

Decision No. 54507

ORIGINAL

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 public interest)
so requires or justifies, for)
authority to establish rates for)
said extended service, and to make)
appropriate changes in existing)
exchange and toll service rates.)

Application No. 37807

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

O P I N I O N

On June 26, 1956, the Commission issued its first interim opinion and order in the above-entitled matter, which matter was consolidated with Cases Nos. 5740 and 5741 for hearing purposes. Therein the California Water & Telephone Company and the Coachella Valley Home Telephone & Telegraph Company were 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. The purpose of this opinion and order is to fix the rates for said extended service between Palm Desert and Palm Springs.

Further Public Hearing

The first interim opinion was issued after six days of hearing during April and May, 1956, in Palm Springs and Desert Hot Springs before Commissioner Rex Hardy and Examiner M. W. Edwards. Following the issuance of the first interim decision, three additional days of public hearing were held on January 3, 4 and 28, 1957, in Palm Springs. At the hearing on January 3 and 4, 1957, the Commission staff presented its study (Exhibit No. 18) of the proposed extended service and rates. These later days of hearings likewise were on a consolidated basis with Cases Nos. 5740 and 5741, and on January 28, 1957, this application for rates was submitted for decision.

Rates for Extended Service

The rates for extended service proposed by California Water & Telephone Company for its Palm Springs base rate area and Rancho Mirage special rate area compared to those proposed by the staff are shown in Table 4-A of Exhibit No. 18, and for the principal classifications of service are:

	<u>Palm Springs</u>		<u>Rancho Mirage</u>	
	<u>Base Rate Area</u>	<u>Staff</u>	<u>Special Rate Area</u>	<u>Staff</u>
	<u>Company</u>	<u>Staff</u>	<u>Company</u>	<u>Staff</u>
<u>Business</u>				
1-Party	\$8.70	\$8.55	\$9.70	\$9.55
2-Party	7.00	6.80	7.70	7.50
4-Party	6.75	6.50	7.25	7.00
Suburban	5.65	5.40	5.65	5.40
<u>Residence</u>				
1-Party	4.90	4.85	5.90	5.85
2-Party	4.05	3.95	4.75	4.65
4-Party	3.45	3.40	3.95	3.90
Suburban	4.00	3.95	4.00	3.95

The rates for extended service proposed by the Coachella Company for its Palm Desert area compared to those proposed by the staff are shown in Table 4-B of Exhibit No. 18 and for the principal

classifications are:

	<u>Palm Desert Base Rate Area</u>	
	<u>Company</u>	<u>Staff</u>
<u>Business</u>		
1-Party	\$10.80	\$10.05
2-Party	8.55	8.25
4-Party	8.05	6.95
Suburban	6.80	5.65
<u>Residence</u>		
1-Party	4.85	4.85
2-Party	4.10	4.10
4-Party	3.30	3.30
Suburban	3.55	3.55

Both the companies' and the staff's rates were based on recovering the net costs of providing the extended service after allowing for savings in operation, annual fixed charges on increased plant, and loss in toll revenue. The original initial three-minute station toll rate between Palm Springs and Palm Desert was 35 cents. The rate was reduced to 20 cents effective December 1, 1956, as an interim step pending introduction of extended service, and which will be entirely eliminated when the extended service is effected. The elimination of toll rates between these points is one of the principal factors requiring an increase in the basic exchange rates. The present local service rates in Palm Springs, Rancho Mirage and Palm Desert are:

	<u>Palm Springs</u>	<u>Rancho Mirage</u>	<u>Palm Desert</u>
<u>Business</u>			
1-Party	\$8.35	\$9.35	\$6.50
2-Party	6.65	7.35	5.25
4-Party	6.40	6.90	4.75
Suburban	5.30	5.30	4.50
<u>Residence</u>			
1-Party	4.75	5.75	4.00
2-Party	3.90	4.60	3.50
4-Party	3.35	3.85	3.00
Suburban	3.90	3.90	3.25

The difference between the staff's and companies' proposed rate levels results from a lower cost computation by the staff as

detailed in Tables 3-A and 3-B of Exhibit No. 18. The applicants, however, stated that they had no objections to the introduction of the extended service at the staff's proposed rate levels. No objection from other parties to the staff's proposed level of rates was voiced.

Revised Effective Date for Extended Service

At the January 28, 1957, hearing, it was learned that The Pacific Telephone and Telegraph Company will not be in position to effectuate toll dialing prior to October 19, 1957. The applicants herein have the problem of completing number and operation changes to fit in with this program which will not be effective until October 19, 1957. The delay in the introduction of extended service from October 1 to October 19, 1957, would simplify and aid in the inauguration of extended service from both the customers' and utilities' standpoint.

Findings and Conclusions

After considering the record in this matter, the Commission finds and concludes:

1. That extended service between Palm Desert and Palm Springs as contemplated by Plan 5 and previously authorized to be effective on or before October 1, 1957, should be revised to the date of October 19, 1957.
2. That, upon inauguration of the above-mentioned extended service, the staff's proposed level of rates should be adopted.
3. That the increases in rates and charges authorized herein upon the inauguration of extended service are justified and that present rates, in so far as they differ from those herein prescribed thereafter are unjust and unreasonable, and that an order should be issued authorizing the extended service rates and cancelling the toll rate between Palm Desert and Palm Springs.

O R D E R

Additional public hearing having been held, and it being the opinion of the Commission that an order setting rates for extended service now should be issued, the matter having been submitted and being ready for decision; therefore,

IT IS ORDERED as follows:

1. California Water & Telephone Company and Coachella Valley Home Telephone and Telegraph Company, after the effective date of this order, and on or before October 19, 1957, are authorized to file in quadruplicate with this Commission revised tariff schedules for extended service between Palm Springs and Palm Desert at the level of rates proposed by the Commission staff in Exhibit No. 18 and coincident therewith cancel toll telephone rates between Palm Springs and Palm Desert. Such tariff filing shall become effective on not less than five days' notice to this Commission and to the public.
2. The date for introduction of extended service as authorized by Decision No. 53298 is revised from on or before October 1, 1957, to on or before October 19, 1957.

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

Dated at San Francisco, California, this 25th day of FEBRUARY, 1957.

John E. Mitchell
 President
James H. [unclear]
[unclear]
[unclear]
 Commissioners

APPENDIX A
Page 1 of 2LIST OF APPEARANCES

Bacigalupi, Elkus E. Salinger, by Claude N. Rosenberg, and Peter A. Menzel, 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. Ticht, 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 E. 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; Colonel Joseph Godley for LaQuinta Chamber of Commerce; protestants; William C. Bricca and William Dunlop, for the Commission staff.

LIST OF WITNESSES

Evidence was presented on behalf of complainants by: Oroville Zappe, Loren D. Burke, Mrs. Mary Ann Hudson, Mrs. Ruth Steiner, Mrs. Kelvin 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 Gotner, Mrs. Masie Squires, Dr. William Patton Aikin, Edward Mullins, George Merrill Roy, Jimmie Cooper, Eddy Davidson, Randall Henderson, M. G. Munier, Sargeant Trupiano, Ernest Ball, William Tackett, Natalie Hoffman, Edgar Schill, Milo Morrison, Lessie A. Keeley, Angela B. Stanley, Ivan Sharp, Ray Stager, Henry L. Gogerty.

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, Warner E. Gilmore, and Joseph Godley.

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

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Evidence was presented on behalf of California Water & Telephone Company by:

Peter A. Nenzel, Fred H. MacGougan, James Naylor and H. J. Irwin.

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 by: Melvin E. Mezek and Richard Hester, and under Section 2055 of the Code of Civil Procedure by: Peter A. Nenzel and W. C. Nash.