

ORIGINALDecision No. 51210

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CENTRAL CALIFORNIA TELEPHONE COMPANY,
 a California corporation, for authority
 to establish, maintain and operate two
 telephone exchanges to be known as the
 Linden Exchange and the Clements Exchange,
 respectively, and for authority to file,
 publish and make effective rates, rules
 and regulations for telephone service
 in said Linden and Clements exchanges.

Application No. 36693

OPINION AND ORDER

Central California Telephone Company, a corporation, by the above-entitled application filed February 2, 1955, requests authority pursuant to Sections 701 and 1001 of the Public Utilities Code to (1) establish, maintain and operate a telephone exchange to be known as the Linden exchange in San Joaquin and Calaveras Counties; (2) establish, maintain and operate a telephone exchange to be known as the Clements exchange in San Joaquin County; (3) to file, publish and make effective rates, rules and regulations for telephone service in the proposed Linden and Clements exchanges.

Applicant is a public utility furnishing telephone service in the counties of Kings and Tulare and operates the exchanges of Corcoran and Exeter with headquarters at Taft.

The community of Linden is located approximately 12 air-line miles east of the City of Stockton, and is the business and population center for the surrounding agricultural area. The proposed Linden exchange includes an area of approximately 100 square miles of territory which, with minor exceptions as hereinafter indicated, is located outside of any presently filed exchange areas.

Telephone service within the area is presently furnished by the Linden Rural Telephone Company, a mutual association. Approximately 300 members of the mutual receive exchange and toll telephone service through a magneto central office located in the community of Linden. It appears from the application that the Board of Directors of the mutual telephone company have requested applicant to provide modern exchange telephone service to the Linden area.

Applicant proposes to establish an unattended dial office in the base rate area of Linden equipped with the latest step-by-step dial equipment and with full selective ringing on all four-party and suburban lines. Under applicant's plan operator functions would be performed at the Stockton central office of The Pacific Telephone and Telegraph Company, except for timing and ticketing of station calls originating in Linden and terminating in Stockton or Lodi. Operator functions on these two classes of calls would be performed by an operator at Linden until July, 1956, at which time applicant proposes to install automatic toll ticketing equipment to handle these calls. Exhibits B and C attached to the application are maps setting forth the boundaries of the proposed Linden exchange and base rate areas, respectively. Exhibit D attached to the application is a map delineating a revision of the boundary of the Wallace exchange of The Pacific Telephone and Telegraph Company and covering letter indicating the concurrence of Pacific Telephone therein. Upon completion of the revision in the Wallace exchange boundary as proposed, applicant will be the only public utility that will be furnishing exchange telephone service in the territory proposed for inclusion within the Linden exchange area.

The community of Clements is situated about 12 air-line miles east of the City of Lodi and is the business center of the surrounding agricultural area. The proposed Clements exchange

includes an area of approximately 50 square miles of territory located outside of any presently filed exchange areas. Telephone service within the area is presently furnished by the Clements Mutual Telephone Association, a mutual association of approximately 60 members. Exchange and toll telephone service is furnished through a magneto switchboard located in Clements. The application shows that Board of Directors of the telephone association have requested applicant to provide modern telephone service to the Clements area.

Applicant proposes to serve the Clements exchange through a step-by-step community dial office at Clements equipped with full selective ringing on all four-party and suburban lines. Upon installation of the dial equipment, all operator functions would be performed at the Lodi central office of The Pacific Telephone and Telegraph Company. Exhibits E and F attached to the application are maps setting forth the boundaries of the proposed Clements exchange and base rate areas, respectively. If the proposed service arrangement is authorized, applicant will be the only public utility that will be furnishing exchange telephone service in the territory proposed for inclusion within the Clements exchange area.

Based upon a survey conducted by applicant of the residents of the proposed Linden and Clements exchange areas, it appears that there is a present demand for telephone service by more than 300 residents in the Linden area and by more than 65 residents in the Clements area. Applicant states that all members of both of the mutual associations have unanimously endorsed proposals contained in its application.

The rates which applicant seeks authority to establish in the proposed Linden and Clements exchanges are set forth in Exhibit G

attached to the application and, for the principal classifications, may be summarized as follows:

| <u>Classification</u> | <u>Rates 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 Linden and Clements exchanges, applicant proposes that its presently filed rules and regulations applicable in its other exchanges be made effective in the Linden and Clements exchanges. No change is proposed in the present toll rate centers of Linden and Clements. Estimates of the investment in the proposed Linden and Clements exchanges and of the annual revenues and expenses associated with their operation are attached to the application as Exhibit I and are summarized as follows:

| <u>Item</u> | <u>Amount</u> |
|------------------------------------|---------------|
| Total Operating Revenue | \$ 41,000 |
| Total Operating Expenses and Taxes | 29,538 |
| Net Operating Revenue | 11,462 |
| Total Net Plant Investment | 183,750 |
| Rate of Return on Investment | 6.2% |

Applicant states that it currently expects to be able to furnish exchange telephone service in the proposed Linden and Clements exchanges by February, 1956. Both mutual telephone companies plan to continue to operate until applicant establishes service, at which time the mutuals propose to cease operations and dismantle their plants.

Applicant states that it intends to finance the purchase and installation of all necessary plant and equipment through the issuance of first mortgage bonds.

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 public convenience and necessity will require the construction and operation of a public utility telephone system by Central California Telephone Company, in San Joaquin and Calaveras Counties, in the areas set forth in the maps attached to the application and marked Exhibits B and E; therefore,

IT IS HEREBY ORDERED that a certificate of public convenience and necessity be and it is hereby granted Central California Telephone Company to establish, maintain and operate a public utility system for the furnishing of exchange and toll telephone service within the territory hereinbefore described.

IT IS HEREBY FURTHER ORDERED as follows:

1. Applicant is authorized to file with this Commission after the effective date of this order and on or before June 1, 1956, in accordance with General Order No. 96, the rates, conditions, rules and regulations for toll and exchange telephone services set forth in Exhibit G attached to the application and maps of exchange and base rate areas substantially as set forth in Exhibits B, C, E and F attached to the application, and, on not less than ten days' notice to the Commission and to the public, to make such rates effective for telephone service in the Linden and Clements exchanges, coincident with the establishment of dial service.
2. The proposed revision in the boundary of the Wallace exchange as delineated in Exhibit D attached to the application is authorized to be made effective on or before the establishment of dial service in the Linden exchange.
3. Applicant shall submit to this Commission bimonthly reports of progress with respect to the construction of Linden and Clements exchange facilities, commencing

two months after the effective date of this order and continuing until the Linden and Clements exchanges are established.

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

Dated at Los Angeles, California, this 21st day of March, 1955

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners