

Decision No. 39770

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the
LOS GATOS TELEPHONE COMPANY, a corporation,
for authorization to make certain changes in
the existing schedules and exchange boundaries
to include Burrell, Santa Cruz and Santa Clara
Counties, California, thereby authorizing the
applicant to establish, maintain and operate
Los Gatos exchange telephone service in said
Burrell area.

ORIGINAL

Application No. 28006

Leib and Leib, by C. B. Leib, for Applicant,
Los Gatos Telephone Company; Karl H. Hummell,
chairman, Board of Directors, for Santa Cruz
Mountains Telephone Association; Mrs. George T.
Cass, for George T. Cass, interested party.

O P I N I O N

In this proceeding Los Gatos Telephone Company, operating a telephone system in Los Gatos and surrounding territory, seeks authority to furnish telephone exchange, toll, and telegraph services in the Burrell area located in Santa Clara and Santa Cruz Counties, and to file and make effective rates for said services. A public hearing in this matter was held before Examiner Wessells at Highland Hall, Highland District, Santa Cruz County, on December 5, 1946.

The Burrell area, which includes approximately 21 square miles of territory, is located in the Santa Cruz Mountains generally contiguous to the southeastern boundary of the Los Gatos exchange and is about seven and one-half miles south and east of the city of Los Gatos. Exhibit F, attached to the application, includes a map showing the Burrell area and its relation to the Los Gatos exchange.

Telephone service in the Burrell area at the present time is furnished by a mutual organization known as the Santa Cruz Mountains Telephone Association. This mutual serves some 75 stations by means of multi-party lines which are

connected to a magneto switchboard. Switching service is available only during certain hours of the day. Toll service is furnished through connection at Burrell with facilities of The Pacific Telephone and Telegraph Company and a toll charge is applicable to calls to or from Los Gatos. For local service members and subscribers of the Association now pay a monthly assessment of \$2.50 if they provide their own instruments and \$2.75 if the instrument is furnished by the Association. For calls placed to Los Gatos and other points beyond Burrell, these users now pay the regular message toll telephone rates as filed by the Pacific Company.

Because of increasing difficulties experienced by the Santa Cruz Mountains Telephone Association in maintaining service and providing needed improvements, it has entered into an agreement with the Applicant herein, for the latter to purchase the properties of the Association and to furnish service in the area now served by said Association, subject to securing authorization from this Commission.

Applicant proposes to expand the Los Gatos exchange area to include therein the Burrell area, and to serve this area on a 24-hour-daily basis by means of a 50-line unattended dial unit with full selective ringing; and provide a local distribution system and four interoffice trunks extending from Burrell dial unit to the Los Gatos central office. Assistance, information, and toll services would be handled by the Los Gatos operator. Applicant further proposes to divide the Burrell area into two parts for rate purposes; namely the Burrell special rate area, and suburban zone 2. Within the Burrell special rate area it is proposed to offer business individual line, semi-public, commercial and hotel PBX, and residence individual and two-party line services without mileage charges. Mileage charges would apply to the above-mentioned services furnished within suburban zone 2. Business and residence eight-party line service also is proposed to be offered within the Burrell special rate area, as well as throughout suburban zone 2.

The rates requested for exchange telephone service in the Burrell area upon its inclusion within the Los Gatos exchange are set forth in Exhibit F attached to the application. At the hearing, Applicant asked permission to modify

its Exhibit F to include in its proposed Schedule No. A-1, Condition 3(c)^{1/} of its presently effective Schedule No. A-1, and to cancel its Rule and Regulation No. 16, Basis of Mileage Charges, which is covered in its proposed Schedule No. A-4, Mileage Rates. There is set forth in the tabulation below the principal exchange rates requested.

Class and Grade of Service	Rate per Month: Desk or Hand Set: Station
Business Service:	
Individual line	\$11.25
Eight-party line	3.50
Residence Service:	
Individual line	10.00
Two-party line	9.50
Eight-party line	3.00

The rate requested for business individual line service within the Burrell special rate area is equivalent to the Los Gatos rate at a distance of four miles from the Los Gatos base rate area. Burrell is some six and one-half miles distance from the Los Gatos base rate area. The rates requested for eight-party line dial service are \$0.25 per month higher than the Los Gatos rates for manual service.

Message toll telephone and telegraph services between the Los Gatos exchange and other exchanges are furnished in accordance with tariff schedules filed by The Pacific Telephone and Telegraph Company.^{2/} The relocation of the toll rate point and telegraph rate square for the Burrell area resulting from the inclusion of this territory within the Los Gatos exchange will have the effect of increasing charges over certain routes, decreasing charges over other routes, and leaving unchanged charges over still other routes. The evidence reveals the Pacific Company is agreeable to Applicant's proposal in so far as it relates to joint rates, subject to the approval of the Commission.

^{1/} Condition 3(c) of Schedule No. A-1 reads as follows: "In cases where actual or obvious use indicates that the station for which connection to a business primary station is requested is a business extension station, this schedule does not apply, but the regular business extension rate with mileage, if any, does apply.

^{2/} The Western Union Telegraph Company also has rates filed for telegraph service between Los Gatos and other points.

Present and proposed toll rates between Burrell and nearby points, together with toll charges for the 30-day period April 21 to May 20, 1946, as shown in Exhibit G filed in this proceeding, may be summarized as follows:

Route Between Burrell and	Station-to-Station Rates				Toll	
	Present		Proposed		Charges:	
	Initial Period	Overtime	Initial Period	Overtime	4/21/46 to	5/20/46
Campbell	\$.10 - 5 min.	\$.05 - 3 min.	\$.05 - 5 min.	\$.05 - 5 min.	*	
Los Gatos	.10 - 5 "	.05 - 3 "	-	-		\$26.25
San Jose	.15 - 5 "	.05 - 2 "	.10 - 5 "	.05 - 3 "		29.10
Santa Cruz	.10 - 5 "	.05 - 3 "	.20 - 5 "	.05 - 2 "		9.60
Saratoga	.10 - 5 "	.05 - 3 "	.05 - 5 "	.05 - 5 "	*	
All other points						38.85*
Total						\$105.80

* Toll charges to Campbell and Saratoga are included with the charges to all other points.

While it is apparent that users of telephone service in Burrell will experience increases in toll charges on calls to Santa Cruz, such increases may be more than offset by the elimination of toll charges to Los Gatos and the reductions in toll charges to San Jose, the two principal points called from Burrell.

Applicant presented in Exhibit I the estimated prospective results of operations for an annual period of the proposed Burrell area as follows: investment \$23,445.18, revenues \$3,441, expenses \$3,139.20, and net available for return \$301.80. This estimate is based upon a development of 80 primary stations segregated as follows: one business individual line, one residence individual line, eight business eight-party line stations, and 70 residence eight-party line stations. Applicant anticipates additional development under the proposed service improvements will result in a more favorable earning position.

Testimony was presented in support of the application by the chairman of the Board of Directors, the Treasurer, a member, and a subscriber of the Santa Cruz Mountains Telephone Association.

No one has offered any objection to the telephone service arrangements and rates which have been proposed.

O R D E R

Los Gatos Telephone Company having requested authority to furnish telephone exchange, toll, and telegraph services in Burrell area and to file and make effective rates for such services, and the matter having been submitted for decision, the Commission hereby finds as a fact that the furnishing of service by Los Gatos Telephone Company in the Burrell area with the rates authorized herein is justified, therefore

IT IS HEREBY ORDERED as follows:

1. Los Gatos Telephone Company is authorized to furnish service in the Burrell area as requested and discussed in the preceding Opinion beginning on or before December 31, 1947.
2. Los Gatos Telephone Company is authorized to file in accordance with General Order No. 96 and to make effective in the Burrell area, coincident with the establishment of service and on not less than ten days' notice the exchange area map and the rates and charges as set forth in Exhibit F attached to the application, and modified in accordance with the request of Applicant at the hearing, as discussed in the preceding Opinion.
3. This Order shall become effective on the twentieth day after the date hereof.

Dated at San Francisco, California, this 23rd day of December 1946.

Harold Kule
Justus F. Calmes
Francis Davis
W. H. Powell
R. I. [Signature]
(Commissioners)