

ORIGINAL

Decision No. 44542

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of INTERSTATE TELEGRAPH COMPANY,  
a corporation, for authority to  
establish, maintain and operate  
a Telephone Exchange at Woodfords,  
Alpine County, California, to be  
known as the Alpine Exchange, and  
provide telephone exchange service  
in the Alpine Exchange Area; and  
to file and make effective rates  
for telephone and telegraph serv-  
ice in said exchange area.

Application No. 31280

H. M. Hammack, for applicant; J. J. Deuel,  
for California Farm Bureau Federation;  
Herbert Bruns, for Board of Supervisors,  
Alpine County; J. G. Allard, Commissioner,  
Nevada Public Service Commission.

O P I N I O N

Interstate Telegraph Company, a corporation, by the above-entitled application filed April 10, 1950, requests authority to establish a telephone exchange to be known as Alpine exchange, with an automatic switchboard to be located at Woodfords, Alpine County, California; to file, and make effective, appropriate rates; and to discontinue the present magneto exchange service in this area. A public hearing on this application was held before Examiner Edwards on June 26, 1950, at Markleeville, California. At this hearing, applicant submitted evidence as to the need for this change in service and the reason for new rate levels.

The applicant now provides telephone service in the area proposed for inclusion in the Alpine exchange by means of magneto telephone exchange lines which terminate in the applicant's Gardnerville central office in Gardnerville, Nevada. The evidence

reveals that there is a public need for more and improved telephone service in the area. To meet this need, the applicant has determined that the Alpine area can best be served by means of an unattended dial telephone exchange. The applicant proposes to equip the Alpine exchange with a 19-line dial switchboard to be installed in a concrete building, constructed on a parcel of land leased by the applicant, in the town of Woodfords, Alpine County.

Upon the establishment of the Alpine exchange and the furnishing of dial exchange service, the applicant seeks authority to discontinue the present magneto exchange service in the Alpine area.

The proposed Alpine exchange area consists of all the area now filed as the applicant's Gardnerville exchange, California portion. Exhibit 1 shows the location of the proposed Alpine exchange toll rate center as the NW $\frac{1}{4}$  Sec. 35, Township No. 11 N., Range 19 E., M.D.B.&M. A map filed as Exhibit 2 delineates the boundaries of the proposed Alpine exchange and base rate areas.

The specific changes in rates which the applicant seeks authority to make effective are set forth in Exhibits 3 and 4. The proposed exchange rates are the same as those which now apply in

applicant's smaller exchanges and, for the principal classifications of service, may be summarized as follows:

Classification	Flat Rate Per Month			
	Residence		Business	
	Present	Proposed <sup>1/</sup>	Present	Proposed <sup>1/</sup>
Individual Line	\$ -	\$3.75	\$ -	\$5.00
Two-Party Line	-	3.25	-	4.25
Four-Party Line	-	2.50	-	3.75
Ten-Party Line (0-4½ Mi.)	-	2.50	-	3.75
Ten-Party Line (4½-14½ Mi.)	-	3.25	-	4.25
Ten-Party Line (14½-24½ Mi.)	-	3.75	-	4.75
Party Line Magneto, Zone A	2.00	-	2.00	-
Party Line Magneto, Zone B	3.00	-	3.00	-
Extension	1.00	1.00	1.50	1.50

The applicant proposed to apply its own level of intra-company toll rates to all toll messages between the proposed toll rate center of the Alpine exchange and all other toll rate centers on its own system in California, except Big Bear Lake and Running Springs. The through direct toll rates of The Pacific Telephone and Telegraph Company are proposed to be applied to all toll messages between the Alpine exchange toll rate center and the following:

- a. The applicant's Big Bear Lake and Running Springs toll rate centers,
- b. The applicant's toll rate centers in Nevada, and
- c. The toll rate centers of the applicant's connecting companies.

<sup>1/</sup> On April 4, 1950, Interstate Telegraph Company filed Application No. 31247 with the California Public Utilities Commission, seeking authority to place into effect a general rate increase applicable throughout its California service territory, including the Alpine exchange upon its establishment. Public hearings were held on Application No. 31247 on June 28 and 29, 1950, at Bishop, California, and on June 30 at Barstow; and on the latter date, the matter was submitted for decision. The higher exchange rates sought by Interstate Telegraph Company in its Application No. 31247 for the Alpine exchange are set forth below for the principal classifications, but are not passed upon in this present proceeding. (A-31280)

Classification	Flat Rate Per Month	
	Residence	Business
Individual Line	\$4.45	\$5.95
Two-Party Line	3.85	5.05
Four-Party Line	2.95	4.45
Ten-Party Suburban (0-4½ Mi.)	2.95	4.45
Ten-Party Suburban (4½-14½ Mi.)	3.85	5.05
Ten-Party Suburban (14½-24½ Mi.)	4.45	5.65
Extension	1.20	1.80

The proposed rates for telegraph service are identical with those which now apply in other areas served by the applicant.

At present, there are no toll charges applied to messages between stations in the proposed Alpine exchange area and stations in the Gardnerville exchange area in Nevada. Upon establishment of the Alpine exchange, the applicant proposes to apply the regular Pacific interstate toll rate to messages between Alpine and Gardnerville exchanges which, for station day service, would be 15 cents for the first five minutes and 5 cents for each two minutes of overtime.

Toll telephone messages, now transmitted between the proposed Alpine exchange area and points outside the Gardnerville exchange, are transmitted at "other-line" rates. The applicant proposed to apply direct through rates based on air-line mileages to such toll messages, which will result in reductions in many instances.

Under the rates and service arrangements proposed by the applicant, it is estimated that the toll telephone charges to the users in the proposed Alpine exchange area will be increased approximately \$876.20 annually, segregated as follows:

<u>Item</u>	<u>Annual Increase</u>
Alpine-Gardnerville Messages	\$1,059.76
Other Interstate Messages	(53.82)
California Intrastate Messages	(129.74)
Net Annual Increase, All Toll Messages	876.20

(Decrease)

Applicant estimates the additional investment necessary to establish the proposed Alpine exchange is \$40,506, segregated as follows:

Lot and Building	\$ 1,189
Central Office Equipment	7,303
Outside Plant	30,164
Station Equipment Installation	<u>1,850</u>
Total	40,506

The applicant proposes to finance the new building, plant, and equipment from funds in its treasury.

In order that the annual fixed charges and operating expenses associated with this capital will not burden customers outside of this proposed exchange area, additional revenues must be obtained from those within the proposed area. On the basis of the level of business in 1949, applicant expects that annual exchange service revenues would increase from \$768 to \$1,224 and toll revenues from \$1,098.65 to \$3,644.10 if it were permitted to establish rates applicable to similarly sized exchanges on its system. Applicant's vice president testified that those revenues initially would not afford a full return on the increased capital, but with the expected growth in the area the proposed expenditure appears justified. However, at this time, and considering the small number of customers, applicant is not seeking a higher level of rates commensurate with a full return.

At the hearing, interest in the proposed changes in service and rates was manifested by several customers, some of whom presented statements for the record. Practically all customers who testified indicated a desire for an improvement in service but objected to the introduction of a toll rate to Gardnerville and the proposed level of rates for exchange service. Applicant introduced, as Exhibit 6, a copy of a letter from the district attorney of Alpine County, confirming the need for improved service and the propriety of charging reasonable toll rates on calls to Minden and Gardnerville. However, it was pointed out that this letter only expressed the personal views of the district attorney and not the views of the Board of Supervisors of Alpine County.

In analyzing the record in this proceeding and in reaching a conclusion as to the need for the proposed changes, we are of the

opinion that applicant's plans are reasonable and will result in greater privacy and improved service. The present magneto service with over 10 subscribers per line is inadequate. The proposed exchange rates are identical with those which now apply to other similar exchanges on the company's system. The proposed level of toll rates is based on air-line mileage distances between exchange rate centers and is in accord with standard practice and regularly filed tariffs. After considering several alternatives, the location of the exchange central office and base rate area near the center of the exchange area appears most practicable. Accordingly, applicant's request will be granted.

In authorizing the system changes and increases in rates set forth in the following order, the Commission expects the applicant to proceed with due diligence to install the proposed facilities to improve service and will not authorize any changes in rates until modern dial service is available.

O R D E R

Interstate Telegraph Company having applied to this Commission for authority to change telephone service and establish appropriate rates and charges, a public hearing having been held, and the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges which will result from a granting of the application are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. Interstate Telegraph Company is authorized to file, after the effective date of this order and on or before December 31, 1950, in conformity with General Order No. 96, maps of the exchange and base rate areas, a preliminary statement, and rates and conditions as set forth in Exhibits 2, 3, and 4, and, on not less than five (5) days' notice to this Commission and to the public, and coincident with the establishment of

dial and local exchange service in the Alpine exchange, to make effective said maps, rates, and conditions for service furnished in the Alpine exchange on and after the effective date of said filing.

- 2. Interstate Telegraph Company is authorized to discontinue the present magneto exchange service in the Alpine area on or after the establishment of the Alpine exchange.

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

Dated at San Francisco, California, this 18<sup>th</sup> day of July, 1950.

R. Z. [Signature]  
Justice F. Casper  
[Signature]  
[Signature]  
[Signature]  
 Commissioners.