

Decision No. 55753

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 author-
 ity to file and make effective rates
 for extended residence 2-party line
 message rate service and withdraw
 the offering of extended residence
 4-party line flat rate service in
 the Hayward, San Carlos-Belmont and
 San Mateo exchanges.

Application No. 39434

OPINION AND ORDER

The Pacific Telephone and Telegraph Company filed the above-entitled application on September 30, 1957, seeking authorization under Section 454 of the Public Utilities Code to (1) file and make effective rates for extended residence 2-party line message rate service in its Hayward, San Carlos-Belmont and San Mateo exchanges as set forth on Exhibit A of the application, and (2) withdraw the offering of extended residence 4-party line flat rate service in its Hayward, San Carlos-Belmont and San Mateo exchanges, and cancel and withdraw the rates applicable thereto coincident with the introduction of said extended residence 2-party line message rate service in said three exchanges.

In accordance with the option¹ permitted in ordering paragraph 6(b) of Decision No. 41416, dated April 6, 1948, in Application No. 28211, The Pacific Telephone and Telegraph Company is proceeding with its program for the introduction of extended

¹ Ordering paragraph 6(b) of Decision No. 41416 states: "Semi-selective signaling may be installed on four-party lines in multi-office exchanges or within extended areas where applicant elects ultimately to provide only two-party service."

residence 2-party line message rate service in lieu of extended residence 4-party line flat rate service in exchanges in the San Francisco-East Bay, Los Angeles and San Diego extended areas and in Orange County.

A comparison of present rates for extended residence 4-party line flat rate service with applicant's proposed rates for extended residence 2-party line message rate service in each of the three exchanges follows:

<u>Exchange</u>	<u>Rate per Month</u>	
	<u>Present 4-party Line Flat Rate Service</u>	<u>Applicant's Proposed 2-party Line Message Rate Service</u>
Hayward	\$3.45	\$3.00(60) 4.4¢
San Carlos-Belmont	3.20	3.00(60) 4.4
San Mateo	3.20	3.00(60) 4.4

Note: The rate of \$3.00(60) 4.4¢ indicates a monthly rate of \$3.00 for the first 60 message units and 4.4¢ for each message unit over the allowance of 60.

Upon the withdrawal of extended residence 4-party line flat rate service in Hayward, San Carlos-Belmont and San Mateo, a subscriber may elect to take the new 2-party line message rate service at the rates indicated above, 2-party flat rate service at a rate of \$3.90 per month in Hayward and \$3.75 per month in San Carlos-Belmont and in San Mateo, or residence individual line flat rate service at a rate of \$5.05 per month in Hayward and \$4.80 per month in San Carlos-Belmont and in San Mateo.

Applicant estimates that the substitution of residence 2-party line message rate service for residence 4-party line flat rate service in the three exchanges enumerated above at its proposed rates will result in an estimated annual revenue reduction of \$116,300. It appears that these revenue estimates are based upon certain assumed regrading from 2-party flat rate to 2-party message rate service and certain assumed average message usage. A summary

of applicant's estimate of revenue reduction by exchanges, together with the approximate date on which applicant proposes to introduce the extended residence 2-party message rate service, are set forth in the tabulation following:

<u>Exchange</u>	<u>Applicant's Estimate of Gross Annual Revenue Effects</u>	<u>Approximate Date for Introduction of Residence 2-party Message Rate Service</u>
Hayward	\$ (71,800)	Aug.-Sept. 1958
San Carlos-Belmont	(11,300)	January 1958
San Mateo	(33,200)	January 1958
	(116,300)	

(Denotes decrease)

The application alleges that the provision of residence 2-party line message rate service in lieu of 4-party line flat rate service will provide a better service to subscribers in that there will be a maximum of two subscribers per line rather than four, that it will make possible more extensive use of dialing of interexchange calls and mechanical billing, and will provide central office relief in the three exchanges affected by lessening the traffic load at switchboard positions.

The Commission has considered this matter and is of the opinion that a public hearing thereon is not necessary and that a granting of the application as herein provided should improve telephone service. Finding that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed upon the introduction of residence 2-party message rate service, for the future will be unjust and unreasonable; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the rates for extended residence 2-party line message rate service shown in Exhibit A

attached to the application and, after not less than five days' notice to this Commission and to the public, to make said rates effective for service furnished on and after the introduction of such service in the Hayward, San Carlos-Belmont, and San Mateo exchanges.

- 2. Coincident with the introduction of extended residence 2-party line message rate service as authorized hereinabove, applicant is authorized to withdraw the offering of extended residence 4-party line flat rate service in said exchanges and to cancel and withdraw the rates applicable thereto.
- 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 28th day of October, 1957.

W. H. Dool
President

R. H. ...

E. J. Fox

Commissioners