

ORIGINAL

Decision No. 45484

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 INTERSTATE TELEGRAPH COMPANY, a cor-)
 poration, for authority to establish,)
 maintain and operate a telephone)
 exchange at Trona, San Bernardino)
 County, California, and provide tele-)
 phone exchange service in the Trona)
 Exchange Area (Inyo and San Bernardino)
 Counties, California); and to file and)
 make effective rates for telephone and)
 telegraph service in said Exchange)
 Area.)

Application No. 31999

Interstate Telegraph Company by H. M. Hammack,
 attorney; Forrest E. Branch, Assistant Trona
 Manager, and Woodward Taylor (Gibson Dunn and
 Crutcher), attorney, for American Potash and
 Chemical Corporation, interested party;
William Van Dyck, interested party.

O P I N I O N

In this application, filed December 22, 1950, Interstate Telegraph Company, a Nevada Corporation, seeks authority to establish, maintain and operate a telephone exchange at Trona, San Bernardino County, for the purpose of offering exchange telephone service in the communities of Trona, Argus, Pioneer Point, West End and Salt Wells Junction and adjoining areas in San Bernardino and Inyo Counties. Coincidentally, applicant seeks permission to file and make effective an agreement, dated December 7, 1950, with American Potash and Chemical Corporation by which certain trunking facilities will be made available to said chemical corporation.

A public hearing in the matter was held before Examiner Emerson in Trona on March 8, 1951.

Applicant for several years has been furnishing toll telephone service at some 15 toll stations located in the general vicinity of Trona and within the area in which it now proposes to establish its Trona exchange. The primary industry of this section of California is the extraction of minerals and chemicals from Searles Lake. Such industry has experienced a large increase in plant expansion and operation in the past few years and has attracted additional residential and business development and activity until, it is now estimated, a permanent population of about 5,000 persons are in the area and numerous small businesses have become established therein. The residents and businesses are presently limited to the use of the toll station telephone service of applicant and such service has become inadequate to meet fully the telephone service requirements of the area.

A commercial survey made by applicant has resulted in 234 signed applications for exchange service as of January 31, 1951. In addition, there are approximately 480 housing units of the American Potash and Chemical Corporation within the town of Trona, from which at least 230 subscribers may be obtained. A member of the Lions Club, a local service club, testified that the group had been seeking the establishment of exchange telephone service for some time and urged that applicant's request be granted. It is apparent that the proposed exchange service will be of benefit to the area and that it will be widely utilized.

The proposed Trona exchange will comprise an area extending approximately 14 miles north, 7 miles west, 10 miles east and 18 miles south of the town of Trona and containing about 490 square miles of which the smaller and northern portion will be in Inyo County and the larger southern portion in San Bernardino County. The major part of the west boundary is contiguous and common with the east boundary of

applicant's Inyokern exchange area. It is estimated that 90% of the Trona exchange subscribers will be within the base rate area shown in Exhibit No. 3 in this proceeding. The area will be served by an unattended automatic dial exchange initially equipped with 200 lines and with provisions for an ultimate installation of 600 lines of dial equipment. Toll telephone service and telegraph service also will be available in the exchange. Applicant proposes to apply the same exchange service rates to this new exchange as are now being charged in its Barstow, Big Bear Lake, Bishop, Inyokern and Victorville exchanges. The cost of establishing the Trona exchange is estimated to be approximately \$135,100 and the first service therefrom may be available within about 60 days following decision in this matter. Applicant will finance this project from its treasury.

The American Potash and Chemical Corporation for many years has owned and operated a private branch telephone exchange system within the town of Trona, for and in connection with its plant operations, and has been providing private service to some 150 of its employees who are required to have telephone service in connection with their duties at the plant. All of the private branch exchange stations have had toll telephone service available by means of connection between the switchboard of the chemical corporation and the toll facilities of applicant. Such private system will continue in operation and in addition will require trunking facilities and general exchange and toll communication service from applicant. These latter services are to be furnished in accordance with the terms and conditions set forth in an agreement dated December 7, 1950, a copy of which was received as Exhibit No. 4 in this proceeding. The agreement may be terminated by either party on 30 days' written notice. Although no minimum contract period is set forth in said agreement representatives of both parties testified at the hearing that it was

their intent that the agreement be a continuing one and that no early termination thereof was contemplated. Under the terms of the agreement the chemical corporation will pay for the trunking facilities at the commercial private branch exchange monthly rate plus 50%, to compensate for the absence of terminal charges, for each trunk line connected. Nonrecurring service connection charges for each trunk are to be paid in accordance with applicant's regular tariff (presently Schedule No. A-30). The agreement contains a provision that at all times it shall be subject to such changes or modifications as this Commission may direct in the exercise of its jurisdiction.

Service provided under this contract is at rates and under conditions other than those filed with the Commission in that (1) the trunk rates differ and (2) connection of subscriber's privately owned facilities to applicant's system is permitted. Applicant's filed rules and regulations state that the company shall own, furnish, and maintain all instrumentalities, including inside wiring, protective apparatus, and other facilities used to provide service to a subscriber. This has proven to be a sound principle and applicant should enter into negotiations with American Potash and Chemical Corporation to provide service in accordance with its filed tariffs at the earliest practicable date.

In the main, present toll service users will experience decreases in telephone toll costs since intra-area calls can now be made only on a toll basis. Applicant's Exhibit No. 9 indicates that on an annual basis the net saving to toll users will total about \$323. In one instance, however, (Salt Wells Junction toll station) an increase in charges of approximately \$16 annually will occur. Such an increase is relatively minor and is justified by the greater flexibility of the new service to be offered.

No objection to the granting of applicant's requests has been entered. To the contrary, the service to be provided is much desired. We are of the opinion that public convenience and necessity require and will require the establishment of the Trona exchange as proposed, that the proposed rates and charges for service therein are fair and reasonable, and that applicant be authorized to consummate its agreement with American Potash and Chemical Corporation.

O R D E R

Interstate Telegraph Company having applied to this Commission for an order authorizing it to establish, maintain and operate a telephone exchange at Trona, California, to file and make effective rates therefor, and to file and make effective an agreement with American Potash and Chemical Corporation, a public hearing having been held, 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 authorized herein are justified; therefore,

IT IS HEREBY ORDERED that applicant be and it is authorized to establish, maintain and operate a telephone exchange to be known as Trona exchange, in San Bernardino and Inyo Counties, with exchange and base rate areas as set forth in Exhibit No. 3 and to make effective for service on or before December 31, 1951, the rates and charges set forth in Exhibit No. 6 in this proceeding.

IT IS HEREBY FURTHER ORDERED that applicant shall file in quadruplicate with this Commission, after the effective date of this order and on or before December 31, 1951, the revised tariff sheets presented as Exhibit Nos. 5, 7, and 8 in this proceeding together with suitable, up-to-date and accurate maps of the Trona exchange and base rate areas.

IT IS HEREBY FURTHER ORDERED that applicant be and it is authorized to carry out the terms of an agreement, dated December 7, 1950, with American Potash and Chemical Corporation, and to render the service described therein under the terms, charges and conditions stated therein, subject to the following conditions:

1. Applicant shall file with this Commission within thirty (30) days after the effective date of this order, two certified copies of the contract as executed, together with a statement of the date on which said contract is deemed to have become effective.
2. Applicant shall notify this Commission of the date of termination of said contract within thirty (30) days from and after said date of termination.

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

Dated at San Francisco, California, this 27th day of March, 1951.

R. F. Thompson
Justice J. Cassady
Harold P. Huber
Samuel H. Pottel
John E. Mitchell
 Commissioners