

AUG 10 2009

W. G. A.

MEMORANDUM

TO: Lane County Commissioners

FROM: Jack Roberts, executive director of the Lane Metro Partnership *Jack*

RE: Proposed Benton-Lane-Lincoln-Linn Extended Area Service (EAS) Region

Several years ago, QWEST created an Extended Area Service Region that replaced long distance charges for phone calls between Eugene/Springfield, Cottage Grove, Creswell, Oakridge, Junction City and Veneta with a small monthly fee added onto the phone bill. As a result, families and businesses have been able to communicate within this region without worrying about running up an unanticipated phone bill.

Now there is discussion about creating a broader Extended Area Service Region that will include Benton, Lane, Lincoln and Linn counties—the four counties that just happen to comprise our economic development region (e.g., membership in the Regional Investment Board). Whether this makes sense or not will depend on the increase in the monthly phone charge, of course, but seems to be worth exploring.

There are a number of natural economic relationships that will be served by this connection (Florence to Newport and Lincoln City, Junction City and Coburg with Harrisburg and Brownsville, for example), but perhaps the greatest advantage would be connected the University of Oregon and Oregon State, together with all of the people, businesses and agencies associated with each.

The economic development agencies in these counties are interested in at least having the PUC direct staff to study the possibility of creating this EAS and figuring out what the cost to customers would be. We are trying to secure letters of support from local governments within the area for such a preliminary analysis. A letter from the board of commissioners, or from individual commissioners, would be extremely helpful in this regard.

If you have questions, please feel free to contact me at #242-2371 or jack@lanemetro.com.

August ___, 2005

Commissioner Lee Beyer, Chair
Commissioner Ray Baum
Commissioner John Savage
Oregon Public Utility Commission
550 Capitol St NE #215
PO Box 2148
Salem, OR 97308-2148

Dear Chair Beyer, Commissioner Baum, and Commissioner Savage:

I am writing this letter on behalf of the Lane County Board of Commissioners to add our support to consideration of the proposed Benton-Lane-Lincoln-Linn Region Extended Area Service (EAS) zone.

We would like to encourage you to direct an Oregon Public Utility Commission staff analysis of the monthly customer rates that would result if Benton-Lane-Lincoln-Linn Region EAS were established, and to create a Benton-Lane-Lincoln-Linn EAS regional advisory committee.

Our continued support for the concept will be depend, of course, on the results of the rate analysis, as well as the recommendation of the advisory committee.

Should the rates prove affordable, we believe that Lane County residents would benefit by enhanced ease and lower cost of communication with individuals, businesses and entities located throughout the region. We particularly see the Benton-Lane-Lincoln-Linn Region EAS benefiting our area by connecting the greater University of Oregon and Oregon State University campuses and surrounding locale within a single dialing area.

We hope you will give this matter strong consideration. We believe the proposed Benton-Lane-Lincoln-Linn Region EAS could benefit our county's economy along with the quality of life of our residents.

Sincerely,

ANNA MORRISON, Chair
Lane County Board of Commissioners

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Proposed Benton-Lane-Lincoln-Linn Extended Area Service (EAS) Region Q & A

Q: What is EAS?

A: Extended Area Service (EAS) allows unlimited long distance calling for a flat monthly rate replacing per-minute long distance toll charges between given locations. Most telephone customers in Benton, Lane, Lincoln, and Linn counties already have EAS charges on their phone bills, giving them unlimited toll-free calling between their communities and others nearby. As proposed, the Benton-Lane-Lincoln-Linn Region EAS would allow unlimited long distance calling between all of the communities in these four counties for a small monthly rate increase.

Q: What would regional EAS cost phone customers in Benton, Lane, Lincoln, and Linn counties?

A: Unfortunately, this won't be known until the various phone companies involved submit proposed rates to the state Public Utility Commission (PUC). PUC staff will then review those rates, and make a recommendation to the PUC commissioners based on companies' input and phone traffic estimates. When the Southern Oregon EAS region was created, EAS rate increases ranged from 17 cents to \$ 4.63 a month.

EAS rates are spread out over a phone company's entire customer base, not just the customers affected. Thus, the more customers a company has in Oregon, the lower the EAS rates offered to customers, generally.

Q: Why pursue regional EAS?

A: The key reason is to support economic development in the Benton-Lane-Lincoln-Linn Region. Flat rate regional calling can offer a boost to local economies. Regional EAS will expand market areas for both urban and rural Oregon businesses, helping to level the competitive playing field for both. It would permit consumers to reach businesses within the region without additional toll charges.

Eliminating intra-region per minute charges will undo a drag on local economies caused by telephone companies that charge more for intrastate long distance than they do for out-of-state calls. Regional EAS should create incentives to do business in-region instead of out-of-state.

Flat rate long-distance calling should also make it easier to start new businesses in more rural parts of the state and make it easier to recruit businesses to communities that would otherwise not be considered as desirable location sites because of communication costs and the psychological barrier consumers have against paying for long distance calls to reach businesses. An improved economy means more jobs, more customers, and a win-win result. Governor Kulongoski, state legislators, and local economic development organizations in Oregon are united behind the need to take whatever actions are available to stimulate Oregon's economy and create more jobs in Oregon. Regional EAS is the right thing to do for Oregon's economy, and Oregon phone customers and companies.

Currently, most cell phone customers do not pay additional charges to make long-distance calls within the state. Establishing regional EAS for standard "wireline" phones would help level the field for areas challenged by topography with resulting gaps in cellular service, and locations in which cell service is not available.

Q: It sounds too good to be true. How can this work?

A: EAS is designed to be primarily revenue-neutral for phone companies by spreading the cost of offering long-distance service throughout a large group of phone customers, rather than on an individualized basis as it is now through the sale of long-distance services.

Many phone companies take no public position for or against EAS.

Q: Would customers be able to choose not to buy this service if it is approved and use a per-minute rate instead?

A: Yes, as was done in Southern Oregon for its regional EAS.

Q: Which phone customers might choose not to participate in statewide EAS?

A: Anyone who does not make many long-distance calls within the region. However, some find their calling volume increases when they do not have to worry about paying for every minute of long distance used.

Q: Who do you anticipate opposing regional EAS?

A: Long-distance companies and cellular telephone companies, none of which are headquartered in Oregon.

Q: Who else supports regional EAS?

A: In particular, small telephone companies in Oregon. Many are experiencing declines in revenue resulting from increased use of internet telephony, called Voice-over Internet Protocol (VoIP), and the loss of business to cellular telephone companies. The viability of some small telephone companies is threatened by this revenue loss. These companies' revenue would be bolstered if regional EAS is established. We do not see regional EAS as the 'savior' of these small, primarily rural, threatened telephone companies. Regional EAS would give them an additional source of revenue as they assess how they can become more competitive in the rapidly-changing telecom marketplace.

Q: What about low-income Oregonians who feel they can't afford regional EAS?

A: Again, all customers will have the ability to choose to pay a monthly rate for unlimited calling, or continue paying a per-minute rate for the long-distance minutes they use. Further, the Oregon Telephone Assistance Program (OTAP) supplements a subsidy from federal funds under the Federal Communication Commission's Lifeline Program and is available to all low income Oregonians. In the implementation of regional EAS, carriers could be required to notify all of their customers of the availability, terms, and conditions of the OTAP and Lifeline programs.

Establishment of regional EAS should help low-income Oregonians by enabling small telephone companies to keep monthly phone service charges at or near current rates, rather than substantially raising rates to cover revenue shortfalls due to the increased use of VoIP as outlined above.

Q: Would this impact city or county franchise revenue?

A: No.

Q: Would establishment of the Benton-Lane-Lincoln-Linn Region EAS result in customers having to use ten-digit dialing?

A: No.