

Decision No. 39566

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CALIFORNIA WATER & TELEPHONE COMPANY,
 a corporation, for permission to give
 exchange telephone service to the
 Village of Idyllwild, in the San Jacinto
 Mountains, Riverside County, California,
 and surrounding territory, and to publish,
 file and make effective rates for exchange
 service and for interexchange service in
 connection with said exchange telephone
 service.

ORIGINAL

Application No. 27645

A. N. Johns, Vice President, for Applicant, California Water & Telephone Company; Frank V. Rhodes, Secretary-Treasurer, for California Independent Telephone Association; M. M. Null, President, for Idyllwild Chamber of Commerce; John H. Downey, Managing Director, for Four Chimneys, Inc.; E. H. Kincaid, District Forest Ranger, for United States Forest Service, Idyllwild-San Jacinto Mountains District.

O P I N I O N

In this application, California Water & Telephone Company, a corporation, engaged in the business of furnishing telephone service in portions of Los Angeles, Riverside, San Bernardino, and San Diego Counties, seeks authority to establish a telephone exchange and to file rates for exchange service in the Village of Idyllwild, Riverside County, and to establish rates for message toll telephone service in connection with said exchange telephone service. At the hearing held on August 21, 1946 at Idyllwild before Examiner Wessells, evidence was presented and the matter was submitted for decision. Appropriate notification was given to the Office of Price Administration.

The proposed Idyllwild exchange area is included in and is now a part of the present Hemet-San Jacinto exchange area. It includes the residence and resort areas of Idyllwild and Keen Camp situated in the San Jacinto Mountains at an elevation of approximately 5,000 feet. Idyllwild is approximately 15 miles airline distance east of Hemet and ten miles airline distance southwest of Palm Springs.

VJ
Exhibit A attached to the application shows a map of the proposed exchange and its relation to the Hemet-San Jacinto exchange area.

Prior to July 25, 1946 telephone service was furnished 36 subscribers within the proposed Idyllwild exchange area by means of four magneto suburban ten-party lines which extended from Idyllwild and environs to the Hemet central office. Because of large increased demands for service in the Idyllwild area, particularly during the 1946 summer season, the telephone company placed into effect, on July 25, 1946, an interim arrangement for handling the congested traffic condition pending authorization from the Railroad Commission to establish a separate exchange. The interim service arrangement was adopted following meetings between company representatives and representatives of several organizations at Idyllwild, and following the exchange of correspondence between the company and the Commission. Under this interim plan, the company installed a two hundred line one-position common battery switchboard at Idyllwild and connected three of the four suburban lines as trunks to Hemet. Subscribers' telephones and five new public pay stations were connected to the Idyllwild switchboard through local lines. If authorization to establish a separate exchange is denied, the company plans to discontinue the switchboard installed as an interim measure and serve the area on a suburban ten-party line basis under the filed tariff schedules.

Idyllwild subscribers now pay regular Hemet-San Jacinto exchange suburban ten-party line monthly rates^{1/} of \$4.25 for business and \$3.25 for residence services and for those amounts they may call, without the payment of a toll charge, all subscribers receiving service from the Hemet-San Jacinto exchange. For calls placed to points beyond Hemet-San Jacinto, such subscribers now pay the regular message toll telephone rates which apply from Hemet-San Jacinto exchange.

Under applicant's proposal, a new and separate exchange, including a base rate area, a new toll rate center located at Idyllwild post office, and a local distribution system will be established to serve Idyllwild and surrounding territory. Applicant further proposes to offer one-, two-, and four-party line service in addition to suburban service from the Idyllwild switchboard on a 24-hour basis;

^{1/} After discount of 25 cents for prompt payment of monthly bills.

replace the present iron wire circuits to Hemet with copper and copperweld wire; and replace the magneto telephones with common battery sets.

The rates for message toll telephone service are set forth in Exhibit B attached to the application. Both station-to-station and person-to-person toll services are proposed with an initial period station-to-station toll rate of 15 cents applicable between the Idyllwild and the Hemet-San Jacinto exchanges. Message toll telephone service between the proposed Idyllwild exchange and exchanges other than Hemet-San Jacinto will be furnished in accordance with tariff schedules to be filed by the Southern California Telephone Company. The evidence shows that the company is agreeable to applicant's proposal subject to the approval of the Commission.

The effect of establishing a new toll rate center at Idyllwild is to introduce toll rates between Idyllwild and Hemet-San Jacinto, increase toll charges over certain routes, decrease toll charges over other routes and leave unchanged toll charges over still other routes. Exhibit 10 shows typical toll routes together with the present and proposed toll rates applicable. Exhibit 8 shows that, based on a one month's study of toll usage for the period May 21 to June 20, 1946, Idyllwild toll users will experience gross annual increases in toll charges estimated at \$308, decreases of \$15.60, or net annual increases of \$292.40 as a result of establishing a new toll rate center for Idyllwild. The above data do not include the effect of establishing the proposed toll rates between Idyllwild and Hemet-San Jacinto.

The rates for exchange services are set forth in Exhibit C attached to the application. The principal exchange rates requested may be summarized as follows:

<u>Class of Service</u>	<u>Rate per Month - Hand Set Station</u>	
	<u>Business Service</u>	<u>Residence Service</u>
One-party	\$ 5.00*	\$ 3.75*
Two-party	4.25*	-
Four-party	-	2.75*
Ten-party suburban	4.25	3.25
Extension, with or without bell on same premises	1.00	1.00

* Rate applies within the base rate area.

At various times in the past, applicant has been consulted by patrons and residents in the Idyllwild area regarding the establishment of a separate exchange to provide an improved service to that area. Signed statements by 31 subscribers in the Idyllwild area as of June 28, 1946 stating that they were generally in accord with the applicant's plan to establish an exchange in the area was presented as Exhibit 1. Exhibit 2 contains two lists of names: the first, dated June 14, 1946, shows 53 names of residents of the proposed Idyllwild exchange area who have agreed to subscribe for telephone service when it is available in accordance with applicant's proposal; and the second, dated June 5, 1946, shows 64 names of persons who have signed statements indicating they desire a telephone when adequate service is available. Exhibit 3 sets forth the names of ten persons, in addition to those set forth in Exhibit 2, who have indicated a desire for telephone service in accordance with applicant's proposal.

Applicant presented in Exhibit 4 the estimated results of the first year's operations of the proposed Idyllwild exchange as follows: revenues \$16,259, expenses \$14,697, net available for return \$1,562, ratio of net available for return to average plant in service 2.57%. A detail of the estimated average investment in plant is shown in Exhibit 5. Applicant estimated that the station development during the first year's operations of the proposed exchange would increase from 40 to a maximum of 204, resulting in a monthly average of 100 stations for the year (Exhibit 6).

Testimony was presented in support of the application by the president of the Idyllwild Chamber of Commerce, the United States District Forest Ranger for the Idyllwild-San Jacinto Mountains District, and two other residents of the area.

While no one has offered any objection to the establishment of the Idyllwild exchange with the exchange rates requested, objection was made at the hearing by three residents of the area, including representatives of the Idyllwild Inn and the Desert Sun Camp, to the proposed toll rate between Idyllwild and the Hemet-San Jacinto exchanges. The letter of transmittal, dated June 28, 1946, attached to the petition identified as Exhibit 1 reveals that a number of the 31 signers object to the toll charge between Idyllwild and Hemet-San Jacinto, but

signed the petition so that the establishment of the Idyllwild exchange would not be delayed. In addition, there was presented as part of Exhibit 9 a letter addressed to the applicant from Muriel E. Fulton, Realtor of Palm Springs, stating her objection to an increase in rates for service between Idyllwild and Hemet-San Jacinto.

The evidence shows that the proposed toll rate between Idyllwild and Hemet-San Jacinto is in accordance with the basic schedule of toll rates generally in effect throughout the state. Applicant has estimated that of \$16,259 gross revenues which it would obtain in 1947 under the proposed rates, the toll rate between Idyllwild and Hemet-San Jacinto exchanges would yield \$3,213, or about 20% of the total annual revenue. If that toll rate were not placed into effect, additional plant investment would be required to handle the additional traffic which would flow between Idyllwild and Hemet at flat exchange rates compared with toll rates, and higher exchange rates would be required to offset the loss in toll revenue and the increased investment.

The evidence indicates there is a requirement for additional and improved telephone service in the Idyllwild area. Establishment of an exchange at Idyllwild, in accordance with applicant's request, should result in an improved service to that community, and its establishment will be authorized contingent upon the completion of (1) the necessary copper and copperweld toll trunks between Idyllwild and Hemet; (2) suitable local distribution system at Idyllwild, including a common battery switchboard; (3) the replacement of magneto telephones with common battery sets; and (4) provision of 24-hour telephone service.

O R D E R

California Water & Telephone Company having requested authority to establish a telephone exchange at Idyllwild and to establish exchange and message toll telephone rates; and the matter having been submitted for decision, the Railroad Commission hereby finds as a fact that the establishment of a telephone exchange by

California Water & Telephone Company at Idyllwild with the rates authorized herein is justified, therefore

IT IS HEREBY ORDERED as follows:

1. California Water & Telephone Company is authorized to establish a telephone exchange at Idyllwild on or before July 31, 1947.
2. California Water & Telephone Company is authorized to file in accordance with General Order No. 96 and to make effective in the Idyllwild exchange, coincident with establishment of the exchange and on not less than ten days' notice, as hereinabove-described in the body of this Opinion, the exchange area and base rate area maps and the rates and charges for message toll telephone service to and from Idyllwild and for exchange service as set forth in Exhibits A, B, and C, respectively, attached to the application.
3. This Order shall become effective on the twentieth day after the date hereof.

Dated at San Francisco, California, this 29th day of October, 1946.

Harold P. Kille

Justice F. Craven
Edward C. Clark

Frank J. Powell

Commissioners.