

Decision No. 53042**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 author-)
 ity to discontinue the Beckwourth)
 exchange and toll rate center and)
 to expand the present Portola)
 exchange area to include therein)
 the present Beckwourth exchange.)

Application No. 37597

Arthur T. George, Dexter C. Tight, Pillsbury,
 Madison & Sutro, for applicant;
J. J. Deuel and Eldon Dye, for the California
 Farm Bureau Federation; R. A. Scolari in
 propria persona, interested parties;
W. W. Dunlop, for the Commission staff.

O P I N I O N

By the above-entitled application filed December 19, 1955,
 The Pacific Telephone and Telegraph Company, applicant herein,
 requests authority to:

1. Discontinue the Beckwourth exchange and base rate area and coincident therewith expand the Portola exchange to include the area now within the Beckwourth exchange, as shown on Exhibit A attached to the application which was amended by Exhibit No. 1;
2. Cancel and withdraw exchange service rates applicable in the Beckwourth exchange; and
3. Discontinue the Beckwourth toll rate center.

Public Hearing

After due notice, a public hearing on this application was held in Portola before Examiner M. W. Edwards on March 15, 1956, the matter being submitted for decision on that date. Applicant through two witnesses presented four exhibits and testimony in support of the application, which was amended at the hearing. The amendment

provides for continuation and enlargement of the base rate area at Beckwourth upon consolidation of the exchanges. The Commission staff through one witness presented three exhibits and testimony outlining an alternate method of charging for telephone service in the Beckwourth area by considering the same as a special rate area of the Portola exchange. One witness representing subscribers in the Beckwourth area presented testimony favoring the applicant's amended proposal but requested deviation service for two farmer line subscribers located within the proposed expanded Beckwourth base rate area. The representative for the California Farm Bureau Federation took an active part in the proceeding and cross-examined witnesses.

Service Development

Beckwourth service was started in 1901 and by January 31, 1956, the exchange served 26 magneto stations. The Portola exchange was established in 1913 and by January 31, 1956, the exchange served 660 stations. The Portola exchange was converted to dial late in 1955.

One of the reasons for this application is that the subscribers in Beckwourth expressed a desire for toll-free service between Beckwourth and Portola. The subscribers also desired continuous service in lieu of the present service which is limited to the hours of 8 a.m. to 8 p.m. The present toll rate between Beckwourth and Portola is 10 cents for an initial period station call.

Both of the exchanges are located in Plumas County. The Portola exchange covers an irregular area roughly 21 miles north to south and 11 miles east to west. The Beckwourth exchange, as shown on Exhibit No. 1, covers an irregular area some 13 miles north to south and 7 miles east to west, being adjacent to the southeast portion of the Portola exchange. The central business areas of the two exchanges are some 6 miles apart. These business centers are

classified as base rate areas and there are 4 miles of sparse development between boundaries of these base rate areas.

Proposed Service

The present magneto equipment in the Beckwourth exchange is approaching its capacity in serving the present 26 stations and applicant has seven held orders for service. Applicant desires to furnish 24-hour service in Beckwourth and has determined that the most economical way to provide such service is to consolidate the two exchanges and furnish dial service from the Portola central office.

Applicant proposes to discontinue the Beckwourth exchange, expand the Portola exchange to include therein the present Beckwourth exchange, realign the present Beckwourth base rate area in the manner shown in Exhibit No. 2, and provide Portola exchange service to meet the present and future telephone service requirements in Beckwourth.

Exchange Rates - Present and Proposed

Under applicant's proposal telephone service would be provided to present and future subscribers in Beckwourth at rate levels in effect in the Portola exchange and the present toll charge between Beckwourth and Portola would be canceled. A comparison of the present and applicant's proposed rates applicable within the enlarged

Beckwourth base rate area and the alternate special area rates suggested by the staff follows:

Item	Rate per Month		
	Present	Applicant	Staff
<u>Service within Beckwourth Base Rate Area</u>			
Residence			
1-party	\$3.55	\$4.05	\$5.05
2-party	3.00	3.50	4.20
4-party	2.45	2.95	3.45
Business			
1-party	5.50	6.50	7.50
2-party	4.50	5.25	5.95
PBX trunks, each	8.25	9.75	10.75
<u>Service within Beckwourth Suburban Area*</u>			
Suburban residence	2.95	3.45	3.45
Suburban business	4.25	4.75	4.75
Farmer line residence65	.85	.85
Farmer line residence	1.00	1.50	1.50

* Higher grades of service are offered in the suburban area at base rates plus suburban mileage charges.

It is estimated that the application of the proposed exchange rates to the estimated services furnished Beckwourth subscribers as of June 30, 1956, would result in an annual increase of \$200 compared with \$300 under the staff's suggestion.

Toll Rates - Present and Proposed

Upon consolidation of Beckwourth and Portola exchanges applicant proposes to discontinue the Beckwourth toll rate center and all toll messages originating and terminating in Beckwourth would then be rated from Portola. This would result in cancellation of the 10-cent toll rate between Beckwourth and Portola and increase toll charges over some routes and reduce toll charges over other routes up to 40 miles. The over-all effect of these proposed toll rate charges is estimated to reduce subscriber charges by \$300 per year under both the applicant's and staff's plans.

Cost Effects

Under either plan for consolidation there are estimated traffic expense savings of \$300 per year. While there are such savings, applicant will be required to expend approximately \$19,500 on plant to provide expanded service on a consolidated exchange basis for the Beckwourth exchange subscribers. This amount would be approximately \$27,500 if applicant were to replace the Beckwourth central office with a separate dial unit to provide continuous service. There is an indicated capital saving of \$8,000 between these two serving methods. The additional annual cost of \$3,700 resulting from the \$19,000 of additional plant is not immediately offset by the expense saving, but must await growth in exchange revenue.

The staff's basis for proposing a special rate area was to give some recognition to the greater length of subscriber loops and resulting increased costs of serving the Beckwourth base rate area subscribers compared to the base rate subscribers located directly in Portola. Subscribers located several miles from the base rate area would incur sizeable mileage charges for grades of service higher than suburban. The staff's proposal however limits the mileage charge to two quarters of a mile in the expanded Beckwourth base rate area.

Findings and Conclusions

The evidence indicates that the subscribers in Beckwourth desire the consolidation of the exchanges in order to eliminate the toll charges to Portola and to receive continuous service. There was no objection to the increase in exchange rates, either as proposed by the applicant or as suggested by the staff, coincident with the elimination of the toll charge. Consolidation of the Beckwourth and Portola exchanges appears to be the most economical serving arrangement for the future and therefore we find and conclude that consolidation is in the public interest.

Under either plan the over-all saving in toll will approximately offset the increases in exchange rates, however, the staff's plan on the whole would provide more equitable charges as between Portola subscribers and Beckwourth subscribers located at an equivalent distance from the Portola base rate area. While the company has not given recognition to the additional costs to provide service in the Beckwourth area, the following order will authorize the rates requested by the company. In the fixing of rates in the future, however, the Commission will give consideration to any indicated deficiencies in earnings in the Beckwourth area in order not to unreasonably burden other areas in California.

The Commission finds that the increases in rates and charges authorized herein are justified; that present rates in the Beckwourth area, in so far as they differ from those herein prescribed, upon the consolidation of the Beckwourth and Portola exchanges, will thereafter for the future be unjust and unreasonable; and that an order should be issued authorizing consolidation of the exchanges.

O R D E R

The Pacific Telephone and Telegraph Company, having applied to this Commission for an order authorizing it to consolidate the Beckwourth and Portola exchanges resulting in increases in rates and charges for telephone service, public hearing having been held, the matter having been submitted and being ready for decision; therefore,

IT IS HEREBY ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order and on or before September 30, 1956, in conformity with General Order No. 96, revised tariff schedules with changes in exchange and toll rates, charges and

base rate areas revised as set forth on Exhibits Nos. 1 and 2, and, after not less than five days' notice to the Commission and to the public, to make said rates effective for service furnished on and after the consolidation.

2. Coincident with the consolidation of the Beckwourth and Portola exchanges, applicant is authorized to cancel its present rate schedules and map effective for telephone service in the Beckwourth area and to discontinue its present Beckwourth toll rate point.

3. Applicant is authorized to serve as deviations two Beckwourth farmer line customers located in the expanded portion of the Beckwourth base rate area.

4. The authority granted herein will expire unless exercised on or before September 30, 1956.

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.

John E. ...
 President

Justin F. ...

Ray ...

...

R. ...
 Commissioners