

The company indicates in its application that the community of interest between Port Chicago and Pittsburg is high, and if planned residential growth develops as expected in the eastern portion of Port Chicago exchange, this community of interest should increase.

Applicant's studies indicate that the newer portion of the Pittsburg exchange and the Port Chicago exchange can most economically be served from a single dial central office located in West Pittsburg. The economies which can be realized consist of approximately \$28,000 in construction costs and \$11,700 in annual charges and expenses.

Applicant does not request an increase in the exchange rates for Pittsburg exchange services as the result of this proposed rearrangement, but applicant does request authority to increase rates applicable to the Port Chicago exchange services to the level of rates applicable in the Pittsburg exchange. A comparison of the present Port Chicago rates with the present Pittsburg exchange rates are shown as follows:

<u>Service</u>	<u>Rate per Month</u>		<u>Difference</u>
	<u>Port Chicago</u>	<u>Pittsburg</u>	
Residence			
Individual line flat rate	\$3.80	\$4.30	\$0.50
Two-party line flat rate	3.25	3.50	.25
Four-party line flat rate	2.70	2.95	.25
Business			
Individual line flat rate	6.00	7.25	1.25
Two-party line flat rate	4.75	5.75	1.00

The application of present Pittsburg exchange rates to Port Chicago services would result in an estimated revenue increase of \$3,300 per year at the present rate levels. This increase in exchange revenues would be more than offset by decreases in toll charges estimated at \$9,000 on an annual basis as discussed later herein. It should be pointed out that this company, in Application No. 33935, is seeking higher rates on a state-wide basis. Typical

monthly rates being sought by applicant for the Pittsburg exchange, for example, are \$5.10 for residence individual line service, \$3.35 for residence four-party line service, and \$9.25 for business individual line service.

In conjunction with its plan to merge the present Port Chicago exchange into the Pittsburg exchange, applicant proposes to divide the resulting exchange into two district areas. The Pittsburg or eastern portion of the exchange would become the main district area and the western portion, including Port Chicago and West Pittsburg, would become the Gladstone district area. It is proposed that the present toll rate center be continued without change for the Pittsburg main district area, but a new toll rate center would be established for the proposed Gladstone district area to be located in the northwest quarter of the northeast quarter of Section 15, Township 2 North, Range 1 West, Mt. Diablo Base and Meridian. The new rate center would replace the Port Chicago rate center for Port Chicago subscribers and would replace the Pittsburg rate center for West Pittsburg subscribers. As a result, increases in toll charges over certain routes and decreases over other routes would apply for message toll telephone traffic of the proposed Gladstone district area subscribers. Applicant estimates that the aggregate of these changes would result in a reduction in annual charges to subscribers of approximately \$2,600.

In addition, toll charges would be eliminated for service between Port Chicago and Pittsburg, which applicant estimates will save subscribers approximately \$6,400 per year.

Applicant states that during February, 1954, all but seven of the total of 408 subscribers in the Port Chicago exchange were interviewed with respect to applicant's plan to include the Port Chicago exchange area within the Pittsburg exchange area, provide dial service at the Pittsburg level of rates, and changed toll rates. As a result of the interviews 369 subscribers, or 92 per cent

of those interviewed, signed application cards agreeing to subscribe to Pittsburg exchange service at the present Pittsburg exchange rates or rates as may be authorized by the Public Utilities Commission for the Gladstone district area.

The judge of the Port Chicago Judicial District and three business firms situated in the Port Chicago area support the company's plan for dial operation of exchange facilities and toll-free service with Pittsburg as indicated by letters attached to the application as Exhibit F.

The Commission has considered the above-entitled matter and is of the opinion that the enlargement of the Pittsburg exchange to include the Port Chicago exchange area, the establishment of two district areas, and the establishment of the toll rate center for the proposed Gladstone district area in the vicinity of West Pittsburg should permit an improvement in service and will not be adverse to the public interest, that a public hearing thereon is not necessary, and that the application should be granted as herein provided.

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed, for the future are unjust and unreasonable, therefore,

IT IS HEREBY ORDERED as follows:

1. Applicant after the effective date of this order and on or before June 30, 1955, may discontinue the Port Chicago exchange coincident with the expansion of the Pittsburg exchange to include therein the area now served by the Port Chicago exchange.

2. Coincident with the expansion of the Pittsburg exchange, applicant is authorized to establish the Main and Gladstone district areas as shown on Exhibit A attached to the application and to establish the toll rate center for the Gladstone district area in the northwest quarter of the northeast quarter of Section 15, Township 2 North, Range 1 West, Mt. Diablo Base and Meridian.
3. Necessary tariff filings, including maps of the expanded Pittsburg exchange area and base rate area showing the Gladstone and Main district areas, in accordance with General Order No. 96, shall be made on not less than ten days' notice to the Commission and to the public.

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

Dated at San Francisco, California, this 18th day of May, 1954.

John E. Mitchell
 President
James J. Callahan
Franklin Patten
Gene Higgins

 Commissioners