

Decision No. 23473

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for permission to publish, file and place in effect rates for exchange, interexchange and telegraph service at Lucerne, Lake County, California.

ORIGINAL

Application No. 17064.

In the Matter of the Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for permission to publish, file and place in effect rates for exchange, interexchange and telegraph service at Nice, Lake County, California.

Application No. 17065.

James G. Marshall, for Applicant.

BY THE COMMISSION:

O P I N I O N

In these applications The Pacific Telephone and Telegraph Company seeks authority to establish two separate telephone exchanges, one at Nice, situated on the northern shore of Clear Lake, Lake County, and the other at Lucerne, situated about three and one-half miles southeastward, also on the shore of Clear Lake.

At the hearing conducted by Examiner Williams at Lakeport on February 11, 1931, these matters were consolidated for the purpose of receiving evidence and for decision.

The Pacific Telephone and Telegraph Company, operating a telephone and telegraph system for the purpose of furnishing.

exchange and interexchange telephone and telegraph service in California and other states, received requests from citizens of Nice and Lucerne for more adequate communication facilities. The present proceedings are in response to these requests from the public.

Lucerne is a summer resort community with a small number of permanent residents and a relatively large transient population. A hotel building at Lucerne, if opened for business, may increase the need for telephone service.

Nice has a permanent population of approximately one hundred and fifty people, and, like Lucerne, has a considerable transient population during the summer months.

Testimony received indicates that increased facilities for service to outside points are required at Nice and Lucerne, and that there is little need for local service in either community, or for intercommunication between them. Applicant proposes to establish separate exchanges at Lucerne and Nice, with a five-cent toll charge for intercommunity messages. This proposal is based upon an estimate of one hundred and thirty stations (one hundred and three at the unopened hotel) at Lucerne for the first year of operation, and thirty-two stations at Nice. Reasonable return upon the investment is not expected for many years. The estimated average plant, equipment and working assets for the first year of operation as proposed is \$28,620.00, or a per station investment of \$176.67, and is exclusive of the associated toll plant investment. Revenues are estimated as \$3,700.00 and expenses \$4,190.00.

The central office equipment will be of the common battery machine switching type and dial telephones will be used

at subscribers' stations. It is proposed to have three toll lines from Lakeport to Nice and two between Lucerne and Nice. Timing of toll messages and such information, and limited operator service, which it is proposed to furnish will be performed at Lakeport seven and one-half air-line miles distant across Clear Lake. Under this proposal, when a conversation would be held between a station in Lucerne and a station in Nice, only one facility from either community for long distance or information service would remain available and at no time could two conversations between Lucerne and Nice be held simultaneously. The exchange areas (3.6 square miles for Nice and 16 square miles for Lucerne) are relatively small and the base rate areas are relatively large as proposed. In Lucerne, a distance of approximately one mile separates the locations of two expected subscribers from the next nearest expected subscriber toward Lucerne. In the proposed Nice base rate area about one-third of the area is in the hills where there are no buildings and where development will not be rapid.

Representatives of these communities stated at the hearing that they had been promised the proposed exchange service by June 1, 1931. The Pacific Company's witness testified that such commitment could not be kept and that the shortest period of time in which the project could be completed, subsequent to a favorable decision by the Commission, would be seven months. In response to representation of urgent interim relief, applicant's witness stated two additional toll lines would be built as rapidly as possible and toll stations on these new lines would be operated until the exchange service became available. It is our opinion

that applicant should expedite the establishment of this relief service as much as possible.

We have given careful consideration to the project as submitted by applicant, and have concluded that certain modifications should be made before it is acceptable. The proposal of a toll message charge for communications between the communities of Nice and Lucerne appears to be unnecessary and uneconomical. It is admitted that there will be but little intra-community telephone traffic in either place or communication between the two communities. The intercommunity toll revenue expected would be small, and the assessment of toll charges on such intercommunity calls in order to restrict the service is unnecessary in this case. Furthermore, the requirement of two toll circuits, one from Nice to Lakeport and one from Lakeport to Lucerne for an intercommunity call, is costly. If the timing and recording of such calls were dispensed with, the need of these toll lines for the intercommunity service would be unnecessary, and lines between the communities only would be required. We find that toll charges for this intercommunity service should not be established, and the order following will so provide. The entire area should be served as one exchange.

The area served at base rates should include the developed sections where the cost of establishing similar service at the different locations does not vary greatly. It is the practice of the Pacific Company to enlarge base rate areas as development is extended, and this practice should be undertaken in this territory when required. It appears that the base rate areas proposed by applicant are unnecessarily extensive and

should be reduced.

Applicant proposes to establish a central office in Nice to care for the average number of thirty-two stations for the first year of service, and a similar central office approximately three and one-half miles distant at Lucerne, to care for an estimated average number of stations for the first year of twenty-seven, exclusive of one hundred and three stations, which are expected at the hotel, if the same should be opened for business. This type of planning is unusual, and if consummated, should not be permitted by applicant to result in a burden on other communities.

The exchange rates proposed are similar to those effective for similar services elsewhere in Lake County and may be accepted with little modification. Applicant proposed interexchange telephone service and telegraph service schedules constructed on the basis generally effective in California.

O R D E R

The Pacific Telephone and Telegraph Company, having requested authority to establish telephone exchanges at Lucerne and Nice, Lake County, California, to make effective certain rates for exchange telephone service therein, and rates for interexchange telephone service and telegraph service between the proposed exchanges and between each of them and other points, a public hearing having been held in the proceeding, the matters having been consolidated and now being ready for decision;

The Railroad Commission of the State of California hereby finds as a fact that the public interests at Lucerne do not require the establishment of a separate exchange at Lucerne.

It is further found as a fact that it is in the interest of the public at Nice and Lucerne that The Pacific Telephone and Telegraph Company establish an exchange at Nice to include the territory requested by applicant to be included in the two exchange areas proposed.

Basing its order on the foregoing findings of fact, and such other findings of fact and conclusions as are contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Application No. 17064 be and it is hereby dismissed.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company shall:

- (1) Establish and begin to operate within seven (7) months from and after the date of this order, a dial system telephone exchange at Nice, Lake County, in an exchange area which shall include the proposed Nice exchange area as shown on a map in Exhibit No. 3 presented at the hearing and the proposed Lucerne exchange area as shown on a map in Exhibit No. 2, also presented at the hearing in this matter.
- (2) Establish in base rate territory the more closely built-up parts of the exchange area, in which rates shall apply without mileage charges.
- (3) Establish rates for local exchange telephone service in the area referred to in (1) above, as set forth in Exhibit "A" attached hereto and such other exchange telephone rates as may be approved, effective on and after the date of the establishment of the exchange.
- (4) Establish rates for interexchange telephone service and telegraph service between the exchange at Nice and outside points constructed on the basis generally effective in California.

- (5) Submit to the Railroad Commission, for filing, maps showing the exchange and base rate areas and rates for local exchange telephone service, interexchange telephone service and telegraph service for the exchange at Nice, as referred to in (1), (2), (3) and (4) above, on or before the fifth day immediately preceding the date of the establishment of the exchange at Nice.
- (6) Discontinue all toll stations in the area referred to in (1) above as of the date of the establishment of the exchange at Nice.
- (7) Withdraw all rates and charges for service within the area referred to in (1) above, and rates and charges between said area and outside points which may be in conflict with the rates herein authorized as of the date of the establishment of the exchange at Nice.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 9th day of March, 1931.

W. A. Cline
Leon Swickard
M. A. Cline
M. D. Harris
Fred G. Pleasent
Commissioners.

EXHIBIT "A"

EXCHANGE RATES

EXCHANGE SERVICE SCHEDULE NO. _____INDIVIDUAL LINE AND PARTY LINE SERVICESERVICE:

Applicable to business individual line and two-party line flat rate service, and residence individual line and party line flat rate service within the Base Rate Area of the _____ Exchange.

RATE:

	Rate Per Month	
	Wall Set	Desk Set
(1) Business Flat Rate Service:		
Each individual line station	\$2.75	\$3.00
Each two-party line station	2.25	2.50
Each extension station	1.00	1.00
(2) Residence Flat Rate Service:		
Each individual line station	\$2.25	\$2.50
Each two-party line station	2.00	2.25
Each four-party line station	1.75	2.00
Each extension station, with or without bell	.65	1.00

CONDITIONS:

1. Individual and party line services will be provided outside the Base Rate Area and within the Exchange Area at the above rates plus mileage charges.

2. Extension stations at the above rates are installed on the premises on which the primary station is located.

EXCHANGE SERVICE SCHEDULE NO. _____

SUBURBAN SERVICE

SERVICE:

Applicable to Suburban Ten-Party Line Flat Rate Service furnished in the Suburban Area of the _____ Exchange.

RATE:

(1) Business Flat Rate Service:	Rate Per Month	
	Wall Set	Desk Set
Each ten-party line primary station:		
Air-line distance from Base Rate Area:		
One mile or less	\$1.75	\$2.00
One to two miles	2.00	2.25
Two to three miles	2.25	2.50
Three to four miles	2.50	2.75
Four to five miles	2.75	3.00
Over five miles	3.00	3.25
Each extension station, without bell	1.00	1.00

(2) Residence Flat Rate Service:

Each ten-party line primary station:		
Air-line distance from Base Rate Area:		
One mile or less	\$1.75	\$2.00
One to two miles	2.00	2.25
Two to three miles	2.25	2.50
Three to four miles	2.50	2.75
Four to five miles	2.50	2.75
Over five miles	2.50	2.75
Each extension station, without bell	.50	.75

CONDITIONS:

1. Suburban service will be rendered outside the Base Rate Area but within the Exchange Area. In no case will the total number of primary stations connected to one circuit exceed ten (10) stations.

2. Extension stations at the above rates are installed on the same premises on which the primary station is located.

EXCHANGE SERVICE SCHEDULE NO. _____

OTHER SERVICES _____

Other rates and charges as may be approved.