

ORIGINAL

Decision No. 55779

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 THE REDWOOD EMPIRE TELEPHONE SYSTEM,
 a California corporation, for an order
 authorizing the establishment of a
 public utility telephone exchange
 system in unassigned territory in the
 County of Sonoma.

Application No. 39204

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 Cazadero,
 Sonoma County, California.

Application No. 39244

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 Jenner,
 Sonoma County, California.

Application No. 39254

E. A. Hosmer for The Redwood Empire Telephone System,
 applicant;
Arthur T. George and Pillsbury, Madison & Sutro, by
Charles B. Renfrew for The Pacific Telephone and
 Telegraph Company, applicant;
J. J. Deuel and Eldon Dye for California Farm Bureau
 Federation, Neal C. Hasbrook for California
 Independent Telephone Association, interested
 parties;
Paul Popenoe, Jr. for the Commission staff.

O P I N I O NNature of Proceeding

The three above-entitled applications concern requests for authorization to establish exchange areas for proposed new telephone exchanges to serve the general territory along or adjacent to the Russian River, Sonoma County, generally known as

Cazadero, Duncans Mills and Jenner. With but relatively slight boundary differences, the three applications cover identical territories which each of the two applicant telephone companies desires to serve to the exclusion of the other company.

The first application filed is that of The Redwood Empire Telephone System,^{1/} a corporation, which filed Application No. 39204 with this Commission on July 3, 1957. This single application pertains to the over-all territory but particularly sets forth details relating to the Cazadero area.

The second application filed is that of The Pacific Telephone and Telegraph Company,^{2/} a corporation, Application No. 39244, filed on July 18, 1957. It pertains only to the Cazadero area.

The third application, Application No. 39254, was filed on July 23, 1957 by The Pacific Telephone and Telegraph Company. It pertains to the Jenner area. Serving of the Duncans Mills area, in so far as this applicant is concerned, would be accomplished by expanding its present Monte Rio Exchange boundaries.

Public Hearing

After due notice, the three applications were heard, on a consolidated record, before Examiner F. Everett Emerson on July 25 and 26, 1957, at Guerneville. The matters were submitted on the latter date.

The Applicants

The Redwood Empire Telephone System is a California corporation organized primarily for the purpose of providing public

^{1/} Hereinafter sometimes referred to as Redwood.

^{2/} Hereinafter sometimes referred to as Pacific.

utility exchange telephone service within the areas of Sonoma County known as Cazadero, Duncans Mills and Jenner. Its creation came about as the direct result of the urging of the Cazadero Community Club that exchange telephone service be made available in the area and that a new public utility telephone company undertake to establish such service.

The Pacific Telephone and Telegraph Company is a California corporation providing general telephone service in many California communities and in other western states. It presently provides certain toll station service in the Cazadero and Jenner areas and also provides exchange service (Monte Rio and Guerneville exchanges) in adjacent or nearby areas.

Nature of Evidence

The proposed Cazadero exchange area is presently provided telephone service only through 24 toll stations, connected to Pacific's Guerneville office through 5 toll circuits. The first of such service was established approximately 30 years ago. Today, the area has about 400 permanent residents. In addition to summer vacationists and tourists, the area's development is supported by considerable lumbering and stock raising and by some gravel quarrying.

On occasion, residents of the area have sought improved and expanded service and in recent years have expressed a desire for exchange telephone service. The community club and the farm bureau have both been active in attempting to obtain exchange service for the area.

In 1950 the Independent Telephone Company (since having sold its business and being now disbanded) filed an application^{3/}

^{3/} Application No. 31392.

with this Commission seeking to establish exchanges in essentially the same area as now proposed by Redwood, but the application was withdrawn because of the Korean conflict and the uncertainties engendered by the then unsettled international situation. The Cazadero Community Club endorsed and supported the then applicant, whose president-general manager was Mr. E. A. Hosmer.

About three years ago, the farm bureau approached Pacific and requested that Pacific undertake a study as to the feasibility of offering exchange service in the Cazadero area. In the fall of 1956, the farm bureau was informed that Pacific's study had been dropped, apparently because Pacific's study load was too great. On March 15, 1957, however, Pacific informed the farm bureau that the study was under way.

The Cazadero Community Club's continued interest in obtaining adequate telephone service for the area resulted in the forming of a Telephone Committee within the club. The committee made a general survey of the area, determined that there was a real need for exchange service and sought means of obtaining it. Their efforts were first in two directions. One was to contact Mr. E. A. Hosmer, to seek his advice and to urge the formation of a new telephone serving agency. The other was to contact Pacific and determine when, if at all, Pacific might provide the desired service. Pacific advised that exchange service could not be provided until 1960. Such being the situation, the committee, in February 1957, then concentrated its efforts on dealing with Mr. Hosmer. Both the committee and the club held meetings with Mr. Hosmer and he appeared before the club on March 6, 1957. The concensus of the club meeting seeming to be that the community telephone problem could best be

met by the creation of a new public utility telephone company, Mr. Hosmer proceeded with the formation of Redwood.

Redwood proposes, initially, to install a dial system wired for 100 lines, equipped for 50 lines and so arranged as to be capable of expansion to 200 lines. During the construction period, estimated to be somewhat less than six months, manual service would be provided on a temporary basis so as to provide exchange service at the earliest possible moment. The system would provide 1-, 2-, 4-, and 10-party service, with full selective ringing and with full capabilities of being integrated as a unit into the inter-toll dialing network, or the direct distance dialing system, now in use in this section of the state.

The system, complete, would be constructed and installed by E. A. Hosmer & Co., manufacturers of certain telephone equipment and apparatus, and as payment therefor Redwood proposes to issue shares of stock in an amount equal to the cost of the system. Redwood is not presently seeking authority to issue such stock, however; but intends to seek the requisite authority, by supplemental application herein, at such time as the final costs are determinable. In the interim, the Hosmer company would finance the construction as an "open account" for Redwood.

Redwood's estimated cost of construction, for the Cazadero exchange, totals \$21,697. Anticipated revenues, on an annual basis, are \$8,520, while estimated operating expenses total \$7,383. It is thus apparent that Redwood anticipates a net revenue of \$1,137 and a rate of return of about 5 percent on its investment in telephone plant during the initial year's operations.

Pacific proposes to install reused dial central office equipment made available through replacement in another of its exchanges. The equipment would have an ultimate capacity of 200 lines, arranged for full-selective ringing on 4-party lines and semi-selective ringing on suburban lines. It would not be capable of integration into the inter-toll dialing network. A period of about six months would be required to place the exchange in operation.

Pacific's estimated cost of new construction additional to the cost of existing toll plant for the Cazadero exchange totals \$43,000. Anticipated revenues, on an annual basis, are \$14,200, such amount including present toll revenues of about \$4,200. Estimated expenses total \$14,500, including annual charges on proposed new plant but excluding expenses and annual charges on existing toll plant. It is thus apparent that Pacific's operations would not produce revenues sufficient to meet the estimated full costs of providing the service.

In view of the evidence pertaining to the Cazadero area, it is our opinion that Redwood would supply a superior service and would be self-sustaining, while the operations of Pacific would be fully sustained only by other profit-producing segments of its operations. The evidence clearly favors Redwood.

Redwood requests that if it is authorized to establish the Cazadero exchange, Pacific be directed to discontinue Pacific's toll stations within the area. Pacific proposes that if it is authorized to establish the Cazadero exchange, its toll stations would be discontinued as the exchange service is made available. Each applicant, however, proposes to provide public pay stations as required to meet the calling needs of the public.

Redwood's proposal with respect to serving the Duncans Mills and Jenner area is not firm at this time but it is the position of Redwood that such areas should be served by it as a logical extension of its Cazadero operations and that its maintenance personnel for the Cazadero area could adequately care for the needs of the Duncans Mills and Jenner areas.

Pacific's proposal with respect to serving the Duncans Mills area is to enlarge the boundaries of its neighboring Monte Rio exchange so as to include Duncans Mills.

The evidence is not convincing that there is either public need or public desire for exchange service in the Duncans Mills area. However, if such service is to be established, the evidence seems clearly to indicate that Pacific is in a better position to provide it than is Redwood. While Pacific's proposal to serve this area may not be the wisest possible course to follow at this time, it cannot be found that the proposal is clearly unreasonable.

Pacific, in conducting its survey in the Jenner area, found 9 commercial establishments and 27 residences, in an area comprising 6.3 square miles, for which it proposes to provide exchange service. Its proposed construction has an estimated total cost of \$36,800. While its estimated annual revenues total \$4,800, its estimated expenses, including annual charges on plant, total \$9,900. In view of such evidence, the proposal is clearly economically unjustifiable and imprudent. No convincing showing of either public need or public desire for exchange service was made. Indeed, Pacific's witness knew of no single instance in which a request for such service had ever been brought to Pacific's attention. The area is now adequately served by toll stations.

Conclusions

In view of the evidence and the foregoing discussion and findings respecting certain of its elements, we conclude, and further find the facts to be, that:

1. Public convenience and necessity require and will require that a Cazadero exchange be established and that Redwood should be authorized to establish such exchange,

2. Exchange service to the Duncans Mills area may best be provided by expansion of Pacific's existing Monte Rio exchange and that, therefore, no separate exchange for the Duncans Mills area is warranted,

3. The establishment of exchange service in the Jenner area is not now warranted and that neither Redwood nor Pacific should be authorized to establish such service in the area at this time,

4. Pacific should be directed to discontinue its toll stations within the Cazadero exchange area of Redwood as exchange service becomes available in such area, and

5. The Cazadero exchange area boundaries should be so delineated that no overlapping or conflict will occur with respect to other exchange areas and should be expanded slightly so as to include all of the presently settled portions of the general area.

O R D E R

The above-entitled matters being before the Commission, public hearing thereon having been held, the matters having been submitted and now being ready for decision based upon the evidence adduced and the findings and conclusions set forth in the foregoing opinion,

IT IS HEREBY ORDERED as follows:

1. The Redwood Empire Telephone System, a corporation, is authorized to establish a telephone exchange, to be known as Cazadero exchange, within the area described in Appendix A attached to this order.
2. The Redwood Empire Telephone System is authorized to file, in quadruplicate, with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96, for service in said Cazadero exchange, tariffs as described or set forth in Appendix B attached to this order, such tariffs to become effective on the date on which exchange service is first rendered in said exchange.
3. The Redwood Empire Telephone System is authorized to carry out the terms and conditions of that certain agreement with E. A. Hosmer & Co., dated July 1, 1957, and attached to Application No. 39204 as Exhibit C thereof; except, however, that no stock may be issued by The Redwood Empire Telephone System to E. A. Hosmer & Co. or to any other corporation, entity or person until, after supplemental application, this Commission by supplemental order herein shall so authorize.
4. The Redwood Empire Telephone System shall complete the initial telephone plant and system for the Cazadero exchange by not later than June 15, 1958, and shall notify this Commission, in writing, of the actual completion date within five days thereof.
5. The authority sought by The Pacific Telephone and Telegraph Company in Applications Nos. 39244 and 39254 is hereby denied and such applications are hereby dismissed.

6. The Pacific Telephone and Telegraph Company shall discontinue its toll stations within the Cazadero exchange on such date or dates as exchange service is made available in said exchange by The Redwood Empire Telephone System and in no event later than June 15, 1958.

7. The Pacific Telephone and Telegraph Company and The Redwood Empire Telephone System shall adequately provide for the interchange of messages originating or terminating in the respective telephone systems.

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

Dated at San Francisco, California, this 5th day of November, 1957.

President
Paul J. Winter

W. H. ...

R. ...

E. ...
Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A

EXCHANGE AREA

The following described sections, ranges and townships of Mount Diablo Base and Meridian are authorized to be included in the Cazadero exchange:

Section 36 of Township 9 North, Range 12 West;
Section 1 of Township 8 North, Range 12 West;
Sections 30 and 31 of Township 9 North, Range 11 West;
All of Township 8 North, Range 11 West except
Sections 25 and 36; and
Sections 2 and 3 of Township 7 North, Range 11 West
excluding that portion of Section 2 which is located
within the filed boundaries of the Monte Rio
exchange of The Pacific Telephone and Telegraph
Company.

BASE RATE AREA

The base rate area of Cazadero exchange shall include as a minimum the following described territory:

All of the developed area along both sides of Big Austin
Creek from the crossroads junction of Old Cazadero Road
on the north to and including the office of Cazadero
Realty Company on the south.

APPENDIX B
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In accordance with this order, tariff filings shall be made in conformity with General Order No. 96 to include the following:

1. Title Page.
2. Table of Contents.
3. Preliminary Statement.
4. Exchange Area and Base Rate Area Maps including the territory described in Appendix A.
5. Rate Schedules as set forth on pages 2 through 22 of this Appendix.
6. Rules governing subscriber relations which reflect present-day operating practices, acceptable to this Commission.
7. Sample Forms which will be used in connection with subscriber service.

Schedule No. A-1

INDIVIDUAL LINE AND PARTY LINE SERVICEAPPLICABILITY

Applicable to individual and party line business and residence flat rate exchange telephone service.

TERRITORY

Within the base rate area of the Company's exchange as defined on maps filed as part of the tariff schedules.

RATES

	<u>Rate per Month</u>
Business Flat Rate Service:	
Each Individual Line Station	\$5.50
Each Two-Party Line Station	4.50
Each Extension Station (With or Without Bell)	1.50
Residence Flat Rate Service:	
Each Individual Line Station	\$4.50
Each Two-Party Line Station	3.60
Each Four-Party Line Station	3.10
Each Extension Station (With or Without Bell)	1.25

SPECIAL CONDITIONS

1. Extension stations at the above rates will be installed on the premises on which the primary station is located. The above rates plus mileage rates are applicable to off-premises extension stations.
2. Individual line and party line services will be provided outside the base rate area and within the exchange area at the above rates plus mileage rates.

Schedule No. A-2

PUBLIC TELEPHONE SERVICE

APPLICABILITY

Applicable to service from Company's nonlisted public coin-box telephone stations.

TERRITORY

Within the Company's exchange area, as said area is defined on maps filed as part of the tariff schedules.

RATES

	<u>Rate</u>
Each exchange message	\$0.10

SPECIAL CONDITION

1. Public telephones will be installed by the Company at its discretion, in public locations, to meet the general and transient telephone requirements.

Schedule No. A-3

SEMI-PUBLIC COIN-BOX SERVICEAPPLICABILITY

Applicable to individual line semipublic coin-box service.

TERRITORY

Within the base rate area of the Company's exchange as defined on maps filed as part of the tariff schedules.

RATES

	Rate per Month	Each Exch. Message	Minimum Charge per Day
Each Individual Line Coin-Box Station	\$0.75	\$0.10	\$0.19
Extension Station (Without Coin Collector)	1.50		

SPECIAL CONDITIONS

1. Individual line semipublic coin-box service will be furnished outside the base rate area and within the exchange area at the above rates and mileage rates.
2. Extension stations at the above rates will be installed on the same premises as the primary station. Off-premises extension stations will be installed at the above rates and mileage rates as set forth in Schedule No. A-4.
3. Service under this schedule will be furnished upon applicant's request in stores, shops, restaurants, theatres, apartment houses, hotels, automobile courts, automobile trailer camps and other semipublic locations where there is a collective use of the service by a number of guests, members, employees, or occupants, or where there is a requirement for a combination of transient and subscriber usage.

(continued)

Schedule No. A-3

SEMPUBLIC COIN-BOX SERVICE—Contd

SPECIAL CONDITIONS—Contd

4. Service under this schedule is furnished on a daily guarantee basis, Sundays and holidays included. Collections will be made as nearly as practicable at monthly intervals. When the amount of money collected from a coin-box covering local messages is less than the minimum guarantee, the subscriber will be required to make up the deficit. Failure to use the minimum guaranteed number of messages in any such period between collections or the use of messages in excess of such number does not entitle the subscriber to any allowance in any other month.

5. Where a mileage rate applies, such rate is not covered by the above guarantee nor by charges for messages that are over and above the guarantee.

6. The above guarantee is based upon local exchange usage only. Collections from the coin box for toll or interexchange messages are not applicable to the guarantee.

7. The rate per month applies in addition to the minimum charge per day.

Schedule No. A-4

MILEAGE RATES

APPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

Within the Company's exchange area as said area is defined on maps filed as part of the tariff schedules.

RATES

	<u>Each 1/4 Mile or Fraction thereof Air-Line Measurement - Rate per Month</u>
1. Primary Service:	
Each Individual Line Station	\$0.50
Each Two-Party Line Station35
Each Four-Party Line Station25
2. Off Subscriber's Premises and Within Exchange Area, Each Extension Station Line:	
Continuous Property	\$1.00
Noncontinuous Property:	
First Quarter Mile	2.00
Each Additional Quarter Mile	1.00

SPECIAL CONDITIONS

1. The mileage rates under RATES 1 above are based on the air-line distance measured between the subscriber's primary station or private branch exchange switchboard and the nearest point on the boundary of the base rate area and are in addition to the other rates applicable to the service involved.

2. The mileage rates under RATES 2 above are applicable in connection with extension and private branch exchange stations and are applicable to the air-line distance measured between the terminals of the line involved. No mileage charge applies in those cases where the terminals are in the same building.

(Continued)

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Schedule No. A-4

MILEAGE RATES—Contd

SPECIAL CONDITIONS—Contd

3. An off-premises extension station will be installed on other premises of the subscriber to the primary station provided the station is for the use of the subscriber.
4. An off-premises extension station will be installed on other than the subscriber's premises provided the station is for the use of the subscriber.
5. A residence extension station will not be furnished on business premises.
6. In this schedule, "terminals" means the stations between which the off-premises line is connected.

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Schedule No. A-5

SUBURBAN SERVICE

APPLICABILITY

Applicable to suburban ten-party line business and residence exchange service.

TERRITORY

Within the suburban area of the Company's exchange as defined on maps filed as part of the tariff schedules.

RATES

	<u>Rate per Month</u>	
	<u>Business Service</u>	<u>Residence Service</u>
Each Suburban Line Primary Station	\$4.50	\$3.60
Each Extension Station	1.50	1.25

SPECIAL CONDITIONS

1. Suburban service will be rendered outside the base rate area but within the exchange area.
2. In no case will the total number of primary stations connected to one circuit exceed ten stations.
3. Extension stations will be installed on the premises on which the primary station is located.

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Schedule No. A-14

DIRECTORY LISTINGS

APPLICABILITY

Applicable to listings in the alphabetical section of the telephone directory.

TERRITORY

Throughout the territory served.

RATES

	<u>Rate per Month</u>
Individual line service, one listing	No Charge
Party line service, each primary service, one listing ..	No Charge
Additional listings in telephone directory:	
Member of same firm or business, each listing	\$0.75
Any individual residing at a residence listed at the residence, each listing	0.35

SPECIAL CONDITIONS

1. Listings in the alphabetical section of the telephone directory are intended solely for the purpose of identifying subscribers as an aid to the use of telephone service. Telephone directories are furnished subscribers to facilitate the use of the service and remain the property of the Telephone Company and may be collected upon issuance of new directories.
2. Business listings consist of a name, the address of the premises in which the primary station is located and the telephone number. A designation descriptive of the business will be included if the name does not indicate the nature of the business.
3. Business listings may be those of individuals engaged in business, names of firms or members thereof, the names of corporations or the officers thereof, and the names of the employees. A trade name made up by adding a term, such as company, agency, shop, works, etc., to the name of a commodity will not be accepted as a listing unless the subscriber is authorized to do business under that name. Listings are not accepted which appear to be designed primarily to give publicity to a commodity or service.

(Continued)

Schedule No. A-14

DIRECTORY LISTINGS---Contd

SPECIAL CONDITIONS---Contd

4. All additional listings in connection with a subscriber's service, except night service, must bear the same address and telephone number as the primary listing, except that additional listings in connection with extension stations not located on the same premises as the primary station, may show the address at which the station is located but will be accepted only in the name of the subscriber.

5. Residence listings consist of a name, an abbreviation indicating "residence", the address of the premises in which service is furnished and the telephone number.

6. Residence listings may be those of the subscriber or members of the subscriber's domestic establishment residing on the premises in which the subscriber's service is provided.

7. The charge for additional listings begins with the day they are included in the information records, and when printed in the directory may not be discontinued until the end of the directory period, unless the subscriber's service is discontinued.

Schedule No. A-15

SUPPLEMENTAL EQUIPMENT

APPLICABILITY

Applicable to supplemental equipment service.

TERRITORY

Within the territory served.

RATES

	<u>Installation Charge</u>	<u>Rate per Month</u>
Extension Bell	\$4.00	\$0.50
Extension Gong	4.00	.60

SPECIAL CONDITIONS

1. All supplemental equipment covered by this schedule will be installed and maintained by the Company, will remain the property of the Company, and may be removed upon discontinuance of service.

2. The maximum number of bells which will be connected simultaneously to any grade of service will be in accordance with limitations set forth in the Rules.

Schedule No. A-29

MOVES AND CHANGES

APPLICABILITY

Applicable to moves and changes of telephone apparatus.

TERRITORY

Within the exchange area of the Company as said area is defined on maps filed as part of the tariff schedules.

RATES

	<u>Charge</u>
Subscriber's Telephone Set:	
Move from One Location to Another	\$4.00
Change in Type or Style of Set	4.00

SPECIAL CONDITIONS

1. Charges for moves or changes of equipment other than those listed under RATES will be an amount equal to the actual cost of labor and material.
2. When moves or changes are initiated by the Company no charges apply.
3. No charges apply if the changes are required because of a change in type, class, or grade of service.
4. The above charges apply only to moves on the same premises. For other moves the charges set forth in Schedule No. A-30, Service Connection Charges, will apply.

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Schedule No. A-30

SERVICE CONNECTION CHARGESAPPLICABILITY

Applicable to service connections.

TERRITORY

Within the exchange area of the Company as said area is defined on maps filed as part of the tariff schedules.

RATES

	<u>Charge</u>	
	<u>Residence</u>	<u>Business</u>
1. New Service:		
Individual or Party Line Station, Each	\$7.00	\$10.00
Extension Station, Each.....	4.00	4.00
2. Additional Service:		
Individual or Party Line Station, Each	7.00	10.00
Extension Stations, Each	4.00	4.00
3. Instrumentalities in Place and No Change of Location or Type of Facilities Involved:		
Subscriber's Exchange Service and Facilities	4.00	4.00

SPECIAL CONDITIONS

1. Service connection charges provided for herein are in addition to the regular schedule of rates.

2. Service connection charges do not apply under the following conditions:

Business Service

- a. When service is assumed by a receiver or by trustee, executor, or administrator of an estate.
- b. Change in the name of the business concern when there is not complete change in ownership or management.

(Continued)

Schedule No. A-30

SERVICE CONNECTION CHARGES--Contd

SPECIAL CONDITIONS--Contd

Residence Service

- a. When service is assumed by a member of the former subscriber's family located in the same premises.
- b. When there is no change in the individuality of the recipient.
- c. When the subscriber's name has been changed by marriage or by court order.

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Schedule No. A. 31

LINE EXTENSION CHARGES

APPLICABILITY

Applicable to charges for line extensions.

TERRITORY

Within the exchange area of all exchanges as said area is defined on maps filed as part of the tariff schedules.

RATES

- | | <u>Charge</u> |
|---|---------------|
| 1. Line Extensions and Additions within the Base Rate Area or Special Rate Area: | |
| Extensions and additions to plant necessary to provide telephone service | No Charge |
| 2. Line Extensions and Additions in the Suburban Area: | |
| a. Additions to plant along existing exchange or toll telephone circuits of this utility, including poles and buried wire | No Charge |
| b. Extension to plant beyond existing exchange or toll circuits of this utility along public roads or on private property: | |
| (1) Free Footage Allowance: | |
| The utility will construct at its expense a maximum of 1,000 feet of line extension per applicant of which not more than 300 feet of this free footage may be on private property or along private roads. | |
| (2) Extensions to plant exceeding free footage allowance: | |
| Each 100 feet or fraction thereof | \$10.00 |

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Schedule No. A-31

LINE EXTENSION CHARGES

CONDITIONS

1. General:

- a. Line extensions consist of additions to plant beyond existing loads, and do not include additions to plant along existing telephone utility leads. Subscriber payments for line extension charges are applied to applicants with abnormally long extension requirements to prevent unreasonably burdening the general body of existing subscribers. All line extensions will be owned and maintained by the utility.
- b. In no case will application of the charges, set forth under RATES above, exceed the actual cost of constructing the required plant beyond the free footage allowance. For the purpose of this schedule, actual cost is based upon the minimum construction necessary to provide the applicant's service, regardless of the type of facilities the utility may deem advisable to construct.
- c. Line Extension charges set forth in this schedule are applicable in connection with all classes, types and grades of service, except farmer line and toll station service, when established by means of an extension to the utility's plant consisting of "buried wire" or pole construction, including extensions by means of poles to be owned solely by the utility or jointly with others and by means of contacts or contact space on poles of others. No line extension charge is applicable to tree-contact type construction. The utility shall determine the type of construction to be used.
- d. In lieu of the charges otherwise applicable, the applicant, if he so elects, may, for the distance in excess of the free footage, initially clear the right of way, furnish and set the required poles in accordance with the normal construction standards of the utility. In all instances the ownership of facilities shall be entirely vested in the utility. Wherever the poles are provided and set by the subscriber, the necessary wires and fixtures will be provided and installed at the utility's expense without charge to the subscriber.

(Continued)

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Schedule No. A-31

LINE EXTENSION CHARGES

CONDITIONS—Contd

2. Location and Measurement of Line Extensions:
 - a. The locations of line extensions are determined by the telephone utility, and the distances (excluding drop wire) are measured along the route so selected.
 - b. Where the proposed construction is over private property and forms a part of a route to be used for serving subscribers in general, or the construction is on private property in lieu of on public roads at the option of the utility, such construction shall be treated as being on public roads. Any construction to serve two or more customers is considered as being used for serving subscribers in general.
 - c. The total extension to plant (along public roads or on private property) to be furnished without charge in the suburban area, shall not exceed 1,000 feet per applicant. Where the total extension exceeds 1,000 feet, the free footage allowance is first computed for the private property portion of the extension prior to computing any allowance for the construction along public roads.
3. Collective Application and Grouping of Applicants:
 - a. When construction is required to serve a new applicant, a survey is made of all prospects who might be served from the new construction or an extension thereof and who might benefit by being included in the project. Allowances are made only for those prospective subscribers making bona fide applications for service.
 - b. All applicants are grouped in a single project when there is no more than one-half mile of construction between successive applicants. Separate projects are established whenever the construction between any two successive applicants exceeds one-half mile. Two or more projects are combined, however, whenever this results in lower charges (or no increase in charges) for all of the applicants involved.

(Continued)

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Schedule No. A-31

LINE EXTENSION CHARGES

CONDITIONS---Contd

3. Collective Application and Grouping of Applicants--Contd
 - c. An applicant at any premises receives only a single line extension allowance regardless of the number of services ordered at that premises.
 - d. Where an applicant orders service at more than one premises, he is treated as being a separate applicant at each premises for purposes of this schedule.
4. Apportionment of Charges to Groups of Applicants:
 - a. Applicants are divided into two groups. The first group includes all applicants whose collective allowance equals or exceeds the construction required to serve them. No charge is made to such applicants. The second group includes all remaining applicants on the project. The over-all charge for the project is divided equally among all applicants in the second group.
 - b. Exceptions:
 - (1) No applicant is required to pay a higher charge than he would if the project were established for him alone. Any difference between this charge and the average charge for the group is absorbed by the utility.
 - (2) Charges for extensions to plant on private property are assumed by applicants on whose property such extensions are made and these charges are not included in the over-all charges for the project. Likewise, the free footage allowance on private property is not included in the collective allowance for the project.
5. Payment of Charges:

Line extension charges are payable in advance and, except as described in Conditions 7, 10 and 11 below, are not refundable.

(Continued)

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LINE EXTENSION CHARGES

CONDITIONS—Contd

6. Charges to Subsequent Applicants:
 - a. When a new applicant is secured who can be served from a completed project, within three years from the date service was initially established for such project, the charges for the entire project are recomputed to include the new applicant. The new applicant pays a prorated of the line extension charge based upon the number of months (a fraction of a month is counted as a full month) remaining in the original three-year term, the time to be computed from the date service is established ~~for the new applicant.~~
 - b. Where additional construction is required for an applicant to be served from a project less than three years old, the cost of the project is recomputed as above if such recomputation does not increase the charges to those customers served from the existing project. Otherwise, a new project will be established.
7. Adjustment in Charges When Additional Applicants are Connected
 - a. When a project is recomputed as described in Condition 6 above, existing subscribers will be refunded a prorated of the difference between the original charges and the refigured charges, based on the remainder of the three-year term. Recomputation of charges due to the addition of new applicants is made on the assumption that there have been no disconnects.
 - b. In the event the utility attaches interexchange toll facilities to the line extension within the three-year period, the utility will refund a prorated amount to cover the unexpired portion of the line extension charges for that part of the line extension facilities so used.
 - c. Where construction on private property is subsequently treated as being on public roads, or where a private road is dedicated to the public use, within three years of completion of the original project, the line extension charges shall be recomputed and refunds made to the initial applicants where applicable.

(Continued)

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LINE EXTENSION CHARGES

CONDITIONS—Contd

8. Disconnects:

When one or more subscribers on a project disconnect within the three-year term, no refund is made of the line extension charge to the disconnected subscribers. Charges to remaining subscribers are not affected by disconnects.

9. Re-Use of Facilities:

- a. When a subscriber disconnects service or moves off the project and service is established for a new applicant at the same location, any adjustment in charges is a matter for negotiation between the original subscriber and the new applicant.
- b. Where a subscriber is disconnected for any reason and subsequently reapplies for service from the same premises, the subscriber will not be required to pay any line extension charges greater than his original obligation.
- c. Where a subscriber has paid line extension charges for service at a premises on a given project and subsequently applies for service at a different premises on the same project, the subscriber will not be assessed additional line extension charges greater than his original obligation unless additional construction is required.

10. Line Extensions into Real Estate Subdivisions:

- a. Line extensions into real estate subdivisions will be made by the utility, provided the estimated total cost of such extension is advanced to the utility by the subdivider. The amount so advanced will be refunded to the subdivider by payment of an amount equal to one year's exchange service charge for each service connected to such line extension within the subdivision during a period of five years from date of agreement. No refunds will be made on any service not retained by the same subscriber for 12 consecutive months. Refunds will be made at the end of the service year. This condition does not relieve the utility from otherwise providing service to bona fide applicants for service residing within the subdivision.

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LINE EXTENSION CHARGES

CONDITIONS—Contd

- b. Adjustment of any substantial difference between the estimated cost advanced by the subdivider and the reasonable actual cost shall be made within 60 days after completion of the extension.

11. Temporary or Speculative Service:

- a. Line extensions to provide service to an applicant engaged in temporary or speculative business will be made on the condition that applicant pays to the utility the total cost of the construction and removal of the line necessary in furnishing the service less the salvage value of the materials used.
- b. If a subscriber maintains for 36 consecutive months a service installation which was originally established on a temporary basis, and if his business or operation at the end of that time has proven its permanency to the satisfaction of the utility, there will be refunded to the subscriber an amount equal to the difference between the payment made pursuant to Condition 11a above and the normal line extension charge which would have been applicable at the time the subscriber's service was installed.
- c. In no event shall service installation be classed as temporary for more than six years.

12. Contracts:

Contracts, covering periods of not to exceed three years of telephone service, may be required by the utility as a condition precedent to the establishment of the service when line extensions are necessary. Such contracts will not require advance payments in excess of those otherwise required by this schedule, and shall not interfere with the utility's right to collect amounts as provided for elsewhere in its tariff schedules.

13. Saving Clause:

Arrangements may be made other than as provided for above in this schedule in the following cases subject to prior authorization of the Public Utilities Commission of the State of California:

(Continued)

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LINE EXTENSION CHARGES

CONDITIONS—Contd

- a. Where the applicant requests a particular type of construction or a specific route for extensions to meet the applicant's special requirements and where the construction or route so requested differs from the normal standards of the utility and is not required by law.
- b. Line extensions involving underground crossings of railroads, highways or power lines, submarine cable or long river crossings.
- c. Any other line extensions involving unusual or disproportionately large construction expenditures as compared to the usual line extension.

14. Disputes:

In case of disagreement or dispute regarding the application of any provision of this rule, or in circumstances where the application of this rule appears impracticable or unjust to either party, the utility, applicant or applicants may refer the matter to the Public Utilities Commission for ruling.