

support of its application. The Commission's staff, represented by a telephone engineer, cross-examined the applicant's witness for the purpose of developing a full record to aid the Commission in deciding this matter. A number of subscribers both inside and outside of the Keyes area appeared at the hearing and presented testimony for or against the applicant's proposal. Representatives of the Keyes Civic Group, the Turlock Chamber of Commerce, the City of Turlock and the California Farm Bureau Federation cross-examined applicant's witness and took an active part in the hearing.

The matter was submitted for Commission decision on the basis of the record made at the hearing, but subject to receipt of a late-filed exhibit, Exhibit No. 4. Such exhibit was received on November 12, 1957, and the matter now is ready for decision.

Service Development

The community of Keyes is located in Stanislaus County approximately 7 miles southeast of the center of Modesto and approximately 5 miles northwest of Turlock on U. S. Highway 99. The major portion of the community is within the suburban area of the Turlock exchange adjacent to the common boundary between the Turlock and Modesto exchanges. The western fringes of Keyes extend across the common boundary into the southeastern portion of the Modesto exchange. Development in Keyes consists of approximately 37 business establishments and 403 residences. It has a population of approximately 1,200 persons. There are 167 subscriber telephone services being furnished in the Keyes area consisting of 20 business and 147 residence telephone services. These services are provided from the Modesto and Turlock exchanges as follows:

Present Service Development

Modesto Local	16	Services
Modesto Foreign Exchange	83	"
Turlock Local	67	"
Turlock Foreign Exchange	<u>1</u>	"
Total	167	"

Applicant's Position

Keyes is outside of the base rate area boundaries of either Turlock or Modesto, being $3\frac{1}{2}$ miles from Turlock base rate area and $1\frac{3}{4}$ miles from the Modesto base rate area. Most of the service development is 10-party suburban lines. Applicant represents that development of higher grades of service has been discouraged because of the applicability of mileage charges. Also, applicant represents that individual subscribers as well as civic groups have criticized the present telephone service arrangement in Keyes. Specifically, the criticism is concerned with three points: (1) subscribers were not being provided urban grades of service at base rates, (2) toll charges are applicable to telephone messages between neighbors, and (3) party line interference is encountered on suburban lines.

Applicant states it canvassed the subscribers by mail to determine their service preference and the results thereof showed the majority of the subscribers desired Modesto exchange service. The canvass results may be summarized as follows:

<u>Service Desired</u>	<u>Number of Subscribers</u>
Modesto Local Service	119
Turlock Foreign Exchange	7
Both Modesto Local and Turlock Foreign Exchange	4
Continue Turlock Local Service	17
Discontinue Turlock Service	<u>1</u>
Total	148

Based on the results of this canvass, applicant concludes and states that the service requirements of the majority of subscribers could best be met if all of the Keyes area were included in the Modesto exchange and the Modesto base rate area were expanded to include Keyes.

Subscriber Reactions

The representative for the Ritchey Products Company favored the applicant's proposal and pointed to the larger number of telephones that could be reached per penny of monthly charge on transfer to Modesto compared to Turlock. The Mayor of the City of Turlock and the Turlock Chamber of Commerce did not favor the proposed change because it would tend to transfer the area from its normal trading center of Turlock to Modesto and tolls would be involved for calls to their normal schools, hospital, utilities, library and merchants. The representative of the Keyes Civic Group did not object to the applicant's proposal, but indicated that the preferred arrangement would be to have both the Turlock and Modesto service available without tolls at a reasonable monthly rate. Some individual subscribers testified in favor of the present arrangement. The representative of the California Farm Bureau Federation indicated that its members generally prefer toll-free service to the county seat, but that the transfer might work a hardship upon certain subscribers, unless they could retain their Turlock service on a deviation basis after the area is brought into the Modesto Base Rate area. He stated that the majority desires Modesto service as evidenced by the fact that over 50% of the telephones in the area are now Modesto foreign exchange service.

Findings and Conclusions

Question was raised at the hearing that the poll taken by the applicant was not unbiased, however, a separate poll taken by the Mayor of Turlock showed likewise that the majority (54 out of 102 responses) preferred Modesto service. While the best serving arrangement would be to provide both Turlock and Modesto service as requested by the civic group, the evidence indicates that the cost of providing such dual service at this time would require residential rates of about \$11 to \$12 per month, which would price the telephone service out of reach of many residential subscribers. While the applicant's proposal appears to be one method to provide improved service to the community of Keyes, the majority of those testifying or speaking at the hearing favored retention in the Turlock exchange area.

After considering the evidence of record, the lack of a convincing showing at the hearing in favor of the transfer, and the fact that the Commission is reluctant to create situations that may require rate deviations, the Commission finds and concludes that the applicant's request should be denied at this time. Such denial is without prejudice to a more convincing showing as to need for the transfer at some later time or a different plan to bring improved service to the residents of Keyes.

O R D E R

Public hearing having been held on the above-entitled application, the matter having been submitted, and the Commission being fully advised; therefore,

IT IS HEREBY ORDERED that the application of The Pacific Telephone and Telegraph Company, a corporation, for authority to transfer the Keyes area from the Turlock exchange to the Modesto exchange and expand the Modesto base rate area to include the community of Keyes, be and it is denied without prejudice.

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

Dated at San Francisco, California, this 7th day of January, 1958.

[Signature]
President

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Commissioners