

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1207

In the Matter of)	
)	
EXTENDED AREA SERVICE)	ORDER
)	
Petition by the ANTELOPE TELEPHONE)	
EXCHANGE for EAS to the Culver, Redmond)	
and Bend Telephone Exchanges.)	

**DISPOSITION: COMMUNITY OF INTEREST FOUND WITH
MADRAS, REDMOND, AND BEND TELEPHONE
EXCHANGES**

On June 10, 2005, the customers of the Antelope telephone exchange (petitioners) petitioned the Commission for extended area service (EAS) to the Culver, Redmond, and Bend telephone exchanges. A map of the affected exchanges is attached as Appendix A.

On July 12, 2005, Michael Grant, an Administrative Law Judge (ALJ) with the Commission, held a hearing on this matter in Antelope, Oregon. Approximately 20 customers appeared in support of the petition.

Based on the evidence presented at hearing, the Commission finds that a community of interest exists between the Antelope exchange and the Culver, Redmond, and Bend exchanges. Therefore, the Commission concludes that the petition should proceed with Phase II, the rate and cost phase of the EAS investigation.

APPLICABLE LAW

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, professional, 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.” *See* Order No. 87-309 at 8.

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) calling patterns between telephone exchanges; and (11) other factors deemed relevant by the Commission. *See* Order No. 93-1045 at 12.

Critical Needs

Generally, the Commission limits a community of interest determination to exchanges with contiguous exchange boundaries. In Order No. 99-038, however, the Commission adopted standards to allow a community of interest finding between noncontiguous exchanges if the petitioners also establish that the proposed EAS route is necessary to meet their critical needs. Under this showing, petitioners may obtain EAS to a noncontiguous exchange by demonstrating that the proposed EAS route is

necessary to meet the critical needs of local customers due to the lack of essential goods and services in their own exchange or a neighboring exchange. In evaluating critical needs, the Commission considers the customers' access to emergency, medical, dental, professional, business, educational, and governmental services.

We consider these principles in evaluating the Antelope EAS petition at issue in this docket.

FINDINGS

Geography and Demography

The Antelope, Culver, Redmond, and Bend telephone exchanges lie east of the Cascade Mountains in Central Oregon. Antelope, the petitioning exchange, consists of approximately 240 access lines serving customers located in Jefferson and Wasco Counties. It currently has EAS to the Madras exchange and is served by Trans-Cascade Telephone Company. The target exchanges, Culver, Bend, and Redmond, lie southwest of the Antelope exchange. The Culver exchange consists of about 1,500 access lines, the Redmond exchange has about 17,000 access lines, while the Bend exchange has over 55,000 access lines. All three target exchanges are served by Qwest Corporation.

The Antelope exchange is a rural farming and ranching area with little centralized business to support its local population. The exchange is sparsely populated and serves just two small cities: Antelope and Shaniko. Both cities were originally stage and freight wagon road stops on the Old Dalles to Canyon City Trail, and enjoyed considerable prosperity during the early 1900s as centers for cattle and sheep ranching.

Both Antelope's and Shaniko's local economies and populations have declined sharply during the last 60 years. Antelope now has a population of 60, most of whom are retired. The cities' businesses are limited to an RV Park and combined café and store. Shaniko's population is half that, with just 30 residents. Located along Highway 97, the city advertises itself as a "Ghost Town" and maintains an Old West theme, including boardwalks and an original schoolhouse. Its local businesses are geared at tourism, and limited to a gas station, ice cream parlor, antique shop, and the restored Shaniko Hotel—originally built by the Columbia Southern Railroad.

During the early 1980s, the city of Antelope gained national attention when Bhagwan Shree Rajneesh and his followers purchased the former Big Muddy Ranch, located just 20 miles southeast of the city. The site was turned into a commune and incorporated as Rajneeshpuram. The commune grew to over 4,000 people and expanded to take over the city of Antelope, which they renamed Rajneesh. After the commune collapsed following various legal issues, the city changed its name back to

Antelope in 1985. The former Rajneeshpuram site was later donated to Young Life, a nondenominational Christian organization, which now uses the site as a year-round camp—Wildhorse Canyon. The camp is now the largest community in the Antelope exchange, with approximately 80 full-time residents and over 6,000 campers annually.

Due to the limited number of goods and services available locally, Antelope exchange residents rely heavily on neighboring communities to meet their basic needs. Some Antelope residents seek certain services in the city of Madras, located some 35 miles southwest of the city of Antelope. As a county seat, Madras offers certain county governmental services to residents living in Jefferson County. Madras also has a small hospital and businesses that provide some basic goods and services to exchange residents.

Most Antelope exchange customers, however, cannot obtain most essential goods and critical services in Madras. With a population of just over 5,000, Madras is still a relatively small city with limited offerings. Local businesses in Madras generally offer only a small selection of basic goods. Indeed, many of the retail businesses in Madras cannot compete with the larger retail stores located in Bend and Redmond. Both cities are significantly larger than Madras and, consequently, offer a wide variety of professional, commercial, and retail services. These include financial, insurance, medical and legal services, agricultural supplies, automotive repair, hardware and building supplies, and business support services. They also have numerous restaurants, grocery stores, and retail outlets.

Customers expressed the strongest interest in toll-free calling to Bend. While residents may find basic goods and services in Redmond, those appearing at hearing emphasized the reliance on Bend for doctors, specialists, and hospital services. Further, because most exchange residents are retired or live on limited incomes, most find that Bend-area merchants offer the best prices on groceries and retail items. Others indicated that certain goods and professional services could only be obtained in Bend, the largest city in central Oregon.

Government and Jurisdictional Issues

Most of the Antelope exchange lies in Wasco County and is served by some governmental offices located in The Dalles. These include offices for the Circuit Court, County Clerk, District Attorney, and Sheriff. The remaining portions of the Antelope exchange lie in Jefferson County and are served by governmental offices in Madras.

Medical and Dental Services

There are no medical and dental facilities available within the Antelope exchange. Some residents receive basic care in Madras; however, doctors there frequently refer patients to Bend for any treatment beyond the most primary medical care. Consequently, most Antelope exchange residents seek basic and emergency medical and dental care in Bend. Numerous medical and dental providers work in Bend, which is home to St. Charles Hospital. Various specialty health clinics are located in Bend, such as cardiology.

Schools

The children living in the Antelope exchange attend K-8 schools in either Madras or at Wildhorse Canyon Camp. All children attend high school in Madras.

Emergency Services

The City of Antelope has a volunteer fire department, and relies on police services stationed in The Dalles. The Wildhorse Canyon camp uses an air-life ambulance service, located in Bend, to obtain emergency help for injured children. The camp uses the services approximately six times a summer.

Business and Commercial Dependence

As stated above, a majority of Antelope exchange customers are engaged in ranching or farming activities. These residents primarily rely on agricultural suppliers, such as feed stores, located in Redmond and Bend.

Calling Data

At the Commission's request, Trans-Cascade and Qwest provided monthly telephone usage data for the Antelope and target telephone exchanges. Of the requested EAS routes, the data showed that Antelope exchange customers make the most calls to the Bend exchange, with an average of 8.42 calls per line per month placed between exchanges, and an average of 36 percent of customers making at least two toll calls per month to the Bend exchange. Fewer calls were placed to the Culver and Redmond exchanges, with an average of less than 2 toll calls per month placed to those exchanges.

CONCLUSIONS

The Commission concludes that the evidence establishes a community of interest between the Antelope and Bend telephone exchanges. We note that the two exchanges are not contiguous. Thus, to establish a community of interest, the Antelope exchange customers must establish that the proposed EAS route to Bend is necessary to meet the critical needs of local customers due to the lack of essential goods and services in their own exchange or a neighboring exchange. The essential goods and services that are considered include the access to emergency, medical, dental, professional, business, educational, and governmental services.

Here, the Antelope exchange petitioners have established, to the Commission's satisfaction, that the goods and services necessary to meet their critical needs can only be obtained in the Bend telephone exchange. The evidence establishes that the Antelope exchange customers view Bend as an essential part of their community. While some goods and services are available in the Madras exchange, local exchange customers rely heavily on the Bend exchange to obtain professional and medical services, as well as essential retail and business services that cannot be obtained elsewhere. The calling pattern data reflects this dependence, with an average of 8.42 toll calls placed per access line per month. The Commission concludes that the evidence establishes a community of interest between the Antelope and Bend exchanges, and that the proposed EAS route is necessary to meet the critical needs of the Antelope exchange residents.

Based on these conclusions, the Commission further finds that a community of interest exists between the Antelope and the Carver and Redmond exchanges. In cases where petitioners establish a community of interest with a noncontiguous exchange and demonstrate that the EAS route is necessary to meet their critical needs, the Commission will also declare that a community of interest exists between the petitioning and intervening exchange(s). Establishing new EAS routes to both the target and intervening exchanges will avoid customer confusion as to long distance calling areas. *See* Order No. 99-038.

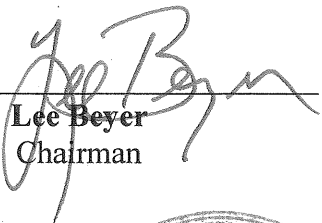
This petition should proceed to Phase II, the rate and cost phase of an EAS investigation.

ORDER

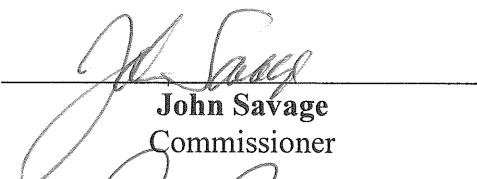
IT IS ORDERED that:

1. The petitioners served by the Antelope telephone exchange have established a community of interest with the Culver, Redmond, and Bend telephone exchanges.
2. Phase I for this petition is completed. This petition is now ready to enter Phase II, the rate and cost phase.

Made, entered, and effective AUG 08 2005 .



Lee Beyer
 Chairman



John Savage
 Commissioner

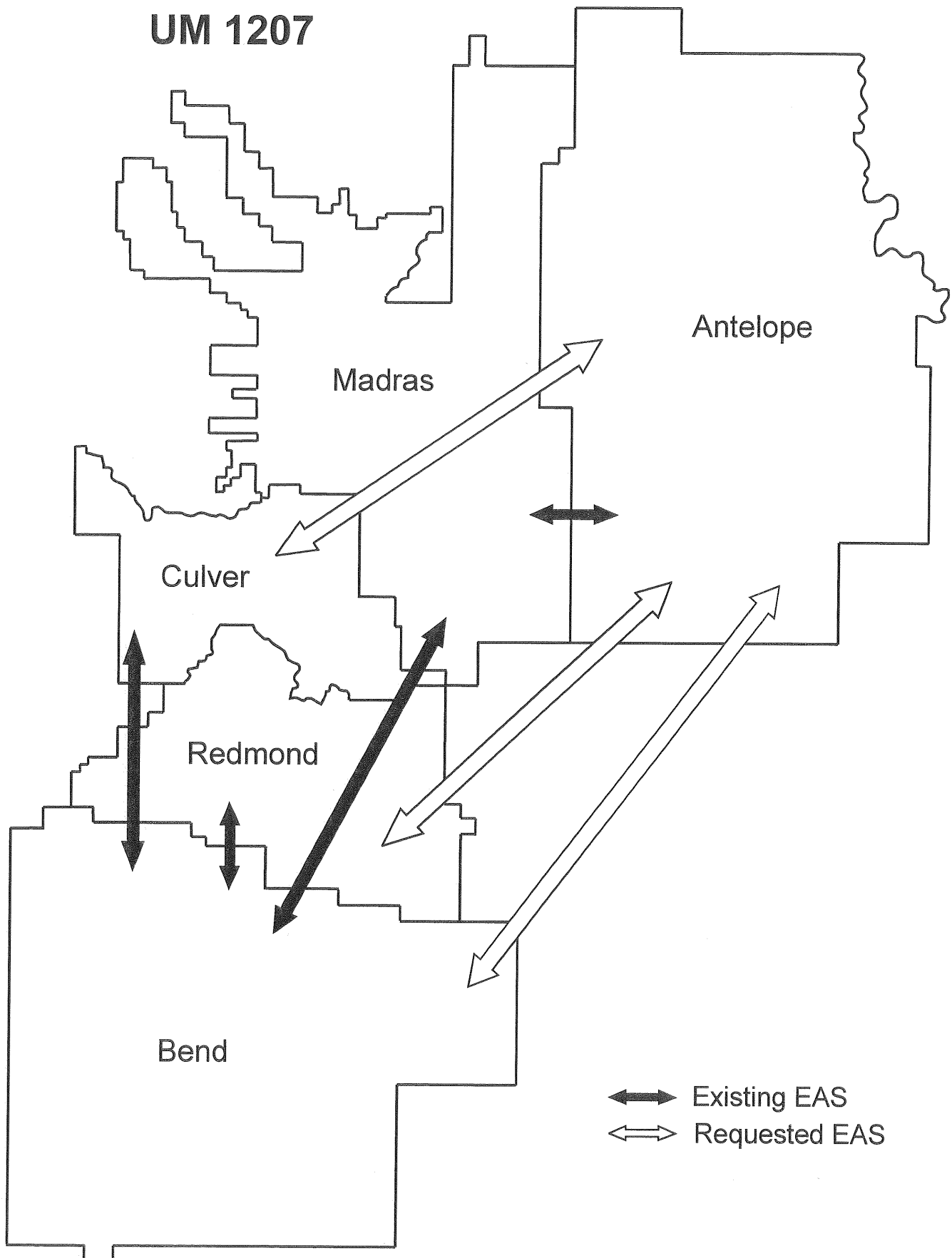


Ray Baum
 Commissioner



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.

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⇔ Existing EAS
⇔ Requested EAS