

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UA 112 and UA 113

In the Matters of)	
)	
QWEST CORPORATION)	
)	
Application to Abandon and Transfer)	
Allocated Service Territory, (UA 112))	ORDER
)	
and)	
)	
PINE TELEPHONE SYSTEM, INC.)	
)	
Application for an Order Allocating Territory.)	
(UA 113))	

DISPOSITION: APPLICATIONS APPROVED

On August 16, 2007, Qwest Corporation (Qwest) and Pine Telephone System, Inc. (Pine Telephone) made contemporaneous filings seeking to effectuate a transfer of allocated service territory pursuant to ORS 759.560. The territory, known as the "Three Rivers area," is currently located in Qwest's Culver Exchange. Qwest's application seeks permission to abandon the subject territory, as well as the approval of its revised Culver Exchange territory. Pine Telephone's application requests allocation of the abandoned territory, which will become the Three Rivers Exchange.

On January 9, 2008, the Commission Staff (Staff) filed correspondence in response to the filings. Staff concludes that the applications are not contrary to the public interest and recommends that the Commission approve them.

BACKGROUND

The Three Rivers area lays to the west of the Deschutes River and is located approximately 50 miles north of Bend, Oregon. The 110 square mile area is bordered on the north by the Metolius River and Lake Billy Chinook.

The Three Rivers area is not close enough to existing Qwest facilities to allow Qwest to economically serve the 132 homes and businesses located there. For this reason, Qwest seeks to abandon the territory. Pine Telephone, in turn, requests that the territory be allocated to it so that it may provide telephone service to the unserved area. Pine Telephone has concluded that the existing cost recovery

mechanisms for its existing exchanges—including access charges, federal and state universal service support, and local rates—are adequate to support the construction of facilities in Three Rivers.

With its application, Pine Telephone included a copy of proposed rates for service in the proposed Three Rivers Exchange. These rates, which would be filed for Commission approval in a separate Commission proceeding, propose to charge business and residential customers a monthly flat rate of \$15.00 with no extended area service (EAS). Staff does not object to these proposed rates and, given the level of outside support necessary for service to the Three Rivers area, concludes they are reasonable. Staff also adds that, although the Culver Exchange currently has EAS to the Bend, Madras and Redmond exchanges, there are no current Culver Exchange customers in the Three Rivers area that benefit from this service. Accordingly, Staff does not oppose Pine Telephone's proposal that customers in the new Three Rivers Exchange will be required to use toll service when calling the Bend, Madras and Redmond exchanges, rather than EAS. Indeed, Staff points out that, if calls were EAS rather than toll, much of Pine Telephone's revenue would disappear, and the project might not be economically feasible.

Qwest and Pine Telephone each filed for Commission approval maps showing the proposed area to be abandoned by Qwest and allocated to Pine Telephone. *See Appendix A.* Qwest also provided a revised Culver Exchange map for approval. In their respective applications, Qwest and Pine Telephone each requested waiver of OAR 860-025-0027(1)(e) and (f), which would also require the parties to file legal descriptions of the areas, including metes and bounds. The parties note that current law no longer requires the use of legal descriptions for the approval of territorial allocations. *See ORS 759.500(1).*

DISCUSSION

Staff supports the applications and is encouraged that Pine Telephone will be able to bring telephone service to this unserved area. Accordingly, Staff makes three recommendations. First, it recommends that the Commission waive the filing of legal descriptions of the subject territory otherwise required by OAR 860-025-0027(1)(e) and (f). Second, it recommends that the Commission allow Qwest to abandon the area known as Three Rivers, and approve Qwest's revised Culver Exchange that omits this area. Third, it recommends that the Commission allocate the abandoned Three Rivers area to Pine Telephone, and grant Pine Telephone authority to serve the Three Rivers Area as an additional telephone exchange.

CONCLUSION


For the reasons cited above, we find that the proposed abandonment by Qwest of an unserved portion of its Culver exchange, and the subsequent allocation of that unserved and unallocated territory to Pine Telephone, is reasonable and not contrary to the public interest. The applications should be granted in their entirety.

ORDER

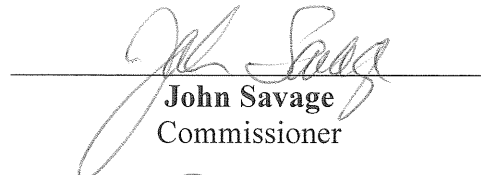
IT IS ORDERED that:

1. The application filed by Qwest Corporation to abandon an unserved portion of its Culver Exchange, known as the Three Rivers area, is granted.
2. The application filed by Qwest Corporation for approval of its revised Culver Exchange is granted.
3. The application filed by Pine Telephone System, Inc., for allocation of the unserved and unallocated territory formerly part of Qwest Corporations' Culver Exchange is granted.
4. The application filed by Pine Telephone System, Inc., to serve this area as the Three Rivers Exchange is granted.
5. The requests for waiver of OAR 860-025-0027(1)(e) and (f), filed by Qwest Corporation and Pine Telephone System, Inc, are granted.


Made, entered, and effective JAN 23 2008



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

QWEST
CULVER EXCHANGE AREA

