

ORIGINAL

Decision No. 42400

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 THE PACIFIC TELEPHONE AND TELEGRAPH
 COMPANY, a corporation, for authority to
 file and place into effect a schedule of
 rates for extended service in the
 Monterey and Carmel Exchanges, to enlarge
 the base rate area boundaries of the ex-
 changes and to cancel and withdraw rates
 now on file for local exchange service
 in both exchanges. Also to establish an
 exchange and to publish, file and place
 into effect extended exchange, inter-
 exchange and telegraph rates at Los
 Laureles, Monterey County, California.

Application No. 29813

Arthur T. George and James G. Marshall by
James G. Marshall for applicant; J. J. Deuel
 and Edson Abel for California Farm Bureau
 Federation; Clyde A. Dorsey for City of
 Monterey; Reginald E. Foster for the City
 of Pacific Grove; W. W. Kergan for Monterey
 Chamber of Commerce.

HULS, COMMISSIONER:

O P I N I O N

The Pacific Telephone and Telegraph Company, applicant in
 this proceeding, requests authority to file extended service rates in
 its Carmel and Monterey exchanges, Monterey County, to enlarge the
 base rate area boundaries of these exchanges, and to cancel its
 present local exchange service rates. The applicant also requests
 authority to establish an exchange, to file, and make effective ex-
 change, interexchange, and telegraph service rates at Los Laureles,
 Monterey County, California.

A public hearing in this proceeding was held at Monterey on
 December 22, 1948 at which time the matter was submitted for decision.

The communities of Carmel and Monterey are approximately three miles airline distance apart. The applicant now furnishes exchange telephone service within the Carmel and Monterey exchanges, utilizing common battery type manual central office equipment in Carmel, and step-by-step dial central office equipment in Monterey. The Carmel and Monterey exchanges are contiguous with a message toll rate of five cents for an initial period of three minutes, and five cents for each additional three minutes or fraction thereof. There are at present approximately 96,000 toll messages per month between the two exchanges. Since 1940 the number of toll messages between the two exchanges has increased about 103%, and the number of stations served has increased about 76% in Carmel and 62% in Monterey. As of October 31, 1948, the applicant served 4,407 stations in Carmel and 11,390 stations in Monterey, or a total of 15,797 stations. Witness for the applicant testified that the company was holding 47 applications for Carmel service and 966 applications for Monterey service as of November 20, 1948.

The applicant proposes to offer extended service, whereby a subscriber to service in either the Carmel or Monterey exchange would be able to call all other subscribers served from the two exchanges without payment of a toll charge. Coincident with the offering of extended service, the applicant desires to cancel its present rates for local service in and foreign exchange service between the two exchanges. Witness for the applicant testified that within six months after Commission's authorization, the company expects to be in a position to introduce its proposed extended service utilizing the central office equipment currently available in each exchange.

The rates which the applicant proposes for the extended service are higher than the present local service rates, as shown in the following tabulation:

Class and Grade of Service	Rate per Month - Each Primary Station					
	Carmel			Monterey		
	Present	Proposed	Increase	Present	Proposed	Increase
Business						
Ind. line	\$5.25	\$6.75	\$1.50	\$6.25	\$6.75	\$.50
2-pty line	4.25	5.75	1.50	5.25	5.75	.50
Suburban line	4.00	4.25	.25	4.00	4.25	.25
Residence						
Ind. line	3.50	3.75	.25	3.50	3.75	.25
2-pty line	3.00	3.25	.25	3.00	3.25	.25
4-pty line	2.50	2.75	.25	2.50	2.75	.25
Suburban line	3.00	3.25	.25	3.00	3.25	.25

In addition, the applicant proposes increases in rates for private branch exchange trunks, joint user service, individual line semipublic coin-box service, and farmer line service. No changes are proposed with respect to message toll telephone or message telegraph rates except to cancel the message toll telephone rates between the two exchanges.

As a result of the recent increase in population in the areas adjacent to but outside of the present base rate area boundaries of the Carmel and Monterey exchanges, these areas have become comparable in density to other sections now included within the base rate areas. The applicant proposes to enlarge the base rate area boundaries of each of the exchanges to include the built-up areas, and Exhibits E and F attached to the application indicate the areas to be included in the Carmel and Monterey base rate areas, respectively. Witness for the applicant indicated that the company is prepared to make the boundary changes effective within 45 days after the Commission's authorization. The applicant estimated that under this enlargement of the base rate areas the annual reduction in charges to subscribers in the Carmel and Monterey exchanges would amount to approximately \$825 and \$14,200, respectively.

It is estimated that the proposed increases in the exchange rates in the Carmel and Monterey exchanges would result in an annual revenue increase of \$44,600, which would be offset by an estimated

annual decrease in toll charges of \$65,600 and the annual decrease of \$15,025 resulting from revision of the base rate area boundaries. Thus, the over-all effect of the plan would be to decrease charges to subscribers by approximately \$36,025 annually. The applicant further estimates that under this plan the company will experience a net annual expense saving of \$16,000 under the present central office equipment arrangement in the exchanges and \$52,100 with the utilization of dial type central office equipment at Carmel which, it was indicated, would be installed during 1950.

The upper portion of the Carmel Valley, which lies southeast of the city of Carmel and in the suburban area of the Carmel exchange, has experienced a rapid growth in both business and residence development. This development is centered in an area known as Los Laurelles, located approximately 12 miles from Carmel, and has reached the point where the upper Carmel Valley is becoming a permanent self-sustaining community. This area has an estimated population of 1,500, with approximately 208 telephone subscribers. The applicant proposes to establish a separate exchange at Los Laurelles with exchange and base rate area boundaries as shown on the maps attached to the application as Exhibit G, pages 1 and 2, respectively. The application shows that a canvass of the residence and business establishments within the proposed Los Laurelles exchange resulted in 45 business and 224 residence applications for Los Laurelles exchange service. The applicant's records indicate there are five public toll stations at locations within the proposed Los Laurelles base rate area, and the application states that the agents of these toll stations have agreed to subscribe to exchange service from the proposed Los Laurelles exchange.

Extended service is proposed to meet the telephone needs of subscribers in the Los Laurelles area. Under this arrangement, subscribers to service in any one of the three exchanges; namely, Carmel,

Monterey, and the proposed Los Laureles exchange, would be able to call all other subscribers served from the three exchanges without payment of a toll charge. The basic exchange rates for the proposed Los Laureles extended exchange service would be the same as the rates proposed for the offering of extended service in the Carmel and Monterey exchanges.

The applicant proposes to make its existing message toll telephone and message telegram schedules applicable to toll messages and telegrams from the Los Laureles exchange, coincident with the establishment of the exchange. Exhibit J, attached to the application, sets forth the rates which will be applicable on messages to certain selected points in California.

The applicant proposes to furnish exchange telephone service to Los Laureles through the establishment of a separate community dial exchange and to offer full-selective signaling on four-party lines and semi-selective signaling on ten-party lines. Witness for the applicant testified that the company is prepared to establish the proposed Los Laureles exchange within ten months after the Commission's authorization.

The applicant plans to revise the alphabetical listing of the Monterey and San Benito Counties telephone directory by arranging the directory listings in the areas involved into a single alphabetical group under the heading "Monterey, Carmel, Los Laureles, Pacific Grove, and Pebble Beach." One organization expressed a preference for a separate listing of Carmel subscribers; however, other organizations expressed preference for the directory plan as proposed. No change is contemplated in the classified section of the telephone directory.

Mayor Fred Godwin of the City of Carmel expressed endorsement of the applicant's plan for extended service. Also in favor of granting the application were Mr. Chandler Smith of the Carmel Businessmen's Association; Mr. W. W. Kergan of the Monterey Chamber of Commerce; Mr. J. J. Deuel of the

California Farm Bureau Federation; Col. Alfred S. Balsam, U.S.A. Retired, Chairman of the Carmel Highlands Association; Reginald E. Foster, City Attorney of the City of Pacific Grove, on behalf of the mayor and city council of the City of Pacific Grove; and James E. van Loben Sels representing the Monterey Peninsula Chamber of Commerce. Attached to the application, as Exhibit A, are copies of letters and resolutions passed by political subdivisions and civic organizations endorsing the applicant's plan for offering extended type service in the Carmel and Monterey exchanges.

The offering of extended service and enlargement of the base rate areas in the Monterey and Carmel exchanges as well as the establishment and the offering of extended service in the Los Laureles exchange should improve service to those areas and it appears that the application should be granted.

The following form of order is recommended:

O R D E R

The Pacific Telephone and Telegraph Company having applied to the Public Utilities Commission of the State of California for an order authorizing establishment of extended service rates; the enlargement of the base rate areas of the Carmel and Monterey exchanges; and the establishment of an exchange and the placing into effect of extended exchange service, toll message, and telegraph rates at Los Laureles, a public hearing having been held and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates herein authorized are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. The Pacific Telephone and Telegraph Company is authorized to file and publish in accordance with General Order No. 96, the rates for extended service set forth in Exhibit A attached hereto and as discussed in the preceding opinion,

and to make said rates effective coincident with establishment of extended service in the Carmel and Monterey exchanges.

2. The Pacific Telephone and Telegraph Company is authorized to cancel its rates for local exchange service in the Carmel and Monterey exchange and its foreign exchange service, and its message toll telephone rates between the said two exchanges, coincident with the establishment of extended service.
3. The Pacific Telephone and Telegraph Company is authorized to file and publish in accordance with General Order No. 96 maps showing the base rate area boundaries as set forth in Exhibit E for Carmel exchange and Exhibit F for Monterey exchange as attached to the application.
4. The Pacific Telephone and Telegraph Company is authorized to file, in accordance with General Order No. 96, and make effective in the Los Laureles exchange coincident with the establishment of the exchange, the rates for extended exchange service as set forth in Exhibit A attached hereto; maps of the exchange and base rate areas, and the rates for message toll telephone and message telegraph service, as set forth in Exhibits G and J, respectively, attached to the application.
5. The Pacific Telephone and Telegraph Company is authorized to make the above rates and changes effective on or before December 31, 1949, and with not less than five days' notice to the Commission and to the public after the effective date of this order. The rates and changes shall be applicable to services furnished on and after the effective date of the above-tariff filings.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Public Utilities Commission of the State of California.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 4th day of

January, 1949.

R. J. Anderson
Justus J. Casner
Frank J. Farrell
Harold J. Hills
Samuel B. Potter
Commissioners.

AUTHORIZED CHANGES IN RATES

Carmel, Monterey, and Los Laureles Exchanges.

Rates for Extended Service.

SERVICE:

	<u>Rate per Month</u>
<u>Business</u>	
Each individual line station	\$ 6.75
Each two-party line station	5.75
P.B.X. trunks, each*	
Commercial	10.00
Hotel	10.00
Each suburban line station	4.25
Each farmer line station	1.75**
Each joint user service	
Individual line or	
party-line flat rate service	2.00
P.B.X. service	3.50

Minimum Charge per Day

Each individual line semipublic coin-box station	\$ 0.22 $\frac{1}{2}$
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Rate per month

<u>Residence</u>	
Each individual line station	\$ 3.75
Each two-party line station	3.25
Each four-party line station	2.75
P.B.X. trunks, each	5.50#
Each suburban line station	3.25
Each farmer line station	.90**

*Business P.B.X. service minimum trunk
requirement two trunks per system.

#Offered only in Carmel exchange.

**Offered only in Carmel and Monterey exchanges.

The above rates comprehend service without toll charges to all
stations served from Carmel, Monterey, and Los Laureles exchanges.