

ORIGINALDecision No. 53245

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 file and make effective rates for
 extended residence two-party line
 message rate service and withdraw the
 offering of extended residence four-
 party line flat rate service in
 certain exchanges in the San Francisco-
 East Bay and Los Angeles extended
 areas.

Application No. 38091

OPINION AND ORDER

By the above-entitled application filed on June 1, 1956, The Pacific Telephone and Telegraph Company seeks authorization under Section 454 of the Public Utilities Code to (1) file and make effective rates for extended residence two-party line message rate service in seven exchanges in the San Francisco-East Bay extended area and two exchanges in the Los Angeles extended area as set forth on Exhibit A of the application, and (2) coincident with the introduction of such residence two-party line message rate service, withdraw the offering of four-party line flat rate service in such exchanges and cancel and withdraw rates applicable thereto.

In accordance with the option^{1/} permitted in ordering Paragraph 6(b) of Decision No. 41416, dated April 6, 1948 in

^{1/} Ordering Paragraph 6(b) of Decision No. 41416 states:
 "Semi-selective signaling may be installed on four-party lines in multi-office exchanges or within extended areas where applicant elects ultimately to provide only two-party service."

Application No. 28211, The Pacific Telephone and Telegraph Company asserts that it is proceeding with its program for the introduction of residence two-party line message rate service in lieu of residence four-party line flat rate service in exchanges in the San Francisco-East Bay, Los Angeles, and San Diego extended areas, and in Orange County. During the remainder of 1956 and the year 1957, applicant proposes to introduce residence two-party line message rate service in lieu of residence four-party line flat rate service in nine exchanges. A comparison of present rates for residence four-party line flat rate service with applicant's proposed rates for residence two-party line message rate service in each of the nine exchanges follows:

<u>Exchange</u>	<u>Rate Per Month</u>	
	<u>Present Four-Party Line Flat Rate Service</u>	<u>Applicant's Proposed Two-Party Line Message Rate Service</u>
<u>San Francisco-East Bay Extended Area</u>		
Corte Madera	\$3.20	\$3.00(60) 4.4¢
Millbrae	3.20	3.00(60) 4.4
Redwood City	3.20	3.00(60) 4.4
Sausalito	3.20	3.00(60) 4.4
South Washington	3.20	3.00(60) 4.4
Sunnyvale	3.45	3.00(60) 4.4
Woodside	3.20	3.00(60) 4.4
<u>Los Angeles Extended Area</u>		
Lomita	2.70	2.70(60) 4.25
Torrance	2.70	2.70(60) 4.25

Note: The rate of \$3.00(60) 4.4¢ indicates a monthly rate of \$3.00 for the first 60 exchange message units and 4.4 cents for each exchange message unit over the allowance of 60.

The applicant estimates that the substitution of residence two-party message rate service for residence four-party flat rate service in the nine exchanges enumerated above at its proposed rates will result in an estimated annual revenue reduction of \$164,400. These revenue estimates assume certain regrading of service from

residence two-party flat rate to two-party message rate service and certain average message usage upon introduction of the two-party message rate service. A summary of applicant's estimate of revenue reduction by exchanges together with the approximate date on which applicant proposes to introduce the residence two-party message rate service, are set forth in the tabulation following.

Exchange	Applicant's Estimate of Gross Annual Revenue Effects	Approximate Date for Introduction of Residence 2-Party Message Rate Service
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San Francisco-East Bay
Extended Area

Corte Madera	\$ (11,000)	April 6, 1957
Millbrae	(12,800)	July 15, 1956
Redwood City	(64,000)	May 11, 1957
Sausalito	(5,700)	April 6, 1957
South Washington	(10,900)	July 15, 1956
Sunnyvale	(35,000)	July 6, 1957
Woodside	(2,500)	September 5, 1956
Subtotal	<u>(141,900)</u>	

Los Angeles Extended Area

Lomita	(11,800)	August 7, 1956
Torrance	(10,700)	July 27, 1956
Subtotal	<u>(22,500)</u>	
Total	(164,400)	

() Denotes decrease.

Applicant states that the provision of residence two-party line message rate service in lieu of residence four-party line flat rate service will provide a better service to subscribers within metropolitan areas in that there will be a maximum of two subscribers per line rather than four, that it will make possible more extensive use of dialing of interexchange calls and mechanical billing and that it will result in savings of switchboard positions and operator labor.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary and that a granting of the application as herein provided should improve 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 introduction of residence two-party message rate service, for the future will be unjust and unreasonable, therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the rates for extended residence two-party line message rate service shown in Exhibit A attached to the application and, after not less than five days' notice to the Commission and the public, to make said rates effective for service rendered on and after the introduction of such service in the Corte Madera, Lomita, Millbrae, Redwood City, Sausalito, South Washington, Sunnyvale, Torrance and Woodside exchanges.

IT IS HEREBY FURTHER ORDERED that coincident with the introduction of extended residence two-party line message rate service as authorized hereinabove, applicant is authorized to withdraw the offering of residence four-party line flat rate service in said exchanges and to cancel and withdraw the rates applicable thereto.

IT IS HEREBY FURTHER ORDERED that the authority granted herein will expire unless exercised on or before December 1, 1957.

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

Dated at San Francisco, California, this 19th day of June, 1956.

[Signature]
President
Justice J. Caswell
Raul J. Interim
[Signature]
Commissioners