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ORIGINAL

Decision No. 42539

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 Concord exchange, to expand the offering of extended service in the Lafayette and Walnut Creek exchanges and to cancel and withdraw rates now on file for local exchange service in these three exchanges.	Application No. 29958

James G. Marshall and Arthur T. George for the applicant; A. R. Linn for the Concord Chamber of Commerce; Herman Silverman for the Lafayette Chamber of Commerce and Lafayette Improvement Association; Evan J. Frost for the Danville Chamber of Commerce; Charles C. Rafter and Thomas F. McBride for the City of Concord; Vance Perry for the Walnut Creek Area Chamber of Commerce; Mort Brown for the Walnut Creek Chamber of Commerce; Edwin Elliott for the Pleasant Hill Grange; L. A. Buskirk for the Pleasant Hill Improvement Association; Laura Lercari for the Spring Hill Improvement Club; Glen Ingles for the Concord Transcript; Mrs. D. H. Condit for the Spring Hill Improvement Association; J. J. Deuel and Edson Abel for the California Farm Bureau Federation; Mrs. Barbara A. Kitchen for the Independent Progressive Party of California; Hal W. Forsey for the Concord Area Chamber of Commerce; Bernies W. Ellis and Sybal Baird for the Springhill Road Improvement Association; and John W. Heisner for the Medical Business Bureau of Concord.

O P I N I O N

By the above-entitled application, filed on January 7, 1949, The Pacific Telephone and Telegraph Company seeks authority to file and place into effect rates for extended service in the Concord exchange, to expand the offering of extended service in Lafayette and Walnut Creek exchanges, and to cancel its present rates for local service in these three exchanges.

Public hearings in this matter were held before Examiner Wessells on February 16, and 18, 1949 in Lafayette and on September 30, 1949 in Concord. At the close of the hearing on February 16, 1949, the matter was submitted on briefs. Subsequent to the February hearings, the Commission issued its final order (Decision No. 43145 dated July 26, 1949) in Application No. 29854 of the Pacific Company, which authorized new rate levels for telephone service furnished generally throughout the State of California including the exchanges of Concord, Lafayette and Walnut Creek. Thereafter, on August 23, 1949, the Commission entered its Decision No. 43255 setting aside the submission of Application No. 29958 and reopening the proceeding for further hearing. Following the further hearing on September 30, 1949, the matter was submitted, subject to the right of the parties to file briefs within a designated time. None of the interested parties availed themselves of such right.

The communities of Concord, Lafayette, and Walnut Creek are located east of Oakland generally along State Highway 24 in Contra Costa County. The applicant now furnishes exchange telephone service within these three exchanges utilizing dial central office equipment with Oakland as the operator office for each exchange. In Lafayette and Walnut Creek, local as well as extended exchange service is furnished; while in Concord, local exchange service only is furnished. The presently effective initial period day toll rates between the three exchanges are $0.10 for station service and $0.30 for person service. During the period from January 1, 1940 to June 30, 1949 the number of telephone stations served in the above-named three exchanges has increased from 2,019 to 10,145, an increase of 8,126 stations or 402%. As of June 30, 1949 the applicant served 3,519 stations in Concord, 1,864 stations in Lafayette, and 4,762 stations in Walnut Creek.

The evidence shows that by reason of the continued rapid population growth and increase in demand for telephone service in this area, various civic groups and subscribers have from time to time expressed a desire for toll-free service between Walnut Creek and Concord and between Lafayette and Walnut Creek. In order to meet these service requirements, the applicant has proposed a rate and service plan under which, without the payment of a toll charge, subscribers to Concord service would be able to call all subscribers served from the Walnut Creek and Concord exchanges; subscribers to Walnut Creek service would be able to call all subscribers served from the Concord, Moraga, Lafayette, and Walnut Creek exchanges; and subscribers to Lafayette service would be able to call all subscribers served from the Orinda, Moraga, Walnut Creek, and Lafayette exchanges. A witness for the company testified it would require eight months after Commission authorization to introduce the extended service plan, including arrangements for directing code customer dialing.

Coincident with the introduction of the extended service plan, the applicant seeks authority to cancel its present rates for local exchange service in Concord, Lafayette, and Walnut Creek, and for message toll service between Lafayette and Walnut Creek and between Walnut Creek and Concord. It is the applicant's plan to furnish foreign exchange service in the three exchanges on an extended basis and cancel rates for local foreign exchange service. A witness for the applicant testified that the present subscribers to local foreign exchange service would be interviewed and that they would be furnished the type of extended telephone service desired as promptly as facilities became available.

The rates for extended service which the applicant proposes in the three exchanges are set forth on Exhibit 14 and are in harmony with the level of extended service rates authorized by the Commission

in Decision No. 43145 (Application No. 29854) for exchanges within the San Francisco-East Bay extended area. A comparison of the present rates for the principal classifications of local and extended service with the proposed rates for extended service may be summarized as follows:

	Rate Per Month			
	Present			Proposed
Classification	Concord	Lafayette	Walnut Creek	Concord, Lafayette, Walnut Creek
Residence Flat Rate:				
1-Party Extended	$ -	$ 4.25	$4.25	$ 4.25
1-Party Local	3.75	3.75	4.00	-
2-Party Extended	-	3.50	3.50	3.50
2-Party Local	3.25	3.25	3.25	-
4-Party Extended	-	-	-	3.00
4-Party Local	2.75	2.75	2.75	-
10-Party Suburban Ext.	-	-	-	3.50
10-Party Suburban Local	3.25	3.25	3.25	-
Business Flat Rate:				
1-Party Extended	-	8.00	8.00	8.00
1-Party Local	5.75	5.75	6.50	-
2-Party Extended	-	-	-	6.25
2-Party Local	4.75	4.75	5.25	-
10-Party Suburban Ext.	-	-	-	4.75
10-Party Suburban Local	4.25	4.25	4.50	-

- The dash indicates service is not offered.

Exhibit 15 shows that the introduction of the extended service plan at the rates proposed by the applicant and, based on the level of business as of June 30, 1949, would save customers in the over-all some $19,700 in annual telephone charges. The estimated annual increases in exchange charges and annual reductions in toll charges are distributed among the several exchanges as follows:

	Exchange	Toll	Net
Concord	$19,700	$(19,100)	$ 600
Lafayette	6,000	(14,100)	(8,100)
Walnut Creek	18,600	(30,800)	(12,200)
Total	44,300	(64,000)	(19,700)

(Red Figure)

Exhibit 15 further shows that as a result of more efficient handling of traffic under the extended service plan, the applicant will save some $30,300 in annual expenses and thereby improve its net revenue position by $10,600.

While questions were raised as to certain details of the proposed extended service plan as will be discussed hereinafter, no one opposed the introduction of the complete extended service arrangement and a number of interested parties favored the plan.

Several interested parties inquired as to why the applicant did not propose rate levels for extended service which would neither improve nor lessen the net revenue position of the company. The evidence shows that the base rate areas of Concord and Walnut Creek were expanded effective June 26, and July 11, 1949, respectively, resulting in savings to telephone customers of $34,500 on an annual basis. The base rate area of the Lafayette exchange was expanded late in 1946. A witness for the applicant testified that the savings to customers resulting from the expansions of the base rate areas more than offset the estimated improvement in the company's net revenue of $10,600 anticipated under the extended service plan.

Question was raised as to why optional extended service could not be established in lieu of the applicant's complete extended service plan. A witness for the applicant testified that because of the general facility situation it would not be practical to introduce the plan on an optional extended service basis. He testified further that with the offering of complete extended service more efficient use could be made of all telephone facilities.

A representative of Lafayette expressed a desire to have extended service to the East Bay and also have the San Ramon Valley area considered for inclusion in the extended service plan. A representative of Concord inquired as to the possibility of including Martinez exchange

in the local service area for Concord subscribers. The testimony shows that the applicant broadly considered the possibility of introducing extended service into the Martinez exchange coincident with the introduction of such service in Concord, Lafayette, and Walnut Creek but that, due to the facility requirements, such offering in Martinez could not be made without materially delaying the introduction of extended service in Concord, Lafayette, and Walnut Creek. The testimony further shows that the company is presently engaged in a comprehensive study and review of the service requirements and service offerings in the exchanges within the San Francisco-East Bay extended area and in nearby exchanges including Martinez. The applicant will be expected to bring this study to completion at as early a date as practicable in order that the best possible telephone service plans for these areas may be placed into effect without undue delay.

Careful consideration of the record in this proceeding leads to the conclusion that the offering of complete extended service in Concord, Lafayette, and Walnut Creek with cross-boundary subscriber dialing should improve telephone service in these exchanges, result in an over-all reduction in charges for telephone service and in a more economical method of furnishing such service. It appears, therefore, that the application should be granted.

O R D E R

The Pacific Telephone and Telegraph Company having applied to this Commission for an order authorizing the establishment of extended service rates in the Concord exchange, the expansion of the offering of extended service in Lafayette and Walnut Creek exchanges, and the cancellation of rates for local service, public hearings having been held and the matter having been submitted for decision,

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

IT IS HEREBY ORDERED as follows:

1. The Pacific Telephone and Telegraph Company is authorized to file with this Commission after the effective date of this order in conformity 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 the extended service plan in Lafayette, Walnut Creek, and Concord exchanges.

2. The Pacific Telephone and Telegraph Company is authorized to cancel its rates for local exchange and local foreign exchange services served from the Lafayette, Walnut Creek, and Concord exchanges and its message toll telephone rates between Concord and Walnut Creek and between Lafayette and Walnut Creek coincident with the establishment of extended service.

3. The Pacific Telephone and Telegraph Company is authorized to make the above rates and changes effective on or before September 30, 1950, and on not less than five (5) days' notice to the Commission and to the public after the effective date of this order.

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

Dated at San Francisco, California, this 22nd day of November, 1949.

R. F. Train [signature]

Justus F. Craemer [signature]

Harold P. Huls [signature]

Kenneth Potter [signature]

Commissioners.

AUTHORIZED RATES

Lafayette, Walnut Creek and Concord Exchanges

Rates for Extended Service

	Rate per Month
Residence Flat Rate:	
Each individual line station	$ 4.25
Each two-party line station	3.50
Each four-party line station	3.00
P.B.X. trunks, each	6.25#
Each suburban line station	3.50
Each farmer line station	1.00*
Business Flat Rate:	
Each individual line station	$ 8.00
Each two-party line station	6.25
P.B.X. trunks, each: ø	
Commercial	12.00
Hotel	12.00
Each suburban line station	4.75
Each farmer line station	1.75*
Each joint user service:	
Individual line or party-line flat rate service	2.00
Semipublic service	1.50
P.B.X. service	4.00
Semipublic Coin Box:	
Each individual line semipublic coin-box station, daily guarantee	0.20
Rate per month	.75**

\# Offered only in the Walnut Creek exchange.
* Offered only in the Walnut Creek and Concord exchanges.
** In addition to the daily guarantee.
ø Business PBX service minimum trunk requirement two trunks per system.

The above rates comprehend service without toll charges as follows:

From Stations Receiving Service From	To Stations Receiving Service From
Concord	Concord and Walnut Creek exchanges.
Lafayette	Lafayette, Moraga, Orinda, and Walnut Creek exchanges.
Walnut Creek	Concord, Lafayette, Moraga, and Walnut Creek exchanges.

Exchange Service Schedule No. 34-T

Foreign Exchange Service - Northern California

Primary rates for foreign exchange local service served from the Lafayette, Walnut Creek and Concord exchanges are authorized to be cancelled and rates for foreign exchange extended service are authorized consistent with the basic individual line, party-line, and P.B.X. trunk rates.