

ORIGINALDecision No. 50096

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 KERN MUTUAL TELEPHONE COMPANY, a)
 California corporation, for authority)
 to establish, maintain and operate a)
 telephone exchange to be known as the) Application No. 35289
 Cuyama exchange, and for authority)
 to file and make effective rates,)
 rules and regulations for telephone)
 service in said Cuyama exchange.)

OPINION AND ORDER

Kern Mutual Telephone Company, by the above-entitled application filed on March 26, 1954, requests authority to:

(1) establish, maintain and operate a telephone exchange to be known as the Cuyama exchange in Santa Barbara and San Luis Obispo Counties, within which exchange and toll telephone services would be furnished in lieu of the existing toll station and farmer line services; (2) revise the boundaries of the existing Taft exchange; (3) publish, file and make effective rates, rules and regulations and a deviation applicable to telephone service in the proposed Cuyama exchange; and (4) carry out the terms of an agreement dated December 14, 1953, with Richfield Oil Corporation.

Applicant is a California corporation operating as a public utility in furnishing telephone service in the counties of Kern, San Luis Obispo, Santa Barbara and Ventura. Applicant operates the exchanges of Taft, Buttonwillow and McKittrick with headquarters at Taft.

The Town of Cuyama is located in the approximate middle of Cuyama Valley, 18 air miles southwest of Taft. The valley is approximately 20 miles long and 7 miles wide, and is bounded on three sides by mountainous terrain. This area has experienced a large oil

development since 1948. Richfield Oil Corporation, through a wholly owned subsidiary, has designed and built the Town of Cuyama in which homes are available to Richfield employees on liberal financial terms. Approximately 200 of these homes are now completed and occupied, and Richfield anticipates the construction of 175 additional homes within two years. Applicant estimates that the eventual number of stations within the exchange area will be 202.

Present telephone service in the valley consists of 11 toll stations and 27 farmer line services receiving service from applicant's Taft exchange. Applicant proposes to establish an exchange within the Cuyama Valley to be served by a community dial central office at Cuyama with full selective ringing on four-party and suburban lines. Operator functions would be performed at the Taft central office. Exhibits G and H attached to the application are maps setting forth the boundaries of the proposed Cuyama exchange and base rate areas, respectively. Applicant is the only public utility furnishing service in the territory proposed to be included in the Cuyama exchange area.

Based upon a survey of the residents of the Town of Cuyama conducted by the applicant, during the course of which the rates proposed in this application were indicated to prospective subscribers, it appears that there is a present demand for telephone service by more than 80 residents. Applicant states that its present toll station agents have agreed to subscribe to Cuyama exchange service and that its present farmer line subscribers, with the exception of the Russell Brothers, have agreed to subscribe either to Cuyama exchange service or to farmer line service from the Cuyama exchange. The application shows that Russell Brothers desire to retain their present service because they have invested in excess of \$7,000 in their lines, the present service is satisfactory and their telephone usage pattern lies outside of the proposed Cuyama exchange area. Accordingly, applicant requests authority to continue service

to the two Russell Brothers' farmer lines on a deviation basis from the Taft exchange.

The rates which applicant seeks authority to establish in the proposed Cuyama exchange are set forth in Exhibit C attached to the application and, for the principal classifications, may be summarized as follows:

<u>Classification</u>	<u>Rate per Month</u>	
	<u>Residence Service</u>	<u>Business Service</u>
1-party	\$4.50	\$6.75
2-party	-	5.50
4-party	3.10	-
Suburban	3.60	5.00
Farmer line	.80*	1.35*

* Minimum charge per line - \$4 per month.

Upon the establishment of the Cuyama exchange, the applicant proposes that its presently filed rules and regulations applicable in its other exchanges be made effective in the Cuyama exchange. Applicant also plans to establish a new toll rate center in the proposed Cuyama exchange to be located in the Southeast 1/4 of the Southwest 1/4 of Section 17, Township 10 N, Range 26 W, San Bernardino base and meridian. The establishment of a new rate center as proposed would result in increases in toll rates over certain routes up to a maximum of 20 cents for initial period station service and decreases over other routes of 5 cents.

The agreement between applicant and Richfield Oil Corporation attached to the application as Exhibit F provides that the Richfield Company advance the sum of \$8,000 to applicant, together with a grant deed to the surface of a parcel of land to be used as the site of the central office building, at such time as applicant has made exchange telephone service available within the proposed Cuyama exchange. Applicant is to pay the Richfield Company, in five yearly payments, starting one year from the establishment of exchange service, the gross exchange revenue derived from subscribers having

telephones located within the townsite of Cuyama during each previous year, up to a maximum of \$1,600 per yearly payment.

Applicant intends to finance the purchase and installation of plant and equipment out of its treasury in the estimated amount of \$45,000 as set forth in Exhibit E. A breakdown of the proposed expenditures follows:

Station equipment and installation	\$ 7,500
Building	4,000
Outside plant	13,315
Central office equipment	20,185
	<u>\$45,000</u>

Applicant states that it expects to be able to furnish exchange telephone service in the proposed Cuyama exchange on or about March 31, 1955.

The Commission has considered the above-entitled application and is of the opinion that a public hearing thereon is not necessary and that the granting of the application as herein provided will not be adverse to the public interest and should result in improved service.

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 is authorized to file with the Commission after the effective date of this order and on or before June 30, 1955, in accordance with General Order No. 96, the rates, conditions, rules and regulations for toll and exchange telephone services set forth in Exhibit C of the application and maps of exchange and base rate areas set forth in Exhibits G and H of the application, and after not less than ten days' notice to the Commission and to the public, to make such rates effective for service in the Cuyama exchange, coincident with the establishment of the dial exchange.
2. Applicant is authorized to carry out the terms and conditions of the contract, set forth as Exhibit F of the application, with Richfield Oil Corporation. A copy of the executed contract shall be filed with the Commission on or before June 30, 1955.

3. Coincident with the establishment of the Cuyama exchange, applicant is authorized to continue to furnish Taft exchange farmer line service at Taft exchange farmer line rates through connection with the Russell Brothers' farmer lines to the same subscribers and at the same locations within the Cuyama exchange. Within thirty days after the establishment of the Cuyama exchange, applicant shall file with this Commission a statement setting forth the names and locations of subscribers receiving service from the Russell Brothers' farmer lines as of the date of the establishment of the Cuyama exchange and located within the Cuyama exchange.
4. Applicant shall submit to this Commission bimonthly reports of progress with respect to the construction of Cuyama exchange facilities, commencing two months after the effective date of this order and continuing until the Cuyama exchange is established.

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

Dated at San Francisco, California, this 13 day of June, 1954.

Edw. E. Mitchell
President

Justice J. Coe

Winneth Pott

Gene Higgins

Commissioners