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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 915

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

DISPOSITION: COMMUNITY OF INTEREST FOUND; EAS ROUTE
NECESSARY TO MEET CRITICAL NEEDS OF
CUSTOMERS

SUMMARY

In this order, the Commission finds that a community of interest exists between the Jefferson and Salem telephone exchanges, and that the interLATA extended area service (EAS) route is necessary to meet the critical needs of customers in the Jefferson 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. At the close of this order, the Commission adopts an expedited procedural schedule for Phase II proceedings.

PROCEDURAL HISTORY

On November 30, 1998, the customers of the Jefferson telephone exchange filed a petition for extended area service (EAS) to the Salem telephone exchange. This request is unique, because it involves two Local Access Transport Areas (LATAs).¹ The Jefferson exchange is located in the Eugene LATA, while the Salem exchange is located in the Portland LATA. Because the two exchanges lie in different LATAs, the proposed EAS route is an interLATA route and subject to procedures set forth in Orders No. 95-1168 and 98-201. A map of the affected exchanges is attached as Appendix A.

¹ LATAs are long distance calling regions created pursuant to the divestiture of the Bell system in 1984. Regional Bell Operating Companies, such as U S WEST Communications, Inc., are currently prohibited from carrying traffic across LATA boundaries without satisfying the requirements of Section 271 of the federal Telecommunications Act of 1996.

In order to obtain EAS to the Salem exchange, the Jefferson exchange customers must satisfy two requirements. Petitioners must first establish that a community of interest exists between the two exchanges. Second, because the petition seeks EAS across a LATA boundary, Jefferson petitioners must also make a showing of "critical needs." In evaluating the critical needs of customers, the Commission will consider the customers' access to emergency, dental, medical, professional, business, educational, and governmental services. *See* Order No. 95-1168.

On July 29, 1999, the Commission Staff filed testimony in this proceeding for Phase I, Community of Interest Determination. Based on a review of geographic and telephone usage information, Staff concluded that the requested interexchange route satisfied the objective community of interest criteria set forth in Order Nos. 89-815 and 92-1136.

On September 21, 1999, Michael Grant, an Administrative Law Judge for the Commission, held a hearing in Jefferson, Oregon, to allow the petitioners an opportunity to make a showing of "critical needs." Approximately 100 people attended the hearing, many of whom testified in support of the petition.

Based on the record in this matter, the Commission makes the following:

FINDINGS OF FACT

The Jefferson and Salem telephone exchanges lie in the southwest corner of Marion County. Jefferson, the petitioning exchange, consists of approximately 2,000 customers and is located in the Eugene LATA. It currently has EAS to the Albany telephone exchange. The target exchange, Salem, consists of slightly less than 32,000 access lines and lies in the Portland LATA. U S WEST Communications, Inc., (U S WEST) serves both exchanges.

Professional and Business Services

The Jefferson exchange is a rural agricultural area that lies along the lower reaches of the Santiam River. The exchange primarily serves the city of Jefferson, population 2,145, and surrounding areas.

Jefferson is a small town that cannot support the commercial and professional services required to meet the basic needs of area residents. Currently, Jefferson has a bank, post office, hardware store, gas station, feed and supply store, barbershop, and two small grocery stores. The area also lacks employment opportunities. Aside from independent farming and logging activities, jobs are limited to local schools and the few businesses listed above.

Due to the lack of local services and employment opportunities, Jefferson exchange residents depend heavily on neighboring communities to meet their basic needs. The

city of Albany, located about 10 miles south of Jefferson and within the Eugene LATA, is a relatively large city that offers a variety of commercial, professional and retail services, as well as employment opportunities. Many Jefferson exchange residents, however, do not consider Albany to be part of their extended community. A large number of residents with Jefferson addresses actually live within the Salem exchange. Furthermore, most governmental and community services are provided through Marion County and neighboring cities to the north of Jefferson.

Due to those reasons, Jefferson exchange residents more heavily rely on Salem, located approximately 15 miles north of Jefferson. Salem is almost three times the size of Albany and, consequently, offers a wide variety of services and employment opportunities not available in Albany. More importantly, Salem serves as the county seat for Marion County. Therefore, many Jefferson residents prefer to use Salem not only for the greater number of businesses located there, but also because of the essential governmental services offered in the city.

Jefferson residents also rely on the Salem area for employment. A majority of residents working outside the calling area commute to Salem to work at county and state government offices, the Salem Hospital, or other industrial, commercial, and retail businesses.

Education

The Jefferson School District provides kindergarten through high school education for area school children. A majority of the children attending these schools live within the Jefferson exchange. However, a sizeable number of the students live in the Salem exchange. As a result, many parents and students incur high toll bills when calling for rides, class assignments, and school activities.

Area children with special educational needs attend schools in Salem. These include deaf children who attend classes at Crossler Middle School and at Salem Heights. Many adult residents in the Jefferson area attend classes at Chemekata Community College in Salem.

The Jefferson School District is served by the Marion County Educational Service District (ESD), which is located in Salem. The ESD provides support for educational, technical, and business services.

Governmental Services

As stated above, the Jefferson exchange lies in Marion County and is served by county government offices in Salem. These include the County Sheriff, Circuit Court, District Attorney, Planning and Building Departments, County Tax Department, Animal Control, and the

Public Health Department. Jefferson exchange residents also rely on state government offices in Salem. These include the Department of Motor Vehicles, the Employment Division, and the State Police.

For a variety of community services, Jefferson is considered part of the Marion-Polk-Yamhill Region. As a result, Jefferson exchange residents must contact offices located in Salem to obtain community grants, and services such as child care and drug prevention activities.

Emergency Services

The Jefferson Rural Fire District is located in Jefferson and serves the local calling area and portions of the Salem telephone exchange. The RFD provides fire fighting and ambulance service to these residents, as well as water rescue. It works cooperatively with other fire districts located in Marion County, including those based in Salem, Turner, and Stayton.

The city of Jefferson has contracted with the Marion County Sheriff's office to provide local police service. The Oregon State Police provides back-up. To obtain such services, Jefferson area residents must call offices located in Salem or Stayton.

Medical and Dental Services

The Jefferson calling area offers no medical and dental providers. Some exchange residents seek primary medical and dental care in Albany, where a variety of providers practice. A majority of residents, however, seek primary, as well as specialized care in Salem, where a greater number of physicians and dentists practice. Both Albany and Salem have a hospital. However, most residents obtain medical care in Salem due to the greater number of services available there. For example, unlike the Salem Hospital, the Albany Hospital is not certified to perform heart bypass and other related operations.

While some Jefferson residents may chose to obtain health and dental care in either Albany or Salem, many do not have a choice due to insurance policies. Many Jefferson residents have health insurance through Kaiser Permanente due either to their work or status as low-income residents. Consequently, these residents must obtain services at Kaiser facilities located in Salem.

Calling Pattern Data

U S WEST provided telephone usage information for the Salem and Jefferson telephone exchanges. That data is summarized in Appendix B and adopted as fact. The data and geographic information show that: (1) the exchanges are contiguous, in that they share a

common boundary; (2) an average of 14.68 toll calls per line per month were placed between the exchanges; and (3) 64.7 percent of the customers in the Jefferson exchange made at least two toll calls per month to the Salem exchange.

OPINION

Community of Interest

The Commission concludes that a community of interest exists between the Jefferson and Salem telephone exchanges. The calling pattern data and geographic information submitted in this docket satisfy the Commission's objective criteria for a community of interest. *See* Order No. 89-815 and 92-1136.

Critical Needs

The Commission further concludes that the interLATA EAS route is necessary to meet the critical needs of the Jefferson exchange customers. The record shows that customers of the Jefferson exchange have become heavily dependent on the city of Salem for essential goods and services. Salem, located just 15 miles north from the city of Jefferson, is a large urban center that offers Jefferson exchange residents reasonable access to a wide variety of professional and business services, as well as retail and other commercial activities.

Salem is the county seat of Marion County and, as such, provides essential governmental services to the Jefferson exchange residents. These services include aspects of all levels of education (pre-school to college), social and welfare programs, building permits, county inspectors, court offices, property tax office, and county health office. Salem also provides emergency and medical services to Jefferson. The Jefferson Rural Fire District works cooperatively with other fire protection districts in Marion County. Medical emergencies are routinely dispatched to the hospital in Salem, and a large percentage of Jefferson exchange residents seek medical and dental services from the numerous providers that practice in Salem.

The Commission further concludes that the critical needs of Jefferson exchange residents are not reasonably met by the intraLATA alternative represented by the Albany telephone exchange. The Albany exchange lies in another county and, as a result, cannot provide many of the essential services required by Jefferson exchange residents. Under the circumstances, the Commission finds that the Albany exchange can not readily satisfy the critical needs of Jefferson exchange customers.

CONCLUSIONS

The Commission concludes that a community of interest exists between the Jefferson and Salem telephone exchanges. The Commission further concludes that the

proposed interLATA route is required to meet the critical needs of the Jefferson exchange customers due to the lack of an intraLATA alternative.

SCHEDULE

Pursuant to a prior agreement by the parties, the Commission adopts the following schedule for Phase II Tariff Analysis in this docket:

Activity	Date
U S WEST files proposed tariffs, cost study and support	December 3, 1999
Staff reviews costs and rates and completes stipulations; testimony on unresolved issues, if any	January 12, 2000
Customer advisory ballots mailed to Salem	February 1, 2000
Public Comment Hearings in Salem and Jefferson	February/March 2000
Anticipated Commission Order	March 24, 2000
Petition filed before the FCC (assuming favorable Commission order)	April 28, 2000
Implementation for new interLATA EAS route (assuming favorable FCC decision)	October 7, 2000

ORDER

IT IS ORDERED that:

1. A community of interest exists between the Jefferson and Salem telephone exchange sufficient to warrant the elimination of toll calling.
2. The proposed interLATA route is necessary to meet the critical needs of the Jefferson exchange customers due to the lack of an intraLATA alternative.

3. This completes Phase I of this docket. The petition is now ready to enter Phase II, the rate and cost phase, pursuant to the schedule set forth above.

Made, entered, and effective _____.

Ron Eachus
Chairman

Roger Hamilton
Commissioner

Joan H. Smith
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 ORS 756.580.