

Decision No. 57142**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CALIFORNIA INTERSTATE TELEPHONE)
 COMPANY, a corporation, for authority)
 to establish, maintain, and operate)
 a telephone exchange at Wrightwood,)
 San Bernardino County, California, to)
 provide telephone exchange service in)
 the Wrightwood Exchange Area (San Bern)
 ardino and Los Angeles Counties,)
 California); and to file and make)
 effective rates for telephone service)
 in said exchange area.)

Application No. 39569

(Appearances and witnesses are listed as Appendix A)

O P I N I O NApplicant's Request

The California Interstate Telephone Company, by the above-entitled application, filed November 19, 1957, requests the Commission to issue an order authorizing it to:

1. Establish, maintain, and operate the Wrightwood Exchange and provide and render exchange and toll service in the Wrightwood Exchange area as described in the application.
2. File and make effective new maps as shown in Exhibits "B" and "C" attached to the application.
3. File and make effective revised tariff sheets as shown in Exhibit E attached to the application.

Public Hearing

After due notice, public hearing on a consolidated record with Application No. 39656 and Case No. 6058 was held before Commissioner Ray E. Untereiner and Examiner Manley W. Edwards on July 17, 1958, at Wrightwood, San Bernardino County, California. The applicant presented six exhibits and testimony by four witnesses in support of the application. The Commission staff cross-examined the applicant's witnesses for the purpose of developing a full record

to aid the Commission in deciding this request. The matter was submitted at the close of the day's hearing for Commission consideration and now is ready for decision. No person entered any objection to the granting of the application except for the matter of a realignment of the northwest portion of proposed Wrightwood Exchange area and boundary.

The Wrightwood Area

The Wrightwood area is located partially in San Bernardino County and partially in Los Angeles County and includes essentially the following locations:

Clydes Ranch	Desert Springs
Big Pines	Phelan
Smithsonian Observatory	Wrightwood
Jackson Lake	

The area lies generally southeast of Palmdale, southwest of Victorville, and north of Ontario. Presently, it is not included within any exchange area, being unassigned territory. The Pacific Telephone and Telegraph Company presently provides telephone service in said area by means of 60 toll stations.

Applicant's Position

During recent years applicant has received a number of requests to provide exchange telephone service in the Wrightwood area. The community of Wrightwood itself is of a resort nature, and while somewhat seasonal is expanding rapidly. The increasing development and activity in the communities named have created a need for exchange telephone service. To provide said service, applicant proposes to install an unattended dial telephone exchange in a central office and to establish a toll rate center in Wrightwood near the location of the Wrightwood United States Post Office. Said location is shown on a plat marked Exhibit "A" attached to the application.

Applicant estimates that there are 600 potential subscribers within the proposed Wrightwood Exchange area, of which

number it anticipates 525 will be connected for service within one year after the establishment of the Wrightwood Exchange.

Proposed Exchange Boundary

The east and north boundaries of the proposed exchange area are contiguous to portions of the Victorville Exchange boundary of applicant, the west boundary is contiguous to a portion of the east boundary of the Palmdale Exchange of The Pacific Telephone and Telegraph Company, and a portion of the south boundary is contiguous to a portion of the north boundary of the San Bernardino Exchange of the General Telephone Company of California. A map showing the proposed Wrightwood Exchange area is attached to the application and marked Exhibit "B". Likewise, a map showing the proposed Wrightwood base rate area is attached to the application and marked Exhibit "C".

At the public hearing and upon the request of certain persons residing in the northwest portion of the proposed exchange area, applicant offered to revise the boundary so that the area between Avenue Z and the U. S. Forest boundary would not be included. By this change the people in this area would be free to seek telephone service from the Pacific Company.

Proposed Construction

Applicant proposes the following construction program for the Wrightwood Exchange upon receipt of the authorization sought in this application:

- a. Purchase of certain toll facilities of The Pacific Telephone and Telegraph Company within the Wrightwood Exchange area.
- b. Purchase of a parcel of land.
- c. Construction of a central office building.
- d. Installation of 600 terminals of central office equipment.
- e. Installation of toll facilities between Wrightwood and Victorville.
- f. Construction of exchange distribution facilities.
- g. Installation of telephones.

The cost of construction of these various items of plant is estimated to be \$374,015 as more specifically set forth in Exhibit No. 6 in this proceeding. Included in such total figure is \$96,700 to cover the purchase of certain toll facilities from The Pacific Telephone and Telegraph Company being authorized by concurrent decision under Application No. 39656.

Applicant estimates the construction will take approximately two years to complete and proposes to finance the cost of the proposed Wrightwood Exchange out of its treasury.

Proposed Operations

Applicant proposes that the commercial and plant functions involved in operating an unattended dial system for the Wrightwood subscribers be performed by its Victorville District Office. Applicant states that there is no public utility, corporation or person with whom the proposed exchange and service will compete other than those few toll stations which the Pacific Company will maintain at one remote section of the exchange area for economic reasons.

Applicant represents that it has all the necessary franchise rights for the proposed telephone exchange and exchange service under and by virtue of Section 536 of the Civil Code of California. Applicant also represents that the inclusion of the proposed Wrightwood Exchange in its operating territory will not be prejudicial to the quantity or quality of service provided in the balance of its operating territory, nor will said inclusion unduly affect the present relationship of its revenues and expenses to its total capital investment.

Proposed Tariff Changes

Applicant states that the establishment of the proposed Wrightwood Exchange will not effect any increase or any decrease in

any of its filed exchange or toll rates, or any change in any of its filed rules and regulations. Applicant proposes the same rate levels for the new exchange service as now are in effect in its Barstow, Big Bear Lake, Bishop and Trona Exchanges. The proposed revised tariff sheets to extend such rates to the Wrightwood Exchange are set forth in Exhibit No. 5 in this proceeding.

Applicant made a study of the effect of substituting exchange service for the present toll station service in the proposed exchange area, rerating intrastate toll messages at its toll rates and interstate toll messages using a Wrightwood toll center, and eliminating charges on intrastate toll messages between said toll stations for the seven-day period September 13, 1957, to September 19, 1957, inclusive. The results of the study showed an increase in charges to said toll stations of \$0.35 or an estimated annual increase of \$8.55.

Findings and Conclusions

After considering the evidence of record the Commission is of the opinion that the establishment of the Wrightwood Exchange with the northwest boundary revised will result in an improved telephone service in the Wrightwood area and therefore finds and concludes:

1. That the public interest requires establishment of the Wrightwood Exchange substantially as proposed in the application, except that California intrastate toll Schedule A toll rate of The Pacific Telephone and Telegraph Company should apply to toll traffic between Wrightwood Exchange and all toll points in California except those California toll points of Happy Valley Telephone Company and those reached wholly over the toll lines of California Interstate Telephone Company. California intrastate Schedule B toll rates of The Pacific Telephone and Telegraph Company should apply between Wrightwood Exchange and toll points of Happy Valley Telephone Company while intracompany toll rates of California Interstate

Company should apply between Wrightwood Exchange and all California toll points reached wholly over the toll lines of California Interstate Telephone Company.

2. That the proposed level of rates is not unreasonable; however, in view of the fact that applicant did not present detailed cost, revenue and earnings estimates under such rate levels, any subnormal earnings of this exchange during the developmental period or thereafter will not be permitted to burden the rates of applicant's other subscribers.
3. That any increases in rates and charges that might result to present toll service subscribers of The Pacific Telephone and Telegraph Company in the area on transfer to applicant are justified, and that the present toll rates in the area after establishment of the Wrightwood Exchange insofar as they differ from those rates herein authorized are unjust and unreasonable.
4. That an order should be issued authorizing the establishment of the Wrightwood Exchange.

O R D E R

The above-entitled application having been filed, a public hearing having been held, the matter having been submitted and being ready for decision; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized, on or before June 30, 1961, to establish, maintain, and operate the Wrightwood Exchange and provide and render exchange and toll service in the Wrightwood area substantially to the extent described in the foregoing opinion and in the application.
2. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order, in conformity with the Commission's General Order No. 96, revised tariff schedules and maps to effectuate the establishment of the Wrightwood Exchange substantially as shown in Exhibit No. 5 in this proceeding and in

Exhibits Nos. B. C and E attached to the application, with the northwest boundary revised, and toll rates revised consistent with Finding and Conclusion No. 1 in the Opinion, and after not less than five days' notice to this Commission and to the public, to make said revised tariff schedules and maps effective with the establishment of the Wrightwood Exchange.

3. The authority herein granted will expire unless exercised on or before June 30, 1961.

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

Dated at San Francisco, California, this 12th day of August, 1958.

E. Lynn Fox
President
W. S. Kitchin
W. B. Lutz
W. H. Dyer
Commissioners

Commissioner Theodore H. Jenner, being necessarily absent, did not participate in the disposition of this proceeding.

A-39569
A-39656
C-6058 nb

APPENDIX A

LIST OF APPEARANCES (Under A-39569, A-39656 and C-6058)

For the Utilities: Best, Best & Kreiger by James H. Kreiger and Richard Edsall, for California Interstate Telephone Company; Pillsbury, Madison & Sutro and Arthur T. George by Charles B. Renfrew, for The Pacific Telephone and Telegraph Company; H. Ralph Snyder, Jr., for General Telephone Company of California.

Interested Parties: Neal C. Hasbrook, for California Independent Telephone Association; J. J. Deuel, for California Farm Bureau Federation; Frederick E. Marshall, for Wrightwood Chamber of Commerce.

For Petition Subscribers to The Pacific Telephone and Telegraph Company: Mrs. Earle Winnett, Secretary, Llano Improvement Assn.

Commission Staff: Hector Anninos.

LIST OF WITNESSES

Evidence was presented on behalf of the Utilities: Under A-39596 by: Arthur S. Taylor, Clarence H. Harling, Harold E. Throp, John H. Barrows; Under A-39656 by: Russell J. Priddy; Under C-6058 by: Clarence H. Harling, John H. Barrows, Paul F. Sercu, Carl F. Joos, Roscoe C. Bowles, R. W. Replogle.

Evidence was presented on behalf of the Commission Staff by: James M. McCraney.

Evidence was presented on behalf of the Interested Parties by: Mrs. Grace Winnett, Thomas W. Boyden, Mrs. Virginia Buchanan, R. W. Wiess.