

ORIGINAL

Decision No. 57052

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

PALM SPRINGS CHAMBER OF COMMERCE,
CATHEDRAL CITY CHAMBER OF COMMERCE,
RANCHO MIRAGE CHAMBER OF COMMERCE,
PALM DESERT CHAMBER OF COMMERCE,
California non-profit corporations,

Complainants,

vs.

COACHELLA VALLEY HOME TELEPHONE AND
TELEGRAPH COMPANY,
CALIFORNIA WATER AND TELEPHONE COMPANY,

Defendants.

Case No. 5740

In the Matter of the Investigation on
the Commission's own motion into the
rates, rules, regulations, charges,
tolls, classifications, contracts,
practices, operations, facilities and
service, or any of them, of California
Water & Telephone Company, Coachella
Valley Home Telephone & Telegraph
Company and The Pacific Telephone and
Telegraph Company.

Case No. 5741

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

O P I N I O N

Purpose of Proceeding

The two above entitled matters are concerned primarily with the subject of improved telephone service in Palm Springs, Palm Desert and adjacent areas in Riverside County.

Case No. 5740 is a complaint filed on March 12, 1956, by Palm Springs Chamber of Commerce, Cathedral City Chamber of Commerce, Rancho Mirage Chamber of Commerce, and Palm Desert Chamber of Commerce (hereinafter referred to as "Chambers"), against Coachella Valley Home Telephone and Telegraph Company (hereinafter referred to

as "Coachella") and California Water & Telephone Company (hereinafter referred to as "California") with regard to the level of rates and the adequacy of the service furnished by these two public utilities in Palm Springs and Palm Desert and adjacent areas in Riverside County.

Case No. 5741 is an investigation on the Commission's own motion, instituted on March 13, 1956, into the rates and service of "Coachella", "California" and The Pacific Telephone and Telegraph Company (hereinafter referred to as "Pacific") for the following purposes:

1. To inquire into and to ascertain the justification for and feasibility of providing extended telephone service or other alternate telephone service and rate arrangements within and between the Palm Springs and Coachella Valley telephone exchanges or portions thereof located in Riverside County;
2. To inquire into and to ascertain the adequacy of the present calling areas and service arrangements within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;
3. To inquire into and to ascertain for each respondent the traffic revenue and expense effects of introducing extended service or other alternate telephone service and rate arrangements within and between the Palm Springs and Coachella Valley telephone exchanges or portions thereof;
4. To inquire into and to ascertain the rate effects on subscribers to telephone service of providing extended service or other alternate telephone service and rate arrangements within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;
5. To inquire into and to determine for each respondent whether its service, operations, rules, practices, and facilities within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof are improper, inadequate or insufficient and whether each respondent or any of them should be directed to make extensions, repairs, improvements, or changes in or additions to existing systems in the public interest;
6. To inquire into any other matter or things relating to the introduction of extended service or other alternate

telephone service and rate arrangements within and between Palm Springs and Coachella Valley telephone exchanges or portions thereof;

7. To issue any order or orders that may be lawful and appropriate in the exercise of the Commission's jurisdiction in the premises.

On April 10, 1956, the Commission expanded its investigation under Case No. 5741 to include the Desert Hot Springs area. Previously, on March 6, 1956, Application No. 37807 had been filed relating to extended service between the Palm Desert serving area of "Coachella" and a portion or all of Palm Springs exchange of "California".

Public Hearing

After due notice, public hearing was held in Palm Springs and vicinity before Commissioner Rex Hardy and Examiner Manley W. Edwards on Cases Nos. 5740 and 5741 on a consolidated record with Application No. 37807 on the following dates: April 2 and 3 and May 2, 3, 4 and 29, 1956, and January 3, 4, and 28, 1957. Following submission of Application No. 37807 on January 28, 1957, additional hearing on the above two cases was held on January 29 and February 21, 1957, and on February 19 and 20, 1958. In all a total of 13 days of hearing were held on these two cases, 54 exhibits were received, 82 witnesses were heard and the record contains 1646 pages of transcript. Cases Nos. 5740 and 5741 now are ready for decision.

Nature of Rate and Service Complaints

A matter of principal concern to the telephone users was the toll rate of 35 cents for initial period station messages between Palm Desert and Palm Springs. Some of these calls were simply across the street on which the boundary line between the service areas of "Coachella" and "California" is located. There

were also several general items of complaint by many witnesses, such as:

- (1) Slow operator response for local and long distance
- (2) No dial tone
- (3) Busy signal before completing dialing
- (4) Lack of intercept service
- (5) Cutoffs and interruption of calls
- (6) Fading and poor transmission on calls
- (7) Incorrect timing and charges on toll calls
- (8) Inability to obtain higher grades of service
- (9) Cross talk and party line interference

In addition there were a number of specific complaints dealing with individual service difficulties. The presiding Commissioner required the companies to investigate and report on each individual complaint.

Extended Service and Interim Relief

Following the first six days of hearing, the Commission, on June 26, 1956, issued its first interim opinion and order (Decision No. 53298) in these proceedings authorizing "Coachella" and "California" to proceed diligently to introduce extended service between Palm Desert and Palm Springs on or before October 1, 1957,^{1/} at rate levels to be subsequently determined and fixed by the Commission. Pending introduction of extended service, the Commission authorized, on or before December 1, 1956, a reduction in toll rate from 35 cents to 20 cents for station initial period service and comparable reductions for person service between Palm Desert and Palm Springs.

At the hearings on January 3 and 4, 1957, the Commission staff presented its study (Exhibit No. 18) of the proposed extended service and rates and on February 25, 1957, the Commission issued Decision No. 54597 (Application No. 37807) authorizing extended
1/ Time extended to October 19, 1957, by Decision No. 54597.

service between Palm Springs and Palm Desert at the level of rates proposed by the staff. In general these rates were 5 cents to 25 cents per month lower for the various classes of telephone service than proposed by the utilities.

Under another proceeding,^{2/} by Decision No. 56194, February 4, 1958, the Commission authorized extended service between the Desert Hot Springs exchange and the Palm Springs Main exchange on or before April 1, 1959. On the inauguration of such service, station rates will be increased on an average of 10 cents or less per month in Palm Springs and up to \$1.00 per month in Desert Hot Springs and the toll charge eliminated.

Service Improvements - Palm Springs and Desert Hot Springs

During the year 1957 "California" increased its investment in the Palm Springs exchange telephone plant by \$1,777,498 from a December 31, 1956 figure of \$3,300,404 to a December 31, 1957 figure of \$5,077,902. Substandard station installations totaling 535 were corrected and brought up to standard. A new central office building of 2,000 square feet was constructed in Cathedral City; a two-story addition, containing 3,150 square feet, was made to the Palm Springs Main central office building. In addition some 137,000 duct feet of underground conduit, 646,000 feet of bare aerial wire, and 251,328 feet of underground and aerial cable were installed. Some 2,000 additional line terminals were added at the Cathedral City office and a like amount at Palm Springs Main office. Intercept service has been provided. "California's" budgeted plant additions for 1958 for Palm Springs and Desert Hot Springs total \$1,811,850. A tabulation of the number of stations served as of December 31, 1956, and December 31, 1957, and the number which "California"

^{2/} Application No. 38685 by "California".

expects to be serving as of December 31, 1958, follows:

Summary of Total Stations

	Actual as of <u>12/31/56</u>	Actual as of <u>12/31/57</u>	Estimated as of <u>12/31/58</u>
<u>Central Office</u>			
Palm Springs Main	9,271	10,593	11,366
Cathedral City	1,559	2,085	2,432
Desert Hot Springs	<u>587</u>	<u>775</u>	<u>995</u>
Total	11,417	13,453	14,793

The situation with regard to held orders showed some improvement in 1957 but considerably more improvement is expected in 1958 as indicated by the following summary.

Held Orders for Upgrade and Primary Service

	Actual as of <u>12/31/56</u>	Actual as of <u>12/31/57</u>	Estimated as of <u>12/31/58</u>
<u>Central Office</u>			
Palm Springs Main			
Primary Service	349	79	65
Upgrades	785	611	235
Cathedral City			
Primary Service	74	75	0
Upgrades	305	382	180
Desert Hot Springs			
Primary Service	73	19	0
Upgrades	118	138	23

Service Improvement - Coachella Valley

During the year 1957 "Coachella" increased its investment in telephone plant by \$927,029 from a December 31, 1956 figure of \$1,911,634 to a December 31, 1957 figure of \$2,838,663. The Indio central office was increased in size from 1,200 square feet to 5,500 square feet; the Palm Desert and Coachella central offices were

more than doubled in size; direct distance dialing equipment was installed in Indio to eliminate long distance operator delays; Palm Desert and La Quinta central office equipment was changed to terminal per station operation; ten open wire trunk pairs between Indio and Palm Desert were replaced by a 101 pair cable to increase trunk line capacity and voice repeaters were added to the Palm Desert and La Quinta trunk circuits. In addition 328 miles of aerial wire was added to the plant and intercept service has been provided. "Coachella's" budgeted plant additions for 1958 total \$366,850. A tabulation of the number of stations served as of December 31, 1956, and December 31, 1957, and the number which "Coachella" expects to be serving as of December 31, 1958 follows:

Summary of Total Stations

<u>Central Office</u>	<u>Recorded as of 12/31/56</u>	<u>Recorded as of 12/31/57</u>	<u>Estimated as of 12/31/58</u>
Coachella	843	926	1,020
Indio	3,806	4,114	4,450
La Quinta	359	379	400
Mecca	151	168	195
Oasis	197	206	225
Palm Desert	947	1,197	1,500
Thermal	653	682	730
Thousand Palms	109	115	135
Eagle Mountain	-	-	90
Toll Stations	<u>11</u>	<u>14</u>	<u>15</u>
Total	7,076	7,801	8,760

The situation with regard to held orders is being given attention. It showed little over-all improvement in 1957 because of rapid growth in the service area; however, more improvement is expected in 1958 as indicated by the following summaries:

Held Orders for Primary Service

<u>Central Office</u>	<u>As of 12/31/56</u>	<u>As of 12/31/57</u>	<u>Estimated as of 12/31/58</u>
Coachella	32	14	10
Indio	50	47	50
La Quinta	4	7	5
Mecca	3	0	0
Oasis	3	0	0
Palm Desert	28	49	20
Thermal	14	8	5
Thousand Palms	4	6	5
Toll Stations	0	0	0
Eagle Mountain	-	0	0
Total	138	131	95

Held Orders for Upgrades

<u>Central Office</u>	<u>As of 12/31/56</u>	<u>As of 12/31/57</u>	<u>Estimated as of 12/31/58</u>
Coachella	10	18	5
Indio	84	107	25
La Quinta	13	4	-
Mecca	2	4	-
Oasis	1	6	-
Palm Desert	3	40	10
Thermal	11	17	5
Thousand Palms	0	1	-
Toll Stations	-	-	-
Eagle Mountain	-	-	-
Total	124	197	45

Service Improvement - Pacific Company

"Pacific" furnished the long distance toll circuits and a source of complaint was operator delay at the San Bernardino long distance office. "Pacific" reports that prior to October 19, 1957, it provided ring-down circuits from Coachella and Palm Springs terminating on switchboard positions in San Bernardino, and on March 9, 1957, added 45 switchboard positions which it considered adequate to meet 1957 requirements. Then on October 19, 1957, "Pacific" established a long distance dial switching office at

San Bernardino and made it a sectional switching center in the nationwide dial network, and at the same time provided dial trunks between San Bernardino and Palm Springs and San Bernardino and Indio in place of the ring-down trunks. "Pacific" represents that the new arrangement provides adequate trunk facilities, that there were no service deficiencies as of December 31, 1957, and that the improvements in facilities and operations make it possible to render a highly satisfactory telephone service to and from the Palm Springs, Desert Hot Springs, Indio and Thousand Palms exchanges.

Position of Chambers of Commerce

The position of the several chambers of commerce in Case No. 5740 is that deep and sincere appreciation should be expressed for the improvement in telephone service, for the tremendous effort that has been devoted by the several utilities involved in these matters, and for the work done by the Commission and its staff. The chambers, while admitting that much work has been done and a considerable amount of money has been put into the telephone plant in the area, state that a great deal of work still remains to be done to give the area first class service and that it cannot be done overnight. Therefore, they take the position that the investigation by the Commission should not be closed, but should be held open because of the fear that complaints similar to those expressed by customers at the hearing may carry over into 1959.

Findings and Conclusions

After considering the evidence of record it is the Commission's finding and conclusion that telephone service in the Palm Springs, Desert Hot Springs and Coachella Valley area has been improved markedly during the past two and one-quarter years

since the Chambers of Commerce filed their complaint, Case No. 5740, and since the Commission opened its investigation on March 13, 1956, under Case No. 5741. While certain customer complaints were received as late as the last day of hearing on February 20, 1958, it is the Commission's opinion that the remaining work budgeted for 1958 should effectively reduce such complaints by early 1959 to a level compatible with rapidly growing utility systems.

The "Chambers" desire that the investigation be kept open so that additional days of hearing could be held and complaints made simply by the asking without formal procedure. The utilities oppose such action because of the expense of bringing witnesses down to the Palm Springs area and undergoing further hearing, and the bad effect on the utilities' credit of having litigation pending.

After weighing the position of the "Chambers" and the position of the utilities it is the Commission's finding and conclusion that a reasonable solution is that the investigation be closed and an appropriate order issued at this time. Section 1708 of the Public Utilities Code provides that the Commission may, upon notice and hearing, rescind, alter or amend a decision which it has rendered. If the service complaints continue to an extent above normal for a fast growing area, the proceeding can be reopened under such code section, thus adequately protecting the "Chambers" interest in this matter.

In closing these matters the Commission desires to point out to the utilities that they should connect held orders as rapidly as reasonably possible but only after adequate study or supervision. Failure to recognize the deleterious effect on service as a result

of such added stations and the resulting changes in the character of the traffic could result in the normal call handling capacity of facilities being exceeded and service degraded to the point where it would be inadequate. The ability to provide a reasonably adequate service to existing subscribers and to continue to furnish such service should be a prime factor in determining how rapidly additional stations are connected. Consistent degrading of service, in order to connect held applications ahead of adequate new plant facilities, quickly reaches the point where it is no longer in the public interest.

O R D E R

Public hearings having been held in Case No. 5740 and the Commission being of the opinion that the proposed plant construction and service improvements will reasonably meet the complainants' request, and public hearings having been held in Case No. 5741, the matter having been submitted conditionally and the Commission being of the opinion that the complaint matter should be closed and investigation should be terminated; therefore,

IT IS ORDERED:

That Case No. 5740 and Case No. 5741 be and they are hereby discontinued.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 29th day of July, 1958.

Edwin Fox
President
Robert Mitchell
Paul Witschman
Theodore J. Turner
Commissioners

Commissioner Matthew J. Dooley being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A
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LIST OF APPEARANCES

Bacigalupi, Elkus & Salinger, by Claude N. Rosenberg, and Peter A. Nenzel, for California Water & Telephone Company, defendant in Case No. 5740, and respondent in Case No. 5741; Pillsbury, Madison & Sutro, by Arthur T. George and Dexter C. Tight, for The Pacific Telephone and Telegraph Company, respondent in Case No. 5741; Neal C. Hasbrook and Hulen D. Callaway, for Coachella Valley Home Telephone and Telegraph Company, defendant in Case No. 5740, and respondent in Case No. 5741; Neal C. Hasbrook, for California Independent Telephone Association, interested party; Harry B. 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.C. 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; Harry V. Skoog, in propria persona, protestant; 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 Cotner, 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, Mrs. Marion A. Harris, John Kennedy, Lorraine G. Webster, Mario D. Coletti, L. C. Miller, Jack Pollard.

Evidence was presented on behalf of Cathedral City Businessmen's Association by Edwin C. Turner.

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 Hanzel, 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.

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Evidence was presented on behalf of the interested parties and protestants by: John Van Pelt, Frank H. Fletcher, Harry V. Skoog, Ballard Jenkins, Joseph Godley, Frank Gantiello, Wayne Miles, Will W. Kelly, Mrs. Walter H. Keefe and Arthur Swajian.

Evidence was presented on behalf of California Water & Telephone Company by: Peter A. Nenzel, Fred H. MacGougan, James Naylor, H. J. Irwin and Doak Davis.

Evidence was presented on behalf of Coachella Valley Home Telephone 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.