

**ORIGINAL**

Decision No. 47803

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

INTER-COUNTY CHAMBERS OF COMMERCE  
OF NORTHERN CALIFORNIA,

Complainant,

vs.

CITIZENS UTILITIES COMPANY OF  
CALIFORNIA, A California corporation,  
Defendant.

Case No. 5269

Appearances for complainant: Edward M. Berol  
and B. S. Silver.

Appearance for defendant: Warren A. Palmer of  
Orrick, Dahlquist, Neff and Herrington.

Interested parties: Albert F. Coombs, for the  
Logger-Tidings; J. J. Duvel and Edson Abel, for  
the California Farm Bureau Federation.

O P I N I O N

The Inter-County Chambers of Commerce of Northern California, an unincorporated association composed of the following civic organizations: The Modoc County Chamber of Commerce, the Bieber Chamber of Commerce, The Fall River Valley Chamber of Commerce, The Burney Chamber of Commerce, The Redding Chamber of Commerce, The Shasta Dam Area Chamber of Commerce, The Anderson Chamber of Commerce, The Cottonwood Chamber of Commerce, The Weaverville Chamber of Commerce, The Hayfork Chamber of Commerce, The Shasta Dam Area Improvement Association, and the Arcata Lumberjacks Association on February 14, 1951 filed this formal complaint against the Citizens Utilities Company of California, a public utility corporation furnishing telephone service, among others to certain communities located between Redding and Alturas, excluding Redding. It charged that the practices, equipment,

appliances, facilities, and service provided within the above-mentioned service area is improper, inadequate and insufficient in the following respects:

1. The message toll telephone service lines provided by defendant are insufficient and inadequate, which results in innumerable and frequent delays to subscribers in completing toll calls.
2. That prospective subscribers have applied to defendant for telephone service; that months and even years have elapsed and such requested service still has not been furnished.
3. That additional local service is badly needed in Montgomery Creek, Bella Vista, Ingot, Burney, Fall River Mills, Bieber, and Big Bend.
4. That within certain areas the service is limited to specified hours of the day; that such limitation constitutes an inconvenience and at times a hardship to subscribers restricted to a limited number of hours per day.
5. That an antiquated and obsolete manual telephone system is maintained within the area and should be replaced with a dial automatic telephone system.

The complainant maintains that adequate and suitable facilities can be installed and furnished by defendant at a reasonable cost, and that the installation of suitable facilities and furnishing of proper and adequate service will enhance the revenues of the defendant. The complainant and its membership is desirous of paying sufficient rates to enable the defendant to earn a reasonable return conditioned upon defendant furnishing a reasonably adequate service.

Complainant requested the Commission to issue an order requiring that this complaint be heard on a consolidated record with defendant's application for a rate increase, Application No. 31842, and that the defendant provide additional toll circuits, additional local service, 24-hour service, and replace the obsolete manual telephone system with a dial automatic system. The request for consolidated hearing was not granted.

Defendant's Answer

On April 26, 1951, the Citizens Utilities Company of California filed its answer to the complaint and in general denied the allegations of the complaint. As one defense to said complaint it incorporated by reference in its answer Interim Decision No. 45497, dated March 27, 1951, under Application No. 31842, wherein this Commission granted the defendant an annual increase in revenue of \$125,000 based on the immediate economic needs under existing circumstances resulting from today's inflated costs of material and labor to enable it to keep up with the rapid growth and development in its service area. The defendant proposed a number of improvements in the rate case and was ordered to file bimonthly progress reports on the installation of the improvements with the Commission.

As a further defense it listed the following improvements to service:

1. In August, 1950, a new central office building, outside plant system and Relaymatic 1,000-line dial switchboard was installed at Alturas.
2. Prior to August, 1950, it converted the Cedarville, Eagleville, Fort Bidwell, Lake City, Adin and Canby exchanges to dial service.
3. In January, 1951, the Burney exchange was converted from magneto to common battery operation and all telephone sets were replaced.
4. In March, 1951, the Fall River Mills central office was moved to a more advantageous site and a larger magneto type switchboard installed.
5. For the Montgomery Creek exchange dial equipment was proposed in the 1951 construction budget, as well as two additional toll circuits to Redding and a carrier channel from Montgomery Creek to Big Bend.
6. In connection with improvements at Montgomery Creek the defendant planned to incorporate the Ingot exchange with Ingot subscribers receiving suburban service from Montgomery Creek.
7. A microwave toll system between Redding and Alturas was proposed and will enable rearrangement of carrier facilities to provide additional toll outlets for Fall River Mills, Bieber, Montgomery Creek and Bella Vista exchanges.

Upon completion of the above improvements, unlimited hour service will be provided in the Montgomery Creek and Ingot exchanges. Defendant states that the distance between Montgomery Creek and Bella Vista, and the few subscribers, both present and prospective in the Bella Vista exchange, precludes the extension of suburban service from Montgomery Creek to and the institution of unlimited hour service within the Bella Vista exchange.

Defendant maintains that the replacement of all manually operated switchboards with dial equipment in the area between Redding and Alturas would lead to the necessity of extremely high telephone rates without concomitant improvement in telephone service. It claims that the improvements effected in recent years, implemented by the plant additions to be installed in 1951, will provide telephone service within the area between Redding and Alturas, comparable or superior to telephone service rendered by other California utilities in similar areas. It concludes that the combination of dial and manual service in this area, as offered, is sound from both an economic and operative standpoint.

The defendant admitted that toll service between Redding and Bieber and intermediate points has occasionally been subject to interruptions and delays but listed as a primary cause severity of winter weather conditions encountered in the territory, which is largely mountainous country, and to conditions of growth which have taxed existing toll facilities. Defendant requested that complainant take nothing by its complaint and that said complaint be dismissed.

#### Public Hearing

After due notice to the complainant and the defendant the matter was set for public hearing. Public hearings were held at Burney and Fall River Mills on November 26, 1951, at Bieber on

November 27, 1951 and at San Francisco on April 7, 1952 and June 30, 1952 before Examiner M. W. Edwards. At the conclusion of the hearing on June 30, 1952 the matter was submitted for Commission decision subject to filing of briefs within 15 days after receipt of transcript. The complainant waived its right to submit a brief and was willing to stand on the record as made. Defendant's brief was received on August 12, 1952. Counsel for complainant filed a letter on August 22, 1952 which reiterated its position as set forth in closing argument on the last day of hearing.

Complainant's Case

At the hearings in Burney, Fall River Mills and Bieber testimony was presented by a total of 33 witnesses for the complainant in support of the complainant's case. These witnesses described telephone service conditions in the area, in general confirming the allegations contained in the complaint filed by the Inter-County Chambers of Commerce of Northern California. Beside testimony as to delay in obtaining an operator or completing toll calls some witnesses told of difficulty in hearing or transmitting on toll calls. Another told of service outage in stormy or windy weather. Several testified as to difficulty or delay in obtaining new service connections.

On November 27, 1951 complainant made a motion seeking immediate construction of an 8-mile telephone circuit extension to the Round Valley area east of Adin. Opening and reply briefs were filed on this subject but the Commission did not enter an interim order on this matter because the defendant was proceeding with new construction on the basis of a program required by the Commission in connection with the rate case; to order this extension out of turn would increase the over-all cost of the project and therefore would not be in the public interest.

Complainant's position at the termination of the hearings was that there were too many delays by applicant in its construction program. The complainant requested that the Commission order the defendant to complete the projects by the dates it set during the course of the June 30 hearing.

Defendant's Position

Defendant's position at the close of the hearings was that the request by complainant wholly ignores the fact that defendant has diligently and faithfully proceeded to carry out its construction program for the Redding-Alturas area; that a great many of its projects have either been completed or are in the process of completion; and that the deferred completion dates of the remaining projects are attributable, almost entirely, to causes beyond defendant's control.

Its construction program for the year 1951 and the first six months of 1952 involved an expenditure of approximately \$1,250,000 which was over 80% expended or actually committed by June 30, 1952. Furthermore, it claims the area in question suffered from extremely adverse weather during the winter and early spring, the worst in over 40 years. Delay in delivery of central office equipment and the microwave equipment further added to the failure to keep up to the original program.

The defendant, in its brief, reported on the current status of construction projects in the Redding-Alturas area, indicating November 1, 1952 as the latest date scheduled for completion of remaining improvements, with most due for completion before October 1, 1952. In conclusion, the brief stated that the defendant is meeting its service obligations in the Redding-Alturas area with the maximum of dispatch and diligence and asked that the complaint be dismissed.

Conclusion

Based on a review of the evidence, it is apparent that service conditions were improved during the progress of the case, that hearing difficulty on toll calls was corrected, that the management is seeking to maintain service standards of reasonable quality and relieve held orders, and that the characteristics of the area are such that it is beyond normal financial means of the public in the area to support as high a grade of service as is found in the dense urban areas of the state. In light of the testimony and conditions it is not apparent to the Commission that an order of this Commission can stop delays beyond defendant's control due to strikes, manufacturing slowdowns, shortage of critical materials or inherent climatic and terrain difficulties of the area.

In the August 21, 1952 letter, counsel for complainants states that the complainant and the defendant are in substantial agreement as to the service necessary in the area and that the complainant does not request any punitive measure or inequitable order which, in effect, would coerce the defendant. As a result of these statements it is the Commission's opinion that the completion of the construction program proposed by the defendant will alleviate this complaint. The only requirement that appears warranted to conclude this matter is to require defendant to keep complainant advised of construction progress.

O R D E R

Public hearing having been held in the above-entitled case, the matter having been submitted, and the Commission being fully advised,

IT IS HEREBY ORDERED as follows:

1. Complainant's motion requesting construction of a project ahead of the programmed date is denied.

- 2. Complainant's request for an order specifying exact project completion dates is denied.
- 3. Defendant shall furnish complainant a copy of the future bimonthly progress reports being furnished in connection with the rate case under Application No. 31842 until construction work in complainant's territory is completed.
- 4. A copy of each and every report furnished complainant under Item 3 above shall be furnished to the Commission for filing under this file, Case No. 5269.

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

Dated at San Francisco California, this 7<sup>th</sup> day of October, 1952.

A. I. [Signature]  
 President.  
Justin J. [Signature]  
[Signature]  
[Signature]

Commissioners.