

ORDER NO.00-337

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**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 936

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

- DISPOSITION: (1) COMMUNITY OF INTEREST FOUND BETWEEN
THE RIDGEVIEW AND THE NYSSA AND ADRIAN
EXCHANGES;
- (2) RIDGEVIEW/NYSSA EAS ROUTE NECESSARY TO
MEET CRITICAL NEEDS;
- (3) NO COMMUNITY OF INTEREST FOUND BETWEEN
THE RIDGEVIEW AND THE ONTARIO AND VALE
EXCHANGES

Introduction

On June 29, 2000, the customers of the Ridgeview telephone exchange (petitioners) petitioned the Commission for extended area service (EAS) to the Nyssa, Adrian, Vale, and Ontario telephone exchanges. The Commission docketed the request as UM 936 for investigation. A map of the exchanges is attached as Appendix A.

On February 16, 2000, the Commission Staff filed testimony for Phase I, Community of Interest Determination. Based on a review of geographic and telephone usage information, Staff concluded that the petition failed the Commission's objective criteria for a community of interest. *See* Order Nos. 89-815 and 92-1136. Staff's testimony is summarized in Appendix B.

On March 3, 2000, Michael Grant, an Administrative Law Judge (ALJ) with the Commission, issued a proposed order adopting Staff's findings and recommending that the petition be dismissed. Petitioners subsequently requested an opportunity to establish, through demographic and

other evidence, that a community of interest exists between the Ridgeview and the Nyssa, Adrian, Vale, and Ontario telephone exchanges.

On May 17, 2000, ALJ Grant held a hearing on this matter in Adrian, Oregon. Approximately 70 people appeared in support of the petition. Jeffery Beck, authorized representative, appeared on behalf of Oregon-Idaho Utilities, Inc.

Based on a preponderance of the evidence in this matter, the Commission makes the following:

FINDINGS

Geography and Demography

The Ridgeview, Nyssa, Adrian, Vale, and Ontario telephone exchanges are located in North Central Malheur County. The petitioning exchange, Ridgeview, consists of 148 access lines and is served by Oregon-Idaho Utilities, Inc. The exchange encompasses a rural farming area with no centralized business. It is approximately 25 miles south of Ontario and covers the broad area that lies between Lake Owyhee and the Idaho state line.

The Adrian exchange lies just north of the Ridgeview exchange and primarily encompasses the small portion of Oregon known as Big Bend that lies to the east of the Snake River. The exchange consists of 112 access lines and is also served by Oregon-Idaho Utilities.

Both the Ridgeview and Adrian exchange areas are part of the Adrian community. Residents of both exchanges have Adrian addresses and are served by a post office in Adrian. The city of Adrian, however, is located in neither exchange, but rather lies in the Nyssa exchange. The Nyssa exchange consists of approximately 2,389 access lines and, like the other two target exchanges—Ontario and Vale, is served by Malheur Home Telephone.

Because the Adrian community lies in three separate telephone exchanges, local residents must make long distance calls to contact neighbors, friends, and family members. This is a particular hardship on area farmers, who rely and support each other throughout the growing season and during harvest. Due to the lack of any local businesses, these exchange residents must also make toll calls to obtain essential goods and services to meet their basic needs. The cities of Adrian and Nyssa—both located in the Nyssa exchange—are the closest towns that offer a variety of commercial and retail services. The City of Adrian has a grocery market, lumber and hardware store, and post office. Nyssa has two banks, a larger grocery store, two health clinics, a pharmacy, gasoline stations, a tire center, several farm equipment dealers, insurance agents, and other business and retail services.

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The city of Nyssa also offers employment opportunities. The largest employers in the area include Amalgamated Sugar Company and Owyhee Irrigation. Many Ridgeview exchange customers not employed in local farming operations travel to Nyssa to work at these and other businesses located in Malheur County.

Schools

The children of Ridgeview exchange customers attend schools within the Adrian School District. The Adrian Elementary School, Middle School, and High School are all located in the Nyssa exchange.

Government and Jurisdictional Issues

The Ridgeview exchange is located within Malheur County and is served by county governmental offices located in Vale. These include offices for the Circuit Court, County Clerk, District Attorney, and Sheriff. Ridgeview residents also rely on state governmental offices located in Ontario, such as the Department of Motor Vehicles, Employment Department, Mental Health, and other human resource agencies.

Medical and Dental Services

There are no medical and dental facilities available within the Ridgeview exchange. Two health clinics are located in Nyssa. Many Ridgeview exchange customers, especially the elderly and those with young children, use these clinics regularly. Two dentists also practice in Nyssa.

Customers of the Ridgeview exchange can also seek primary and emergency medical care in Ontario, where a large number of practitioners are located. The region's only hospital, the Holy Rosary Medical Center, is also located in Ontario.

Toll Avoidance

Many Ridgeview residents engage in a variety of toll avoidance practices. Residents often avoid toll calls by combining a trip with their telephone activities. Others relay calls through neighbors or friends. Some use cellular telephones or prepaid long-distance phone cards. In addition, a large number of exchange customers use alternative long distance carriers when placing toll calls from the Ridgeview exchange.

CONCLUSIONS

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, 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.

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 an EAS investigation, the Commission first requires that a community of interest exist between the petitioning exchange and target exchange(s). 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 or another area for services and facilities necessary to meet many of its basic needs.” *See Forest Grove EAS Investigation*, Order No. 87-309, at 8.

The Commission first attempts to make a community of interest determination based on an analysis of calling pattern data. In this process, the Commission Staff reviews calling data to determine whether a sufficient number of calls are placed between the exchanges, and whether a sufficient percentage of customers in the petitioning exchange are making those calls. This test is known as the objective criteria test and requires an EAS petition to meet the following requirements:

1. Contiguous exchange boundaries – The petitioning exchange must share a common boundary with the target exchange(s);
2. Minimum calling volume - There must be an average of four toll calls per access line per month between the contiguous exchanges; and

3. Minimum calling distribution - More than 50 percent of the customers in the petitioning exchange must make at least two toll calls per month to the contiguous exchange(s). *See* Order Nos. 89-815 and 92-1136.

If a petition fails to meet these objective criteria, petitioners may request the opportunity to make an alternative showing of a community of interest through demographic, economic, financial, or other evidence. In this alternative showing, the Commission relies on an analysis of the following factors:

(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) the results of the objective criteria test; and (11) other factors deemed relevant by the Commission. *See In the Matter of the Consolidated Applications for Expansion of the Portland Extended Area Service Region*, Order No. 93-1045, at 12.

Under either test, the Commission generally 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 non-contiguous exchanges if the petitioners also establish that the proposed EAS route is necessary to meet their critical needs. Under this showing, petitioners must demonstrate that the proposed EAS 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.

Community of Interest

I. Objective Criteria Findings

Pursuant to the Commission's request, Oregon-Idaho Utilities and Malheur Home Telephone provided calling pattern data for the Ridgeview, Adrian, Nyssa, Vale, and Ontario telephone exchanges. A review of geographic and telephone usage information reveals that none of the requested interexchange routes satisfies the Commission's objective community of interest criteria.

The Ridgeview exchange is contiguous with only the Adrian exchange. The proposed Ridgeview/Adrian interexchange route, however, failed the calling volume and customer distribution criteria. Under the calling volume criterion, an average of only 1.2 toll calls per line per month were

placed between Ridgeview and Adrian, and only 12.39 percent of the Ridgeview customers made at least two toll calls per month to the Adrian exchange.

The petitioners met the calling volume criterion with regard to the proposed Ridgeview/Nyssa interexchange route, as almost seven toll calls per line were placed between the exchanges on a monthly basis. That route, however, failed the customer distribution criterion, with an average of only 39.64 percent of the customers making at least two toll calls per month to the Nyssa exchange. The two exchanges are also not contiguous.

The proposed Ridgeview/Vale and Ridgeview/Ontario interexchange routes failed all three objective criteria. The Ridgeview exchange is not contiguous with either exchange, less than one toll call per month is placed between Ridgeview and the other exchanges, and less than 15 percent of the Ridgeview exchange customers make at least two toll calls per month to the target exchanges.

II. Demographic Evidence

The Commission concludes that the Ridgeview petitioners have established, through demographic and other evidence, that a community of interest exists with the Adrian and Nyssa exchanges. Due to the placement of exchange boundaries, the Adrian community is currently segregated into three local calling areas. These calling boundaries have divided this small agricultural community by requiring local residents to pay toll charges when calling neighbors, friends, and families. The fact that the city of Adrian is actually located in the Nyssa exchange has further complicated telephone service in the area and frustrated exchange customers. The implementation of EAS will eliminate these artificial boundaries and help better unify the community.

Petitioners also established a sufficient degree of dependence by the Ridgeview exchange residents on the Nyssa exchange. As noted above, the Ridgeview exchange is comprised of a rural agricultural area with no local businesses to serve its residents. The cities of Adrian and Nyssa are the closest cities where a sizable number of businesses and professional services are available. In addition, the local school children attend schools located in Adrian. Together, the cities of Adrian and Nyssa—located in the Nyssa exchange—provide the necessary goods and services to meet the basic needs of Ridgeview exchange residents.

Many Ridgeview customers also engage in a variety of toll avoidance activities. Many residents simply save calls and make them in the Nyssa exchange. A large number rely on the use of cellular phones and other toll carriers. Had these calls been capable of

measurement and been included in Staff's analysis, it is possible that the Ridgeview customers would have satisfied the Commission's calling pattern criteria for a community of interest with the Nyssa exchange. Indeed, the petitioners passed the calling volume requirement and narrowly failed the customer distribution criterion with almost 40 percent of the customers making at least two toll calls per month to the Nyssa exchange. The inclusion of this uncounted calling activity may have been sufficient to exceed the Commission's objective standards.

The Commission further concludes, however, that the Ridgeview petitioners have failed to establish a sufficient community of interest with the Ontario and Vale exchanges. While some petitioners offered evidence of ties to Vale and Ontario—most significantly with reference to governmental services and the larger selection of businesses located there—all testified to stronger ties to Nyssa. This decreased reliance is also reflected in the objective criteria test, where the calling pattern data showed considerably lower numbers than those for Nyssa exchange.

In summary, the Ridgeview petitioners showed strong ties to the Adrian and Nyssa exchanges. The Commission concludes that such evidence, when viewed with the results of the objective community of interest findings, establishes that a community of interest exists between the Ridgeview and the Adrian and Nyssa exchanges. That portion of the EAS petition should proceed to Phase II for tariff analysis. The Commission further concludes that the petitioners have failed to establish a community of interest with the Vale and Ontario exchanges. That portion of the EAS petition should be dismissed.

ORDER

IT IS ORDERED that:

1. The petitioners have established, through demographic and other evidence, that a community of interest exists between the Ridgeview and the Adrian and Nyssa telephone exchanges. This completes Phase I for that portion of the petition. For Phase II, the proposed Ridgeview/Adrian and Ridgeview/Nyssa interexchange routes will be grouped with all other EAS dockets that complete Phase I by August 2000. The telephone companies serving these exchanges shall file proposed rates and supporting cost information by October 16, 2000.

2. The petitioners have failed to establish that a community of interest exists between the Ridgeview and the Ontario and Vale exchanges. That portion of the petition is denied.

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 applicable law.