

Decision No. 53844**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) Application No. 37955
 to establish a Special Rate Area in)
 the El Cajon exchange, San Diego)
 County.)

Pillsbury, Madison & Sutro, attorneys, by Arthur T. George and Dexter C. Tight, for applicant.
J. J. Deuel and Bert Buzzini, for California Farm Bureau Federation; John K. Wilson, president, for Alpine Chamber of Commerce; Father Joseph di Cristina, for parishioners, and residents of West Victoria Drive area; Clarke Irvine, editor and publisher, The Alpine Sun; interested parties.
Melvin E. Mezek, for the Commission staff.

O P I N I O N

The Pacific Telephone and Telegraph Company,^{1/} a corporation, by the above-entitled application filed April 23, 1956, seeks authority to establish a special rate area in its El Cajon exchange, San Diego County, in the territory delineated on the map, Exhibit A, page 2, attached to the application, all within its San Diego extended area.

A public hearing on this matter was held before Examiner Stewart C. Warner on August 2, 1956, at Alpine. No protests were entered at the hearing, but Father di Cristina requested that the proposed special rate area boundaries be substantially expanded.

As shown on the map, Exhibit A, page 1, the community of Alpine, having 115 telephone subscribers within its immediate confines of one square mile, is located about 11 miles east of the City of El Cajon on U. S. Highway No. 80.

^{1/} Hereinafter referred to as Pacific, or applicant.

Applicant's present telephone service available to Alpine is furnished from applicant's El Cajon exchange in the San Diego exchange area. Telephone service available to Alpine subscribers is of two types, viz., urban and suburban.

Urban telephone service includes individual line flat and message rate business extended service, flat and message rate PBX trunks, semi-public individual line service, and 1-party, 2-party and 4-party flat rate residence extended service. The present rates applicable to such service are shown on Exhibit D. Each of said types of urban service furnished outside the El Cajon base rate area is subject to the application of mileage charges for each one-quarter mile measured from the boundary of El Cajon base rate area.^{2/} The distance from Alpine to the nearest point of the El Cajon base rate boundary is approximately 8 miles.

Suburban service includes 10-party lines against which no mileage charges are applicable. Suburban service rates are also shown in Exhibit D.

In the area served by the Alpine Central office, as of November, 1955, there were approximately 900 telephone subscribers of whom approximately 339 would be affected by the instant application.

Applicant alleged that many of its subscribers in the Alpine area had requested applicant to propose the establishment of rates which would eliminate or reduce their monthly charges which were unusually high because of the application of mileage

^{2/} Mileage charges applicable to the El Cajon exchange are as follows:

Business and residence individual line	\$.50
Residence 2-party line35
Residence 4-party line25

charges to urban service. They based their requests on their belief that present rates were a deterrent to the growth of the community.

As a result of these requests applicant proposed the establishment of the Alpine special rate area which would encourage the upgrading of service therein but would reduce the monthly charges to the subscriber upgraded. Exhibit C is a copy of a letter from the Alpine Chamber of Commerce which sets forth the support of the Alpine Business Men's Association and members of the Alpine Chamber of Commerce for applicant's proposal.

Applicant conducted a study on November 29, 1955, results of which were submitted as Exhibit B. Said exhibit shows that of the total of 115 business and residence service subscribers in the proposed Alpine special rate area, ten were being furnished service on a 1-, 2-, and 4-party urban service basis, and 105 on a multi-party suburban service basis.^{3/} All of the subscribers who could be contacted, totaling 105, except one, requested 1-, 2- or 4-party urban service under the plan proposed in the application herein. Under said plan a subscriber to business individual line flat rate service would be charged a flat rate of \$17.50 per month with no mileage charges as contrasted to a present charge of an average

^{3/} Exhibit No. 4 shows the following types of service within a 2½-mile radius and immediately outside the proposed Alpine special rate area as of November, 1955, which would be affected by the instant application.

<u>Business</u>	<u>Number of Services</u>
Individual line flat and message rate	3
Suburban line flat rate	14
<u>Residence</u>	
Individual line 2- or 4-party flat rate	8
Suburban line flat rate	199
Total	224

of \$28.50 per month based on a flat rate of \$12.50 plus \$16 (32/4 at \$.50) mileage charges; a subscriber to residence 2-party line flat rate service would be charged a flat rate of \$5 per month with no mileage charges as contrasted with a present charge of an average of \$14.45 per month based on a flat rate of \$3.25 plus \$11.20 (32/4 at \$.35) mileage charges.

Under applicant's proposal, no business or residence suburban service would be available within the proposed Alpine special rate area and all subscribers would be required to subscribe to urban service. No increase in charges to either urban or suburban subscribers outside the proposed special rate area would result from applicant's proposal.

With respect to subscribers outside the proposed Alpine special rate area those subscribing to urban service would be furnished such service at the special rate area or El Cajon base rate area rates plus the charge for suburban mileage measured to the nearest point on the Alpine special rate area or the El Cajon base rate area boundary, whichever would result in the lower charge to the subscriber. Applicant also proposed that all toll telephone messages originating from or terminating in the proposed Alpine special rate area would continue to be rated from the El Cajon toll rate center.

Exhibits E and No. 3 show the estimated differential plant effects (based on station development in the Alpine special rate area as of October 1, 1954) and annual revenues and expenses (based on station development as of October 1, 1955) of the proposed plan. Said exhibits show total annual cost effects, utilizing a 7 per cent rate of return to compute annual charges on net increase in plant investment, of \$11,400, and total net annual revenue effects of \$1,800. Said revenue effects include estimated annual gains

of \$6,900 in basic exchange service, and \$600 in local message charges offset by estimated annual losses of \$5,200 for mileage charges, and \$500 from discontinuance of toll stations.

Applicant proposed to effect the establishment of the Alpine special rate area during the fourth quarter of 1957.

From a review of the record the Commission finds the application to be reasonable and the order which follows will provide that it be granted. The Commission finds that any increases in charges or rates which may result to individual subscribers by the application of the rates authorized hereinafter to be filed, are justified.

The request of Father di Cristina that the proposed rate area boundaries be expanded to include the S $\frac{1}{2}$ of Section 22, the SW $\frac{1}{4}$ of Section 23, the W $\frac{1}{2}$ of Section 26, the E $\frac{1}{2}$ of Section 33, and the W $\frac{1}{2}$ of Section 34, should be studied by applicant in the same manner that the proposed area was studied and the results of such studies should be submitted to the Commission with a copy to each appearance of record herein within 180 days after the effective date of the order, and the order which follows will so provide.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision based on the evidence of record and findings,

IT IS HEREBY ORDERED as follows:

(1) That The Pacific Telephone and Telegraph Company be and it is authorized to establish its Alpine special rate area in the El Cajon exchange as shown on Exhibit A, page 2, attached to the application.

(2) That applicant be and it is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, revised tariff schedules with changes in rates, charges and conditions to reflect the proposed special rate area rates for business and residence extended service, as set forth in Exhibit D attached to the application, and after not less than five days' notice to this Commission and to the public to make said revised tariff schedules effective coincident with the establishment of the Alpine special rate area.

(3) That applicant shall refile its El Cajon exchange rates to indicate their applicability in the base rate and suburban areas.

(4) That applicant shall provide in its Alpine special rate area rates and in its El Cajon base rate area rates, a provision for the measurement of suburban mileage from either the special rate area boundary or the base rate area boundary depending on which measurement, when combined with the rates for service in the corresponding special rate area or base rate area, will result in the lower monthly charge to a subscriber.

(5) That the establishment of the Alpine special rate area herein authorized shall be effected no later than December 31, 1957, and that applicant shall report to the Commission in writing the exact date on which service is proposed to be furnished; the rates for telephone service in the Alpine special rate area not to be effective until the establishment of such service.

IT IS HEREBY FURTHER ORDERED as follows:

That applicant shall make a study of the types of service now being furnished and the types of service which would be requested in, and the estimated differential plant effects and annual revenues and expenses of, an enlargement of the Alpine

special rate area boundaries, hereinbefore authorized to be established, to include the areas set forth in the preceding opinion, and shall report to the Commission in writing within one hundred eighty days after the effective date hereof the results of such study, with a copy to each appearance of record herein.

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

Dated at San Francisco, California, this 1st day of October, 1956.

[Signature]
 President

[Signature]

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 Commissioners