

Decision No. 54575**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 CENTRAL CALIFORNIA TELEPHONE COMPANY, )  
 a California corporation, for auth- )  
 ority to establish, maintain and )  
 operate the telephone exchange to be )  
 known as the Alpaugh Exchange and )  
 for authority to file, publish and )  
 make effective rates, rules and regu- )  
 lations for telephone service in said )  
 Alpaugh Exchange. )

Application No. 38655

J. P. Maguire for applicant.  
Neal C. Hasbrook for California Independent  
 Telephone Association, J. J. Deuel for  
 California Farm Bureau Federation,  
 interested parties.  
James F. Haley for the Commission staff.

O P I N I O NNature of Proceeding

By the above-entitled application, filed December 12, 1956, Central California Telephone Company, a California corporation, seeks an order of this Commission authorizing applicant to establish, operate and maintain an exchange to be known as Alpaugh exchange and authorizing the filing of rates and rules applicable to telephone service within such exchange.

Public Hearing

After due notice to the public, to the connecting utility and to each person now having telephone service in the proposed exchange area, public hearing in the matter was held before Examiner F. Everett Emerson on January 23, 1957 at Alpaugh, Tulare County.

Nature of Evidence

Oral testimony was offered by the president of applicant and by the manager of the Alpaugh Mutual Telephone Association. Documentary evidence consisted of the five exhibits attached to the application.

The community of Alpaugh lies about 18 miles south of the City of Corcoran and is a business center surrounded by agricultural activities. For many years telephone service in the area has been rendered by a mutual telephone association. The mutual presently provides switchboard and operator services to about 39 members who own and maintain their own lines and instruments. The facilities have become inadequate to provide reasonable telephone service. The problem of deteriorated and substandard outside plant facilities, lack of sufficient capital to modernize and expand the system and lack of trained telephone personnel to maintain existing plant or to install new plant, led the mutual in 1954 to seek modern dial telephone service from applicant.

After surveys of the territory by applicant, it was determined that it was feasible for applicant to serve the area provided applicant were to install all new plant and could charge for telephone service the same rates as are effective in applicant's Corcoran exchange. The board of directors and the members of the mutual were so informed and after the unanimous endorsement of applicant's proposal by the directors and the membership of the mutual, applicant filed the instant application.

The mutual agreed to continue serving its members until applicant's proposed new facilities are placed in operation, at which time the mutual will discontinue operations and its members will undertake the dismantling of the entire mutual system.

Applicant has already performed considerable work toward the establishment of the new exchange. The "cut-over" date for the new system is presently scheduled for March 16, 1957.

The schedules of exchange rates and charges proposed by applicant are basically the same as those now in effect in the Corcoran exchange of applicant. The principal classifications and proposed charges are as follows:

<u>Class and Grade of Service</u>	<u>Charge</u>
<u>Residence Service, per Month</u>	
1-party	\$4.00
4-party	2.70
10-party suburban	3.10
Extension	1.00
<u>Business Service per Month</u>	
1-party	6.00
2-party	4.75
10-party suburban	4.00
Extension	1.50
<u>Farmer Line, per Month</u>	
Residence	0.80
Business	1.35
<u>Mileage Charges, per</u>	
<u>One-Quarter Mile</u>	
1-party	0.50
2-party	0.35
4-party	0.25

Applicant proposes no change in the present toll rate for Alpaugh thereby effecting no change in toll rates for toll messages between Alpaugh and other points in California.

Applicant estimates that on a normal year basis annual gross revenues will amount to \$8,000, annual expenses to \$6,500 and net revenue to \$1,500. On applicant's estimated rate base of \$28,300 such net revenue will provide a rate of return of approximately 5.3 percent.

The money necessary to finance the Alpaugh exchange is available from internal sources or presently established bank credit.

Conclusions

Based upon the evidence, we find that it is in the public interest for applicant to establish the Alpaugh exchange as proposed. We further find that the rates, charges and rules proposed by applicant for service to be rendered in the new exchange are fair and reasonable.

O R D E R

Public hearing in the matter having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

- 1 Central California Telephone Company is authorized to establish its Alpaugh exchange and the base rate area thereof as set forth on Exhibits "B" and "C" attached to the application herein.
2. For service within said exchange, applicant is authorized to file with this Commission, after the effective date of this order and on or before June 30, 1957, in accordance with General Order No. 96, changes in rates, charges and conditions as specified in Exhibit "D" attached to the application, maps of exchange and base rate area as set forth in Exhibits "B" and "C", respectively, attached to the application, and rules presently filed and applicable to service in its exchanges, except Farmington, and after not less than ten days' notice to this Commission and to the public to make said rates effective coincident with the establishment of Alpaugh exchange.
3. Coincident with the establishment of said exchange, the presently effective toll rates applicable between Alpaugh and other points in California are continued in effect without change.

4. The authority granted herein will expire unless exercised on or before June 30, 1957.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of FEBRUARY, 1957.

John E. Mitchell  
President  
Paul G. [unclear]  
[unclear]  
[unclear]

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Commissioners

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