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Decision No. 52540

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE PACIFIC TELEPHONE AND TELEGRAPH)
COMPANY, a corporation, for authority)
to publish, file and place in effect) Application No. 37509
exchange and interexchange rates in)
an exchange to be designated Borrego,)
San Diego County, California.)

OPINION AND ORDER

The Pacific Telephone and Telegraph Company, by the above-entitled application, filed on November 23, 1955, seeks authority to (1) establish an exchange to be known as Borrego in San Diego County with exchange and base rate areas as shown on Exhibit A of the application, (2) file and make effective exchange rates coincident with the establishment of the Borrego exchange, and (3) establish a toll rate center in Borrego Springs.

It appears from the application that the proposed Borrego exchange area encompasses approximately 80 square miles of territory in the northeast portion of San Diego County, that the center of activity in the area is the community of Borrego Springs, that there are about 500 permanent residents in the area, that present telephone service consists of 27 toll stations, and that as a result of a canvass conducted in the area by the applicant in June and July of 1955 a total of 93 potential subscribers signed application cards for exchange telephone service. Applicant forecasts a development in the proposed Borrego exchange of 170 stations two years after establishment and of 200 stations six years after establishment.

To meet the increasing demands for telephone service in and around Borrego Springs, the applicant proposes to construct a dial central office within the proposed Borrego exchange and establish a base rate area as shown on Exhibit A of the application. It appears that operator office functions for the proposed Borrego exchange will be performed at San Diego and that initially 12 trunks will be provided between San Diego and Borrego.

The rates which applicant proposes for the exchange service are set forth on Exhibit C of the application and for the principal classifications are as follows:

<u>Classification</u>	<u>Rate per Month</u>	
	<u>Residence Service</u>	<u>Business Service</u>
Individual line flat rate	\$3.80	\$6.00
Two-party line flat rate	3.25	4.75
Four-party line flat rate	2.70	-
Suburban ten-party line flat rate	3.20	4.50

Applicant does not propose to file rates for farmer line service and there appears to be no requirement for such service.

Coincident with the establishment of the proposed exchange, applicant proposes to establish a toll rate center at a point within the proposed base rate area of the Borrego exchange.^{1/} Applicant also proposes to discontinue 11 toll stations at locations within the proposed base rate area when exchange service is available.

^{1/} The description of the proposed toll rate center is the southeast quarter of the southeast quarter of Section 32, Township 10 South, Range 6 East, San Bernardino Base and Meridian. The block and section designation is GG 15-q.

Applicant states that construction and installation work can be completed to permit establishment of the Borrego exchange in the first quarter of 1956. For the first year of operation, applicant estimates that gross plant additions of \$317,500 will be required to furnish the proposed service. The estimated annual expense effects for the first year of operation are shown by the application to be \$65,800 assuming a rate of return of 7 per cent. Before income taxes and return, the first year expenses are estimated by the applicant to approximate \$30,300. Estimated revenues at proposed rates for the first year are \$16,700, segregated \$9,100 to exchange service and \$7,600 to toll. Applicant's forecast indicates growth in the area which should considerably reduce the indicated deficit in a reasonable future period.

The Commission has considered this matter 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 telephone service. Finding 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 upon the establishment of the Borrego exchange, will thereafter for the future be unjust and unreasonable; therefore,

IT IS ORDERED as follows:

Applicant is authorized to file with this Commission, after the effective date of this order, and on or before September 30, 1956, in accordance with General Order No. 96, the changes in rates, conditions, rules and regulations for exchange and toll telephone services as set forth on Exhibit C attached to the application and

as discussed above and maps of the exchange and base rate area substantially as set forth on Exhibit A attached to the application, and, after not less than ten days' notice to the Commission and to the public, to make such rates effective for telephone service in the Borrego exchange coincident with its establishment.

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

Dated at Los Angeles, California, this 31st day of January, 1956.

[Signature]
President
[Signature]
[Signature]
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Commissioners