

ORDER NO. 00-418

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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 969

In the Matter of the Petition for Extended Area)	
Service Filed by the RUFUS EXCHANGE.)	ORDER
)	

**DISPOSITION: COMMUNITY OF INTEREST FOUND
WITH THE DALLES EXCHANGE**

On March 7, 2000, the customers of the Rufus telephone exchange (petitioners) petitioned the Commission for extended area service (EAS) to The Dalles telephone exchange. The Commission docketed the request as UM 969 for investigation.

On April 17, 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.

On April 28, 2000, Michael Grant, an Administrative Law Judge 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 Rufus and The Dalles telephone exchanges.

On July 12, 2000, Administrative Law Judge Sam Petrillo held a hearing on this matter in Rufus, Oregon. Approximately 35 people appeared in support of the petition. Kelly Bowe and David R. Paulson, appeared on behalf of United Telephone Company of the Northwest, d.b.a. Sprint (Sprint/United).

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

FINDINGS

Geography and Demography

The Rufus and The Dalles telephone exchanges are located in North Central Oregon near the Columbia Gorge. The petitioning exchange, Rufus, is located in Sherman County, and consists of 243 customers and 317 access lines. It currently has EAS to the Wasco and Moro exchanges. The target exchange, The Dalles exchange, is located in Wasco County and consists of 11,805 access lines. Both exchanges are served by Sprint/United.

The Rufus exchange is located along Interstate 84 approximately 25 miles east of The Dalles. The area is rural in character and has no centralized businesses to support the local population. Area businesses are limited to a grocery store, gas station, motel, post office and a guide service.

The cities of Moro and Wasco, located south of Rufus, are the closest towns that offer additional business services. As the county seat for Sherman County, Moro offers certain governmental services and other commercial activities, including a bank. Wasco is home to farm implement dealers and other agricultural support businesses. With fewer than 400 residents each, however, Moro and Wasco are also relatively small communities with limited business offerings for area residents.

Because of the limited number of offerings in Moro and Wasco, most Rufus exchange customers rely heavily on The Dalles to meet most of their basic needs. The Dalles is a relatively large metropolitan area offering a wide variety of professional, commercial, and consumer services. With a population of almost 12,000, The Dalles is the economic hub of the Columbia Gorge area with numerous retail and service-oriented businesses. These include accounting, banking, insurance, and other professional services, hardware and business suppliers, automobile dealers, repair facilities, clothing stores, supermarkets, and a variety of restaurants.

Schools

Students from the Rufus exchange attend grade schools in Wasco. However, Columbia Gorge Community College, and other educational programs, such as adult education, and the federal Head Start program are located in The Dalles.

Governmental Services

The Rufus exchange is located within Sherman County and is served by county governmental offices located in Moro. However, Rufus residents also rely on a number of state and federal governmental offices located in The Dalles. These include the Department of Motor Vehicles, Employment Division, Building Codes, State Police, Mental Health, Transportation Division, Adult and Family Services and other human resource agencies.

Medical and Dental Services

Because there are no medical and dental facilities available in the Rufus exchange, most residents obtain basic and emergency medical and dental care in The Dalles. Numerous medical and dental providers work in The Dalles, home of the region's only hospital.

Emergency Services

Rufus maintains a volunteer fire and ambulance service, but if either is unavailable, service is dispatched from The Dalles. Since Rufus does not have any paramedics, it transports emergency patients by ambulance to Biggs Junction where they are met by an ambulance and paramedics from The Dalles. The paramedics administer services and transport the patient to the hospital in The Dalles.

Social Services

The Rufus exchange has one church, but otherwise residents rely on The Dalles for virtually all social services, including public libraries, senior centers, day care facilities, adult and family services, drug and pregnancy counseling, public swimming facilities, and relief agencies such as the Salvation Army and St. Vincent DePaul.

Employment and Commuting Patterns

Rufus and The Dalles are both situated along Interstate 84, providing an easy 25-minute commute between the two communities. Unlike the Rufus exchange, The Dalles offers significant employment opportunities with numerous commercial establishments, agricultural packing facilities and an aluminum manufacturing plant.

Business and Commercial Dependence

Rufus exchange residents rely on The Dalles for the vast majority of their business and commercial needs, including banking, legal and accounting services, supermarkets, department stores, appliance stores, hardware stores, equipment suppliers, repair facilities, automobile dealers, and insurance agencies.

Toll Avoidance

Rufus residents engage in a variety of toll avoidance practices. Residents avoid toll calls by using cellular telephones, 800 numbers, or by combining a trip with their telephone activities. At least one Rufus business installed a dedicated telecommunications line to avoid toll charges.

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);¹
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.

Community of Interest

I. Objective Criteria Findings

United provided calling pattern data for the Rufus telephone exchange. A review of geographic and telephone usage information revealed that the requested interexchange route did not satisfy the Commission's objective community of interest criteria.

The Rufus exchange is contiguous with The Dalles exchange. It also satisfied the calling volume criteria, with an average of 5.25 calls per line per month. The proposed route failed the customer distribution criterion, however, with an average of 24.49 percent of the customers making at least two toll calls per month to The Dalles exchange.

¹ In Order No. 99-038, the Commission adopted standards to allow a community of interest finding between non-contiguous exchanges if the petition satisfies the calling volume and calling distribution criteria and petitioners establish that the proposed EAS route is necessary to meet their critical needs.

II. Demographic Evidence

The Commission concludes that the Rufus petitioners have established, through demographic and other evidence, that a community of interest exists with The Dalles exchange. The evidence presented at hearing establishes a sufficient degree of dependence by the Rufus exchange residents on The Dalles exchange.

The Rufus exchange is a rural area offering virtually no business, professional or social services for its residents. The Dalles is the closest city where a significant number of these services are available. The Dalles is approximately 25 miles from Rufus on Interstate 84 and provides the necessary goods and services to meet the basic needs of Rufus exchange residents. These include business, governmental, medical, dental, and other professional and retail services.

The Rufus petitioners also indicated that residents engage in a variety of toll avoidance activities by using cellular phones, 800 numbers, or by using dedicated lines to bypass toll services. Had these calls been capable of measurement, it is possible that the Rufus customers would have satisfied the Commission's objective criteria for a community of interest with The Dalles exchange.

In summary, the Rufus petitioners have shown strong ties to The Dalles exchange. 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 Rufus and The Dalles exchanges. That portion of the EAS petition should proceed to Phase II for tariff analysis.

ORDER

IT IS ORDERED that the petitioners have established, through demographic and other evidence, that a community of interest exists between the Rufus and The Dalles telephone exchanges. This completes Phase I for this petition. For Phase II, the petition will be grouped with all other EAS dockets that complete Phase I by August 2000. United shall file proposed rates and supporting cost information by October 16, 2000.

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.

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