

ORIGINAL

Decision No. 51087

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

R. E. Graun, M. D., B. L. Applegate,)
 B. B. Byard, Bert Sylvia, A. J.)
 Clark, Mr. Cole, Alice Dunaway,)
 Mrs. Warren, Guy Head, Paul Evans,)
 H. C. Joyner, Mrs. Fowler, A. French,)
 Andy Doescol, Ed Head, C. A. Hall,)
 A. A. Hall, Sue Goldsmidt, Bob)
 Weinzinger, Fred Mienert, Willie)
 Peters, Buster Pence, Ernie Pence,)
 Leonard Shelton, Frank Peters,)
 Emmett Stout, Phil Toleman, Angie)
 Thompson and Don Avery.)

Case No. 5506

Complainants,)

vs.)

The Siskiyou Telephone Company, a)
 corporation,)

Defendant.)

Burton, Lee & Hennessy, by Michael Hennessy
 and Fred W. Burton for complainants.
H. A. Dannenbrink for defendant Siskiyou
 Telephone Company.
J. J. Deuel and Eldon N. Dye for California
 Farm Bureau Federation and Siskiyou County
 Farm Bureau; Russell W. Bower for U. S.
 Forest Service; Harold Leever for
 Willamette Builders Supply Company, inter-
 ested parties.
Luther Gulick and Wilson E. Cline for the
 Commission staff.

O P I N I O N

By the above-entitled case, filed November 19, 1953,
 R. E. Graun and 28 other subscribers or prospective subscribers of
 the Siskiyou Telephone Company residing or having businesses in the
 Happy Camp area of Siskiyou County allege that the telephone service
 rendered by defendant is inadequate, insufficient, improper and
 unreasonable, and contrary to the public good and need. They

specifically charge that because there is but one toll line into the area, (1) long waiting periods for use of such line ensue, (2) cross talk and loud buzzing noises preclude satisfactory telephone usage, (3) the necessity for the telephone operator to repeat long-distance conversations constitutes inadequate service, causes even greater delays and increases telephone charges beyond those necessary under normal operations, and (4) telephone service is limited to the hours 8 a.m. to 1 p.m. and 2 p.m. to 8 p.m. with no provision for emergency calls at other hours. They further claim that during the height of the summer season, when approximately 2,500 persons are in the area, service is so inadequate as to be tantamount to no service at all.

Defendant, in its answer to this complaint, admits only (1) that there is but one toll line into the area, (2) that it is necessary, at times, for the telephone operator to repeat conversations but alleges no extra charge is engendered thereby, and (3) that hours of regular service are limited but alleges emergency calls may be placed at any time from a public telephone at the company office in Happy Camp. In addition, defendant alleges that the one toll line serves an area that is continually declining in population and one in which the only businesses are of the uncertain and speculative nature arising from fishing and hunting and the lumber and sawmill business in Happy Camp. Defendant claims that it provides telephone service to the area at an out-of-pocket loss.

On January 4, 1954 defendant filed an offer to satisfy the complaint by proposing to construct, during the following 3-year period, approximately 14 miles of pole line between Meamber School and Scott Bar, thereby replacing an existing 1-wire ground-return line with one full metallic circuit and, if the volume of business warranted, subsequently to add one carrier circuit to such line.

Defendant also offered to increase its hours of service to any hours desired by telephone users provided telephone subscribers in the area agreed to pay the increased costs of service, which for 24-hour service defendant estimated at \$7,500 annually.

This complaint was filed at a time when this Commission was in the process of considering the application of Siskiyou Telephone Company for a general increase in telephone rates.^{1/} Two days of hearing had been held in the rate proceeding, during October 1953, at which the principal complainants herein appeared as protestants. The complaint case and the rate proceeding were consolidated for purposes of hearing. In all, five days of hearing were had before Examiner F. Everett Emerson in Fort Jones, Happy Camp and Yreka. The rate proceeding was disposed of by this Commission's Decision No. 50438, issued August 17, 1954. The complaint matter was submitted on November 9, 1954. Thirty-six exhibits were received and the testimony of 43 witnesses were heard in the consolidated matters, 41 of the latter testifying as to the quality or adequacy of the telephone service rendered by defendant.

A number of service deficiencies were discussed in our Decision No. 50438 in Application No. 34616. It would serve little purpose to restate them here. Suffice it to say that the testimony of witnesses, both those complaining and those employed by defendant, shows without the slightest doubt that that portion of the telephone system from Fort Jones to the Klamath River area, including Happy Camp, Seiad, Hamburg, Horse Creek, Walker and Scott Bar is seriously deficient as to physical plant and methods of operation. Further, it is clear that such deficiencies have been known to defendant's president and to its board of directors for a number of years.

^{1/} Application No. 34616 filed August 6, 1953.

Defendant's president seemed little concerned over the seriousness of the charges made by complainants until this proceeding was well under way. Contrary to his early position respecting declines in population and business, and despite the unreasonably long delays in completion of telephone calls and the generally unsatisfactory quality of transmission, toll business in the Klamath River area has been constantly increasing. The sawmill and lumber businesses, characterized by defendant as "uncertain and speculative", are investing many hundreds of thousands of dollars in their plants and are operating in areas of "sustained yield" forests. According to the testimony of the owners or managers of these mills, telephone service is vital to the success of their operations and with the availability of adequate telephone service their toll business would tremendously increase. This record is replete with testimony indicating that a much greater toll usage would result from providing adequate telephone service to the area.

In our opinion the toll business and, indeed, all new telephone business in the area has been suppressed by the inattention and neglect of defendant's management. During the course of the proceeding, however, defendant came forward with several proposals by which the public would be somewhat better served. By and large, these proposals are "half measures" which might remove one bottleneck only to generate another. Defendant seems to have no overall concept of what is necessary to provide the public with reasonable and adequate service or to insure its own efficient operation of this segment of its telephone system. It seems to lack the progressive modern-day approach successfully found and exemplified in other telephone utilities with similar problems and difficulties occasioned by terrain and inclemencies of the weather. We are convinced its problems are neither unusual nor insurmountable. It is

clear that the needs of the public require that adequate service be provided.

As we have before stated,^{2/} service improvements cannot be accomplished overnight nor without funds. However, defendant's own latest proposal of plant construction, as contained in this record, discloses that a very considerable improvement can be accomplished during 1955 and a major portion of it before the summer period. The record also discloses that the necessary funds are available through borrowings, from more than one source, at reasonable interest rates. People within the area have even offered to assist in the required financing. Further, defendant may be in a position to attract capital funds through the sale of stock. In short, it is feasible and reasonable that defendant immediately undertake the improvement and expansion of the telephone service as needed by the public and the complainants herein.

With respect to the earning position of Siskiyou Telephone Company, this Commission has authorized exchange telephone rates in its areas other than the Klamath River area which, on the basis of 1954 operations, will enable defendant to earn a rate of return of 6.19 per cent on an average depreciated rate base of \$92,850. Such rate base includes all of defendant's existing operative plant. Defendant is now in a position to operate on a sound financial basis. Estimates of the cost of the fixed capital additions which defendant must undertake in the Klamath River area approximate \$20,000 and increased operating expenses total about \$8,000 annually. Such sums obviously would cause some decline in defendant's earning position, except as offset by increased earnings resulting from expanded toll

^{2/} See Decision No. 50438 issued August 17, 1954 in Application No. 34616.

revenues. It would not be realistic, however, to suppose that little or no financial return on the new investment in facilities will be accorded defendant. It is to be expected that, as service improves and new physical plant becomes operative, defendant will seek, by supplemental application in Application No. 34616, increased exchange telephone rates in the Klamath River area and in toll rates generally and a consequent further improvement or restoration of the earning position intended by this Commission.

In view of the evidence in this proceeding defendant will be required to provide not fewer than two toll circuits between Fort Jones and Hamburg, one of such circuits to be assigned, except in time of emergency, exclusively for service to Happy Camp and Seiad toll service and one circuit to be assigned primarily to Hamburg, Horse Creek and the remaining portion of the Klamath River area. Defendant also will be required to provide toll service between Happy Camp and Yreka via the Klamath River and Highway 99 route, referred to in this proceeding as the line to be operated by defendant under a "use permit" of the U. S. Forest Service, until such time as a showing is made before this Commission that better or more suitable facilities are available or should be made available.

Defendant's regularly filed rules and regulations are as binding upon it as upon its patrons. Defendant shall accept applications for service or upgrades of service at any of its offices and shall thereafter promptly inform applicants as to the details of the conditions under which service may be established in accordance with such rules and regulations.

Defendant will be required to make certain studies as to the feasibility and economics of installing dial switching equipment and microwave radio equipment looking toward continued improvements in its service. Complainants and defendant, alike, are placed upon

notice that this proceeding may be reopened at any time for such further order as this Commission may find to be in the public interest or meet and proper in the circumstances.

O R D E R

Complaint, as above-entitled having been made, public hearing thereon having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that defendant has failed to render and is not now rendering reasonable and adequate telephone service in its Happy Camp, Hamburg and Horse Creek exchanges, that its system facilities and equipment are inadequate, insufficient and deficient in the respects pointed out in the foregoing opinion, and that the installations, improvements and changed methods of operation ordered herein are reasonable and that the public interest requires that they be made; therefore,

IT IS HEREBY ORDERED as follows:

1. By not later than June 1, 1955, defendant shall have fully metallicized and in proper operation, with suitable conductors and with adequate transpositions, its existing single-circuit toll line between Fort Jones and Hamburg.
2. Within fifteen days of the completion of the metallicizing of said line, defendant shall have installed thereon not less than one carrier-telephone circuit of suitable design and performance, thus providing no fewer than two toll telephone circuits between Fort Jones and Hamburg by not later than June 16, 1955.
3. One of said two toll telephone circuits shall thereupon and thereafter be devoted, except in time of emergency, exclusively to toll service to and from the Happy Camp and Seiad areas, the other being devoted primarily to toll service to and from the Hamburg area and other areas northerly and easterly therefrom along the Klamath River. Should defendant install a greater number of carrier circuits, such additional circuits may be used as defendant may elect.

4. Defendant shall within sixty days of the effective date of this order, install suitable outdoor public pay stations at Happy Camp and at Hamburg and said pay stations shall be connected to the appropriate toll circuits whenever the respective switchboards are unattended.
5. Within thirty days of the conclusion of negotiations with the U. S. Forest Service for use of the Forest Service's Happy Camp to Yreka telephone line, defendant shall file a certified copy of the use permit or agreement therefor as executed.
6. Defendant shall furnish application blanks and any other necessary forms to each of its agents and shall have said blanks and forms available at each of its offices for issuance to the public. Promptly after receipt of an application for service defendant shall inform the applicant of the rates and conditions under which service will be furnished, or of the anticipated in-service date if facilities are not immediately available. In addition, defendant shall accept over its own lines, without charges therefor, telephone calls to its main office respecting such matters.
7. On or before August 31, 1955, defendant shall file with this Commission a written report covering an engineering and economic study of the estimated costs and feasibility of furnishing, initially, two microwave toll circuits between Fort Jones and Happy Camp, the microwave system being of a design whereby an ultimate capacity of four circuits may be established.
8. By not later than November 30, 1955, defendant shall have made an appropriate dial study of each of the Happy Camp, Hamburg and Horse Creek exchanges and shall file a written report thereon with this Commission not later than December 31, 1955.

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

Dated at San Francisco, California, this 7th day of February, 1955.

John E. Mitchell
President

Justin J. Cassel

Raye L. Lintner

Commissioner William E. Dooly, being necessarily absent, did not participate in the disposition of this proceeding.