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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 993

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

DISPOSITION: NO COMMUNITY OF INTEREST FOUND BETWEEN THE ECHO EXCHANGE AND THE BOARDMAN OR UMATILLA TELEPHONE EXCHANGES

On October 3, 2000, the customers of the Echo telephone exchange petitioned the Commission for extended area service (EAS) to the Boardman and Umatilla telephone exchanges. A map of the affected exchanges is attached as Appendix A.

The Commission docketed the request as docket number UM 993 for investigation. On July 11, 2001, Allen Scott, an Administrative Law Judge for the Commission, held a hearing on this matter in Echo, Oregon. Approximately 15 people appeared in support of the petition.

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

FINDINGS

Geography and Demography

The Echo exchange is located in Umatilla County in north central Oregon. It has approximately 526 access lines and is served by CenturyTel. The only town of any size in the exchange is Echo, with a population of approximately 650.

The Boardman exchange adjoins the Echo exchange on the northwest. It is in Morrow county. The Boardman exchange is also served by CenturyTel and has approximately 1,763 access lines. The largest city in the Boardman exchange is Boardman, with a population of approximately 2,800. It is about 23 miles from Echo.

The Umatilla exchange is north of the Echo exchange, separated from it by the Hermiston exchange. The largest population centers in the Umatilla exchange are Umatilla, with a population of about 3,550, and Irrigon, with a population of about 1,330. Umatilla is about 15 miles from the town of Echo and Irrigon is about 25 miles from Echo.

The Echo exchange has EAS with the Hermiston exchange, which lies directly north of the Echo exchange. The city of Hermiston, about eight miles from the city of Echo, is the main population center in the Hermiston exchange. Its population is about 11,600.

The Echo exchange has few services. It has two restaurants, a small grocery store, a golf course, an embroidery business, a bee rental business, a tavern/restaurant, a post office, city hall/library, two churches, an ice business, an extended care facility, and a few other commercial enterprises. It has no physicians, dentists, accountants, bookkeepers, lawyers, or other professional services. Its shopping opportunities are limited, both for groceries and other consumer products and for business or commercial supplies needed for farming or other occupations. Consequently, residents of Echo rely on neighboring communities for many goods and services.

Hermiston, which is eight miles from Echo, has most of the professional and commercial services that the Echo exchange does not have and many Echo residents use those services. Some, however, obtain medical and other professional services in Boardman or Umatilla and shop for groceries and other items, including agricultural supplies and equipment, in those exchanges.

Employment opportunities are also limited in the Echo exchange. Hermiston provides employment opportunities for some Echo area residents. Others, however, work in Boardman and Umatilla at the Port of Morrow or the Port of Umatilla or at various agricultural concerns. Some residents of the Boardman and Umatilla exchanges also work in the Echo exchange. Echo residents expect that employment opportunities for Echo citizens in the Boardman and Umatilla areas will expand in the near future with the construction of a Tillamook Cheese Factory and some large dairy operations and other new ventures in those areas.

Residents of the Echo exchange have social ties with people throughout the area, including the Umatilla and Boardman exchanges.

Schools

Most of the children in the Echo exchange attend school at the Echo school, which provides Kindergarten-12th grade classes. The Echo schools employ teachers, both regular and substitute, from the whole area, including the Boardman and Umatilla exchanges. Various sports

activities involving Echo children occur throughout the area, including some in the Boardman and Umatilla exchanges.

Government and Jurisdictional Issues

The Echo exchange is located in Umatilla County and is served by county governmental offices located in Pendleton. The city of Echo has occasion to call other cities in the area, including Umatilla and Boardman.

Emergency Services

The Umatilla County Sheriff has a substation located in Echo. Umatilla County Sheriff's deputies use an office and telephone in Echo to make calls to their headquarters in Pendleton and to other locations in the area.

Social Services

The headquarters of area Headstart and WIC programs are in Umatilla, although both programs make their services available all around the area.

Medical and Dental Services

The Echo calling area has no medical or dental providers. Some exchange residents seek primary medical and dental care in Hermiston, where many providers practice. A hospital is also located in Hermiston. Some residents, however, seek medical care in Umatilla or Boardman.

Business and Commercial Dependence

The small business community in Echo relies heavily on other areas for supplies and services. These include banking, insurance, and legal services, as well as agricultural and building supplies.

Calling Pattern Data

At the Commission's request, the local exchange companies serving the Echo, Umatilla, and Boardman exchanges provided monthly telephone usage data for a six-month period. This data may not fully capture all toll activity between the exchanges, due to the lack of available information from interexchange and wireless carriers.

The toll data is summarized in Appendix B. The figures for the Boardman exchange are as follows: Echo exchange customers made an average of 0.32 calls per line per month to the Boardman exchange; customers in the Boardman exchange made an average of 0.13 calls per month to the Echo exchange. The average percentage of Echo customers who made at least two calls per month to Boardman was 6.26 percent.

The figures for the Umatilla exchange are as follows: the average number of toll calls per line per month from Echo to Umatilla was 1.97; the average number of toll calls per month from Umatilla to Echo was 0.12. The average percentage of Echo customers who made at least two toll calls per month to Umatilla was 23.73 percent.

DISCUSSION

Commission Policy

The Commission has long recognized the problem with outdated 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.

Community of Interest

Because of 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 on 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.

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) the calling patterns between telephone exchanges; 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.*

COMMISSION RESOLUTION

The Commission concludes that the evidence does not establish a community of interest between the Echo exchange and either the Umatilla exchange or the Boardman exchange. We recognize that the Echo exchange has a small population and limited services of all kinds. We also believe that some residents of the Echo exchange use services in the two exchanges sought in this case. We also understand that there are social ties of various sorts between people in the Echo exchange and those in the two target exchanges. There is also evidence that some people in the Echo exchange work in the Boardman exchange or the Umatilla exchange. However, we must limit EAS to situations where there is a community of interest as evidenced either by dependence of the petitioning exchange on the target exchange or by an interdependence between the two exchanges.

Here, the connection between the Echo exchange and the two other exchanges appears to be no more than would exist between almost any exchanges that are close to each other. That is, there will nearly always be social ties among people in such exchanges and some commuting for employment. Thus, toll-free calling will always benefit some. But, as we have noted above, it is not without cost. We also note that the low number of calls made between the exchanges supports the conclusion that no community of interest exists. We are aware that the figures on calling volume do not include cell phone calls and calls made through interexchange carriers. However, given the lack of evidence to establish strong ties between the communities, we believe these figures in this case are so far toward the low end of the spectrum as to suggest that the dealings between the exchanges are not extensive enough to establish a community of interest.

We are also mindful that the Echo exchange already has EAS to Hermiston, a nearby exchange offering many of the services sought by the residents of the Echo exchange. Moreover, the county seat for Umatilla County is in Pendleton, an exchange not involved in this case. We thus do not believe the denial of EAS to the Umatilla and Boardman exchanges will prevent the residents of the Echo exchange from obtaining the important services and goods they need.

ORDER

IT IS ORDERED that:

1. The petitioners served by the Echo telephone exchange have not established that a community of interest exists between the Echo exchange and the Boardman exchange.
2. The Commission further finds that petitioners have not established that a community of interest exists between the Echo exchange and the Umatilla exchange.

Made, entered, and effective _____.

Roy Hemmingway
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.