

ORIGINALDecision No. 53041

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 author-)	
ity to publish, file and place in)	Application No. 37828
effect exchange and interexchange)	
rates in an exchange to be desig-)	
nated Pine Valley, San Diego County,)	
California.)	

OPINION AND ORDER

By the above-entitled application filed on March 12, 1956, The Pacific Telephone and Telegraph Company seeks authority to (1) establish an exchange to be known as Pine Valley in San Diego County with exchange and base rate areas as shown on Exhibits A and B, respectively, of the application, (2) file and make effective exchange rates coincident with the establishment of the Pine Valley exchange, and (3) establish a toll rate center in Pine Valley.

The community of Pine Valley is located in the eastern part of San Diego County approximately 25 miles east of El Cajon and 18 miles southeast of Julian. The application shows that within the approximately 121 square miles of territory which applicant proposes be included in the Pine Valley exchange area are located the communities of Pine Valley, Guatay and Corte Madera and the resort area of Laguna Mountains; that the combined residential development in the area consists of 325 permanent and seasonal residences and the business development consists of approximately 34 small establishments; that present telephone service in the area consists of 25 toll stations; that applicant has received numerous inquiries concerning provision of exchange service in the area; and that as a

result of a review made during 1955 applicant forecasts a potential development of 290 telephone stations at the end of the first year of operation of the proposed exchange.

To meet the present and future demands for exchange telephone service in Pine Valley and surrounding territory, the applicant proposes to construct a dial central office within the proposed Pine Valley exchange and to establish a base rate area which will include the community of Pine Valley. Under this plan, toll and other traffic requiring the assistance of an operator would be furnished from San Diego.

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

	<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 10-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 need 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 Pine Valley exchange.¹ Applicant also proposes to discontinue seven toll stations at locations within the proposed rate area when exchange service is available.

¹ The description of the proposed toll rate center is the southwest quarter of Section 36, Township 15 South, Range 4 East, San Bernardino Base and Meridian. The block and section designation is H H 14 n.

Applicant estimates that construction and installation work can be completed to permit establishment of the Pine Valley exchange during December, 1956, and that the entire project will require gross additions to plant in the amount of \$263,600.² During the first year of operation of the Pine Valley exchange, applicant estimates the revenues will approximate \$29,300 at the rates it proposes and the operating expenses, taxes and return on the added investment, assuming a 7 per cent rate of return, will approximate \$61,500. Before income taxes and return, the first year expenses are estimated by the applicant to approximate \$31,700. Future growth in the area should materially reduce the indicated first year deficit.

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 telephone service. Finding that such increases in rates and charges as will result from the granting of this application are justified and that present rates in so far as they differ from those herein prescribed, upon the establishment of the Pine Valley exchange, will be unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

1. Applicant is authorized to file with this Commission, after the effective date of this order, and on or before June 30, 1957, 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 D attached to the application and as discussed above, and maps of the exchange and base rate area substantially as set forth on Exhibits A and B, respectively, 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 Pine Valley exchange coincident with its establishment.

² Exhibit E attached to the application.

2. The authority granted herein will expire unless exercised on or before June 30, 1957.

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

Dated at San Francisco, California, this 8th day of May, 1956.

(E. R. Bixler)
President

Justin Z. Galloway

Rowland L. Galloway

Wm. J. Galloway

R. Galloway
Commissioners