

ORIGINAL

Decision No. 53298

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 CALIFORNIA WATER & TELEPHONE COMPANY
 AND COACHELLA VALLEY HOME TELEPHONE &
 TELEGRAPH CO. for determination as to
 whether the public interest requires the
 establishment of extended service
 between certain areas within the Palm
 Springs and Coachella Valley exchanges
 in Riverside County, and, in the event
 that it is determined that the public
 interest so requires or justifies, for
 authority to establish rates for said
 extended service, and to make appropri-
 ate changes in existing exchange and
 toll service rates.

Application No. 37807

PALM SPRINGS CHAMBER OF COMMERCE,
 CATHEDRAL CITY CHAMBER OF COMMERCE,
 RANCHO MIRAGE CHAMBER OF COMMERCE,
 PALM DESERT CHAMBER OF COMMERCE,
 California non-profit corporations,

Complainants,

vs.

Case No. 5740

COACHELLA VALLEY HOME TELEPHONE AND
 TELEGRAPH COMPANY,
 CALIFORNIA WATER AND TELEPHONE COMPANY,

Defendants.

In the Matter of the Investigation on
 the Commission's own motion into the
 rates, rules, regulations, charges,
 tolls, classifications, contracts,
 practices, operations, facilities and
 service, or any of them, of California
 Water & Telephone Company, Coachella
 Valley Home Telephone & Telegraph
 Company and The Pacific Telephone and
 Telegraph Company.

Case No. 5741

(Lists of Appearances and Witnesses are set forth in Appendix A)

INTERIM OPINION

The three above-entitled matters are concerned primarily with the subject of improved telephone service in Palm Springs and

Palm Desert and adjacent areas in Riverside County. Application No. 37807 was filed on March 6, 1956 for the purpose of determining whether or not the public interest requires the establishment of extended telephone service between the Palm Desert serving area of the Coachella Valley Home Telephone & Telegraph Company (hereinafter referred to as "Coachella") and a portion or all of the Palm Springs exchange of the California Water & Telephone Company (hereinafter referred to as "California") and, if so, to secure authorization for changes in plant, cancellation of the toll rate, and increases in exchange rates to offset the net cost thereof.

Case No. 5740 consists of a complaint by Palm Springs Chamber of Commerce, Cathedral City Chamber of Commerce, Rancho Mirage Chamber of Commerce, and Palm Desert Chamber of Commerce, (hereinafter referred to as "Chambers") against "Coachella" and "California" with regard to the level of rates and the inadequacy of the service furnished by these two public utilities.

Case No. 5741 is an investigation on the Commission's own motion in order to make The Pacific Telephone and Telegraph Company (hereinafter referred to as "Pacific"), which company furnishes some of the toll service in the area, a party to the proceeding, and to consolidate these three matters for hearing. The purposes listed in the order of investigation are:

- (1) To inquire into and to ascertain the justification for and feasibility of providing extended telephone service or other alternate telephone service and rate arrangements within and between the Palm Springs and Coachella Valley telephone exchanges or portions thereof located in Riverside County.
- (2) To inquire into and to ascertain the adequacy of the present calling areas and service arrangements within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;
- (3) To inquire into and to ascertain for each respondent the traffic, revenue and expense effects of introducing extended service or other alternate

telephone service and rate arrangements within and between the Palm Springs and Coachella Valley telephone exchanges or portions thereof;

- (4) To inquire into and to ascertain the rate effects on subscribers to telephone service of providing extended service or other alternate telephone service and rate arrangements within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;
- (5) To inquire into and to determine for each respondent whether its service, operations, rules, practices, and facilities within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof are improper, inadequate or insufficient and whether each respondent or any of them should be directed to make extensions, repairs, improvements, or changes in, or additions to, existing systems in the public interest;
- (6) To inquire into any other matter or thing relating to the introduction of extended service or other alternate telephone service and rate arrangement within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;
- (7) To issue any order or orders that may be lawful and appropriate in the exercise of the Commission's jurisdiction in the premises.

Public Hearing

After due notice, public hearing on a consolidated record was held on the above matters on the following dates: April 2, 3, and May 2, 3, 4, and 29, 1956. Four days of hearings were held in Palm Springs and one day in Desert Hot Springs. In addition, one day of hearing was held in San Francisco. All hearings were held before Commissioner Rex Hardy and Examiner M. W. Edwards. The first two days were devoted to witnesses called on behalf of the "Chambers" or from telephone subscribers in the area. Extended service studies by "Coachella" and "California" were presented on May 3, 1956. In addition, studies of the effects of extended service were presented by "Pacific". At the close of the hearing on May 4, 1956, when it became apparent that there

could be no relief under the extended service plans until October 1957, the presiding Commissioner requested that conferences be held between the companies and the Commission staff to develop some plan of interim relief during the 1956-57 desert winter season, considerably prior to the companies' indicated relief date in October 1957. Conferences were held on May 11 and 14, 1956, the results of which were presented at the May 29, 1956 hearing in San Francisco.

Nature of Rate and Service Complaints

A matter of principal concern to the telephone users was the toll rate of 35 cents for initial period station messages between Palm Desert and Palm Springs. Some of these calls were simply across the street on which the boundary line between the service areas of "Coachella" and "California" is located. There were also several general items of complaint by many witnesses, such as:

- (1) Slow operator response for local and long distance,
- (2) No dial tone,
- (3) Busy signal before completing dialing,
- (4) Lack of interceptor service,
- (5) Cutoffs and interruption of calls,
- (6) Fading and poor transmission on calls,
- (7) Incorrect timing and charges on toll calls,
- (8) Inability to obtain higher grades of service, and
- (9) Cross talk and party line interference.

In addition, there were a number of specific complaints dealing with individual service difficulties. The presiding Commissioner required the companies to investigate and report on each individual complaint.

Extended Service Studies

"Coachella" and "California" presented six plans relating to the toll rate problem between Palm Desert and Palm Springs by Exhibits Nos. 9 and 11. Plans 1A and 1B reduced the toll rate from 35 to 20 cents, but did not provide for extended

service. Plans 2 and 4 provide for extended service between Palm Desert and the Cathedral City portion of the Palm Springs exchange. Toll calls between Palm Desert and Palm Springs (Main) would be 20 cents under Plan 2 and 35 cents under Plan 4. Plans 3 and 5 provide for extended service between Palm Desert and the entire Palm Springs exchange without any toll charge. The difference between Plans 3 and 5 is that under Plan 3 the toll rate would be reduced from 35 to 20 cents some time before the introduction of extended service, whereas under Plan 5 the toll charge would be eliminated at the time extended service is introduced.

Proposed Service Improvements

"California", in its Exhibit No. 3 and through testimony of witnesses, presented a 1956 construction program totaling \$911,460 for additional facilities in Palm Springs exchange. This program contemplates increased central office equipment, additional outside plant, including trunk cables to Cathedral City, upgrading of service and provision for telephone growth. Such program for the most part is in addition to the facilities required for the introduction of extended service. Also in 1957 toll service will be further improved by providing facilities which will permit Palm Springs customers to dial directly the long distance operator in San Bernardino. With respect to service improvements in Desert Hot Springs, the record reveals a construction program of some \$52,290 in 1956. This program includes eight additional trunks to Palm Springs three of which have already been placed in service, a new central office building, additional central office equipment and miscellaneous line construction, all of which should tend to improve the service to and from Desert Hot Springs.

"Coachella's" construction program totals \$180,000 for 1956, \$405,000 for 1957 and \$190,000 for 1958. This program contemplates additional trunks from Palm Desert and La Quinta to Thermal, central office additions, relocation of toll center, installation of automatic toll ticketing equipment, and interceptor service.

"Pacific", for the 1956-57 season, is adding 92 positions of switchboard in San Bernardino in addition to the 159 positions presently existing. It is also providing additional toll circuits to Palm Springs and to Coachella, and, by the fall of 1957, plans to introduce a dial toll switching system in San Bernardino which will materially improve the handling of toll messages to Palm Springs, Desert Hot Springs and Coachella exchanges.

Proposals for Interim Relief

By providing direct facilities between Palm Desert central office and Palm Springs central offices (Main and Cathedral City), the companies forecast they can provide improved toll service at a 20-cent initial period rate by December 1, 1956. At present a toll call between Palm Desert and Palm Springs is routed from Palm Desert to Thermal to Whitewater and thence to Palm Springs which requires handling by two operators. This proposal will eliminate one operator and provide ten direct trunks to Palm Springs. It will also reduce charges to customers by \$6,300 on an annual basis.

The companies estimate that this reduced toll rate will double the traffic, but because of increased plant and expenses and change in toll settlements, "California's" net revenues before income taxes would be reduced \$10,700, and "Coachella's" would be increased \$2,000. "Pacific", which now furnishes the toll circuits between Thermal and Palm Springs, will gain \$4,983 from toll settlements and release of plant.

Staff Interim Recommendation

The Commission's staff recommended an interim order authorizing:

- (1) Reduction in the toll rate between Palm Desert and Palm Springs exchange to 20 cents for a three minute station service toll message with appropriate reductions in person and overtime rates no later than December 1, 1956 and continuing until extended service is established; and
- (2) Introduction of extended service between Palm Desert and Palm Springs exchange effective no later than October 1, 1957, as contemplated by Plan 5.

Also, the staff recommended that the matters be taken off the calendar and, following completion of the staff's study of revenue and cost effects of extended service and service matters, the proceedings be reset for final hearings and determination by the Commission.

The question was raised as to the effect this interim step would have on "California's" and "Coachella's" over-all construction programs. These companies contended that there would be some delay in their respective regular construction programs to accomplish this interim step. However, since the amount of capital involved in the interim step represents less than one per cent of the total programs, the evidence shows that by and large the delays which may be experienced in the regular construction programs would not be consequential.

Findings and Conclusions

After considering the record thus far made on these matters, it is the Commission's finding that extended service between Palm Desert and Palm Springs exchange is in the public interest and should be placed in operation on or before October 1, 1957. Pending final disposition of these matters, it is concluded

that Plan 5, together with interim toll relief, should be authorized. The Commission realizes that the "Chambers" requested Plan 3, but that with the interim toll relief hereinafter ordered the authorization of Plan 5 is essentially equivalent to Plan 3. None of the parties opposed this proposal at the hearing on May 29, 1956.

In this instance the Commission finds it is reasonable to authorize the introduction of a 20-cent toll rate for initial period station service between Palm Desert and Palm Springs pending introduction of extended service, and on or before December 1, 1956.

It is evident that the telephone companies are not providing a type, grade, and quality of service that is reasonably adequate and it certainly does not meet the telephone needs of the subscribers in Palm Springs, Palm Desert, Desert Hot Springs and vicinity. The program of new construction necessary to place Plan 5 in operation, together with the toll rate reductions hereinafter ordered, should improve service for the 1956-57 season. It does not appear that these improvements in the 1956-57 season will take care of all complaints, since the record reveals that some of the improvements cannot be effected until the fall of 1957. The companies will be required to expedite completion of their service improvement programs as outlined in this order to the end that reasonably adequate service is furnished to the public in the areas embraced by these proceedings without undue delay.

The Commission is of the opinion and so finds that these matters should be held open pending completion of the Commission staff's studies and for such additional evidence as will complete the record in these matters.

INTERIM ORDER

Public hearings having been held on a consolidated basis in Application No. 37807 and Cases Nos. 5740 and 5741, and it being the opinion of the Commission that an interim order should be issued, the matters having been submitted for interim relief; therefore,

IT IS HEREBY ORDERED that California Water & Telephone Company and Coachella Valley Home Telephone & Telegraph Company are authorized to diligently proceed to introduce extended service between Palm Desert and Palm Springs, as contemplated by Plan 5 in Exhibits Nos. 9 and 11, on or before October 1, 1957, at rate levels to be subsequently determined and fixed by the Commission.

IT IS HEREBY FURTHER ORDERED as follows:

- (1) California Water & Telephone Company, after the effective date of this order, is authorized to file in quadruplicate with this Commission revised tariff schedules to effectuate the reduction in toll rate between Palm Desert and Palm Springs as set forth in Exhibit No. 14 on establishment of facilities as proposed in Exhibit No. 13 on or before December 1, 1956. Such tariff filing shall become effective on not less than five days' notice to this Commission and to the public;
- (2) Coachella Valley Home Telephone & Telegraph Company, after the effective date of this order, is authorized to file in quadruplicate with this Commission revised tariff schedules to effectuate the reduction in toll rate between Palm Desert and Palm Springs as set forth in Exhibit No. 15 on establishment of facilities as proposed in Exhibit No. 13 and filing of a map designating the Palm Desert area on or before December 1, 1956. Such tariff filing shall become effective on not less than five days' notice to this Commission and to the public;
- (3) Coincident with the effective date of the tariff schedules authorized in (1) and (2) above, the present toll rate between Palm Springs and Palm Desert as filed by The Pacific Telephone and Telegraph Company shall no longer be applicable; and

- (4) These matters are held open pending completion of the Commission staff's studies and for such additional evidence as will complete the record in these proceedings.

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

Dated at San Francisco, California, this 26th day of June, 1956.

John E. Mitchell
President
Justin J. Calmes
Paul L. Lutz
Montgomery

Commissioners

Commissioner Rex Hardy, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

LIST OF APPEARANCES

Bacigalupi, Elkus E. Salinger, by Claude N. Rosenberg, and Peter A. Nenzel, for California Water & Telephone Company, applicant in Application No. 37807, defendant in Case No. 5740, and respondent in Case No. 5741; Pillsbury, Madison & Sutro by Arthur T. George and Dexter C. Tight, for The Pacific Telephone and Telegraph Company, respondent in Case No. 5741; Neal C. Hasbrook, for Coachella Valley Home Telephone and Telegraph Company, applicant in Application No. 37807, defendant in Case No. 5740, and respondent in Case No. 5741, and for California Independent Telephone Association, interested party; Harry B. Cannon, for complainant in Case No. 5740; Clayton B. Thomas, for Chambers of Commerce of Palm Springs, Cathedral City, Palm Desert and Rancho Mirage, complainant in Case No. 5740; Bert Buzzini and J. J. Deuel, for California Farm Bureau Federation, interested party; Clifford E. Babin, S. F. Benton, Garnet V. Taylor, Mrs. Garnet V. Taylor, John S. E. Young, John M. Addington, Mrs. J. G. Lukomski, Mrs. Alfred Young, in propria persona, interested parties; Alan Horton and Mrs. Ben H. Read, for Desert Hot Springs Chamber of Commerce and in propria persona, interested parties; Roslyn Martin, for Martin-Bratstrud, Inc., and in propria persona, interested party; Ted Shaw, protestant; William C. Bricca and William Dunlop, for the Commission staff.

LIST OF WITNESSES

Evidence was presented on behalf of complainants by: Orville Zappe, Loren D. Burke, Mrs. Mary Ann Hudson, Mrs. Ruth Steiner, Mrs. Kolvin K. Larsen, R. T. Forbes, Dr. Robert Morrey, Mrs. Francis R. Knox, Victor Petitto, Leslie Yoxsimer, George W. Dulany, Anthony Burke, Ralph Phillips, George McCann, Mrs. Ruth Biles, John Noyes, Mrs. Gwen Friede, Ed George, Clifford Henderson, Mrs. Edith Cotner, Mrs. Masie Squires, Dr. William Patton Aikin, Edward Mullins, George Merrill Roy, Jimmie Cooper, Eddy Davidson, Randall Henderson, M. G. Munier, Sargeant Trupiano, Earnest Ball, William Tackett.

Evidence was presented on behalf of Desert Hot Springs area by: Alan Horton, Mrs. Ben H. Read, John S. E. Young, John M. Addington, Marie Maher, Roslyn Martin, Clifford E. Babin, Margery Hazel, Mrs. W. A. Bordway, Mrs. J. G. Lukomski, Mrs. Alfred Young, Garnet V. Taylor.

Evidence was presented on behalf of La Quinta Chamber of Commerce by: Lily Heffernan and Warner E. Gilmore.

Evidence was presented by John Van Pelt and Frank H. Fletcher.

Evidence was presented on behalf of California Water & Telephone Company by: Peter A. Nenzel, Fred H. MacGougan, and James Naylor.

Evidence was presented on behalf of Coachella Valley Home Telephone and Telegraph Company by J. C. Newman.

Evidence was presented on behalf of The Pacific Telephone and Telegraph Company by: Ralph P. Lowe and Clifford F. Goode.

Evidence was presented on behalf of the Commission staff under Section 2055 of the Code of Civil Procedure by: Peter A. Nenzel and W. C. Nash.