are first categorized by exchange size, or the number of access lines in the exchange. Exchanges are grouped as Group 1, Group 2, Group 3, or Group 4. EAS routes are then categorized as low traffic (L) routes, medium traffic (M) routes, or high traffic (H) routes based upon the average minutes of use (MOU) per access line from the originating exchange to the EAS exchange. Citizens' Present Rate Matrices are as follows:

<b>EXCHANGE SIZE</b>	<b>CALLING VOLUMES</b>		
	Residential		
	<u>Low (L)</u>	<u>Medium (M)</u>	<u>High (H)</u>
Group 1	1L=\$0.79	1M=\$2.27	1H=\$6.71
Group 2	2L=\$0.66	2M=\$1.88	2H=\$5.54
Group 3	3L=\$0.57	3M=\$1.61	3H=\$4.73
Group 4	4L=\$0.51	4M=\$1.43	4H=\$4.19
	Business		
Group 1	1L=\$1.58	1M=\$4.54	1H=\$13.42
Group 2	2L=\$1.32	2M=\$3.76	2H=\$11.08
Group 3	3L=\$1.14	3M=\$3.22	3H= \$9.46
Group 4	4L=\$1.02	4M=\$2.86	4H= \$8.38

- Group 1 = 0 to 500 access lines
- Group 2 = 501 to 950 access lines
- Group 3 = 951 to 2,000 access lines
- Group 4 = over 2000 access lines

The only Citizens customers that will experience an increase in their EAS rates (effective no later than October 2, 2004) if the Commission approves the EAS routes and rates proposed in this proceeding are customers of the five Citizens exchanges included in the Southern Oregon EAS Region. The company has proposed to treat all new EAS from each of its Southern Oregon EAS Region exchanges as one new EAS route. From traffic studies, the company has classified each new EAS route as low, medium, or high volume. The proposed classification of each new EAS route is shown in bold under "Rate Level" on the chart below.

Citizens' EAS flat rates, current and proposed, for each Southern Oregon EAS Region exchange follows:

<u>EXCHANGE</u>	<u>RATE LEVEL</u>		<u>RESIDENTIAL</u>		<u>BUSINESS</u>	
	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>	<u>Current</u>	<u>Proposed</u>
Cave Junction	4L+4M	4L+4M+ <b>4M</b>	\$ 1.94	<b>\$ 3.37</b>	\$ 3.88	<b>\$ 6.74</b>
Glendale	3M+3M+3L	3M+3M+3L+ <b>3L</b> <sup>2</sup>	\$ 3.79	<b>\$ 4.36</b>	\$ 7.58	<b>\$10.80</b>
O'Brien	1H	1H+ <b>1M</b>	\$ 6.71	<b>\$ 8.98</b>	\$13.42	<b>\$17.96</b>
Selma	2H+2H	2H+2H+ <b>2L</b>	\$11.08	<b>\$11.74</b>	\$22.16	<b>\$23.48</b>
Wolf Creek	1L+1M+1M	1L+1M+1M+ <b>1M</b>	\$ 9.77	<b>\$12.04</b>	\$19.45	<b>\$24.08</b>

(Bold indicates changes related to this proceeding.)

**Citizens measured EAS Rates**

Customers in all exchanges are allowed an EAS measured rate option pursuant to Criterion 2. Customers can change EAS rate options at no charge for 90 days after the effective date of any change in EAS rates.

Citizens' EAS measured rate is \$0.06 per minute of use. There is no discount for evening, weekend, holiday, or other calls.

Citizens is not proposing to increase its measured EAS rate in this proceeding.

**Citizens Monthly Local Exchange Service Rates**

Currently the company's monthly residence and business local exchange rates are \$12.67 and \$22.32, respectively. Citizens is not proposing to increase its local exchange rates in this proceeding.

**APPENDIX I**

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<sup>2</sup> Traffic studies show Glendale residence as a Group 3, Low volume route and Glendale business as a Group 3, Medium volume route.