

ORIGINAL

Decision No. 54393

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 publish, file and place in effect)
 exchange and interexchange rates in)
 an exchange to be designated Cobb)
 Mountain, Lake County, California,)
 and to transfer a portion of Lower)
 Lake exchange into the proposed Cobb)
 Mountain exchange.)

Application No. 38652

OPINION AND ORDER

By the above-entitled application filed on December 11, 1956, The Pacific Telephone and Telegraph Company seeks an order of this Commission pursuant to Section 489 of the Public Utilities Code to (1) establish an exchange to be known as Cobb Mountain in Lake County, with exchange and base rate areas as shown on Exhibits A and B, respectively, attached to the application; (2) file and make effective coincident with the establishment of the Cobb Mountain exchange, rates as shown on Exhibit D attached to the application; (3) establish a toll rate center in the Cobb Mountain Exchange; and (4) transfer a portion of the Lower Lake exchange to Cobb Mountain exchange.

The application shows that the resort communities of Cobb, Whispering Pines, Adams Springs, Forest Lake, Gordon Springs, Hoberg's Loch Lomond, Seigler Springs and Howard Hot Springs are located in Lake County about 10 miles southeast of Kelseyville and 8 miles northwest of Middletown on or near Highway 29; that approximately 700 permanent residents live within the resort area; that the population increases to approximately 2,000 during summer months; that telephone service in this area during summer months,

consisting of 18 public and 9 semipublic toll stations, has proved inadequate in view of a petition received by applicant containing 92 signatures requesting exchange dial service; and that as a result of a canvass of the area conducted by Pacific Company, 173 applicants indicated a desire for exchange telephone service.

To meet the demands for exchange telephone service in the area, applicant proposes to construct a dial central office within the proposed Cobb Mountain exchange and to establish a base rate area comprising approximately 0.9 square mile of the more closely developed portions of the exchange. The exchange area proposed by applicant is some 27.5 square miles in size and includes an area of about one square mile, presently included within applicant's Lower Lake exchange, which is proposed to be transferred to the Cobb Mountain exchange. Applicant asserts that Lower Lake farmer line service is currently being furnished to Howard Hot Springs within the said area it proposes to transfer to Cobb Mountain exchange; that the farmer line is in need of extensive repairs; and that the subscriber has applied for Cobb Mountain exchange service rather than incur the cost of rehabilitation.

The rates which applicant proposes for exchange telephone 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</u>	<u>Business</u>
	<u>Service</u>	<u>Service</u>
Individual line flat rate	\$4.05	\$6.50
Two-party line flat rate	3.50	5.25
Four-party line flat rate	2.95	-
Suburban ten-party line flat rate	3.45	4.75

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 plans to establish a toll rate center at a point within the proposed base rate area of the Cobb Mountain exchange.^{1/} At the time exchange service is available, applicant proposes to discontinue all toll stations in the area.

Applicant estimates that construction and installation work can be completed to permit establishment of the Cobb Mountain exchange as proposed within 18 months after Commission authorization, and that the entire project will require gross additions to plant in the amount of \$221,800.^{2/} During the first year of operation of the proposed Cobb Mountain exchange, applicant estimates the revenues will approximate \$31,400 at the rates it proposes and the operating expenses, taxes and return, will approximate \$60,700. Before income taxes and return the first year expenses are estimated by applicant to approximate \$36,500. Future growth in the area should reduce the indicated first year deficit. However, applicant is placed on notice that in any future rate proceeding this Commission will not burden applicant's other customers in California with any deficiency in rates occasioned by this application.

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

^{1/} The description of the proposed toll rate center is the NE $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Sec. 14, T. 11N., R. 8W. M.D.B.&M. The block and section designation is T 7-S.

^{2/} Exhibit E attached to the application.

in rates and charges as will result from a 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 Cobb Mountain exchange, will be unjust and unreasonable; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to file with this Commission, after the effective date of this order and on or before December 31, 1958, in accordance with General Order No. 96, the changes in rates, conditions and rules for exchange and toll telephone services as set forth on Exhibit D attached to the application and as discussed above, and maps of proposed exchange and base rate areas substantially as set forth on Exhibits A and B, respectively, attached to the application, and after not less than ten days' notice to this Commission and to the public to make said rates effective for telephone service in the Cobb Mountain exchange coincident with its establishment.
2. Coincident with the establishment of Cobb Mountain exchange applicant is authorized to revise its Lower Lake exchange boundary substantially as shown on Exhibit A attached to the application.
3. The authority granted herein will expire unless exercised on or before December 31, 1958.

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

Dated at San Francisco, California, this 15th day of January, 1957.

[Signature]
President

[Signature]

[Signature]

[Signature]

Commissioners