

**ORIGINAL**Decision No. 55592

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 )	Application No. 39340
exchange and interexchange rates in )	
an exchange to be designated Elk, )	
Mendocino County, California. )	

OPINION AND ORDER

By the above-entitled application filed on August 20, 1957, 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 Elk in Mendocino County, with exchange and base rate areas as shown on Exhibit A, pages 1 and 2, respectively, attached to the application; (2) file and make effective coincident with the establishment of the Elk exchange, rates as shown on Exhibit C attached to the application; (3) establish a toll rate center in the Elk exchange; and (4) deviate from Decision No. 41416, dated April 6, 1948, relating to the provision of selective signaling arrangements in said proposed Elk exchange.

The application shows that the community of Elk is located in unassigned territory in Mendocino County. It is situated along State Highway No. 1 about 19 miles north of Point Arena and about 17 miles south of Mendocino. Approximately 400 people live in the Elk area. Lumbering is the most important economic activity and sheep raising and apple growing are next in importance.

Applicant operated an exchange in the Elk area prior to 1939. It was discontinued July 15, 1939, at which time development had declined to two stations. Toll station service was provided

thereafter to meet telephone service requirements. The area is now served by 23 toll stations and two toll service stations connected to five circuits terminating in applicant's Point Arena toll office.

Applicant asserts that it has received numerous comments from residents of the Elk area indicating that toll station service is not adequate to meet their telephone needs and that early this year it was informed that a petition had been signed by 47 people requesting that applicant's facilities be extended generally throughout the Elk area. As a result, applicant made an engineering study which indicated it would be feasible to establish an exchange and provide exchange telephone service in the community of Elk and surrounding territory. Based on said study, applicant proposes to establish an exchange to be designated Elk, the boundaries of which are set forth on page 1 of Exhibit A attached to the application. The exchange as proposed by applicant includes an area of about 50 square miles.

Applicant proposes to establish a base rate area which will include the developed portions of Elk as shown on page 2 of Exhibit A attached to the application. The total area to be included within the base rate area is about two-tenths of a square mile.

The rates which applicant proposes for exchange telephone service are set forth on Exhibit C of the application and for the principal classifications are as follows:

	<u>Rate Per Month</u>	
	<u>Residence Service</u>	<u>Business Service</u>
Individual line flat rate	\$3.80	\$6.00
Two-party line flat rate	3.25	4.75
Four-party line flat rate	2.70	-
Suburban ten-party line flat rate	3.20	4.50

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 Elk exchange at the location of the Elk Post Office shown on the 1914 Post Route Map.<sup>1/</sup> Applicant proposes to discontinue all toll stations within the exchange area when exchange service becomes available.

The dial central office equipment which applicant proposes to install at Elk is a used North Electric unit available through replacement in another exchange. This equipment has an ultimate capacity of about 60 lines and is arranged for semiselective ringing on 4-party lines and divided code ringing on suburban lines. Because of the high cost involved, applicant assents it would not be practical to modify this equipment to provide full selective ringing on 4-party lines and semiselective ringing on suburban lines. In view of this, applicant requests that the Commission authorize applicant to deviate in this instance from the order in Decision No. 41416 dated April 6, 1948 relating to the provision of full selective signaling arrangements on company-owned stations served from exchanges converted to dial or placed in service after January 1949.

Necessary construction and installation work can be completed, according to the application, within 24 months. It appears that the entire project will require gross construction of \$41,600.<sup>2/</sup> For the first year of operation of the proposed Elk exchange, applicant estimates revenues will approximate \$13,100 at the rates it proposes compared with \$15,000 for expenses, taxes and return. Before income taxes and return, the first year expenses are

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<sup>1/</sup> The block and section designation of this proposed toll rate point is S6-L.

<sup>2/</sup> Exhibit D attached to the application.

estimated by applicant to approximate \$10,000. 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 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 Elk 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 September 30, 1959, 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 C attached to the application and as discussed above, and maps of proposed exchange and base rate areas as set forth on pages 1 and 2 of Exhibit A, 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 Elk exchange coincident with its establishment.

2. Applicant is relieved in this instance from the requirements set forth in the sixth paragraph of the order in Decision No. 41416, dated April 6, 1948, with respect to the initial installation of the

Elk dial central office, provided applicant files with this Commission within sixty days after the effective date of this order a written statement setting forth its plans and estimated date for the introduction of selective ringing in the proposed Elk exchange.

3. The authority granted herein will expire unless exercised on or before September 30, 1959.

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

Dated at Los Angeles, California, this 24<sup>th</sup> day of SEPTEMBER, 1957.

*W. L. ...*  
 President

*Paul ...*

*...*

*R. ...*

*E. ...*  
 Commissioners