

ORIGINAL

Decision No: 57503

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 COACHELLA VALLEY TELEPHONE COMPANY,  
 a California corporation, for authority  
 to publish, file and place in effect  
 exchange rates in an exchange to be  
 designated Salton, Imperial County,  
 California.

Application No. 40219

J. C. Newman, vice president and general manager,  
 for applicant.  
Gordon, Knapp, Gill & Hibbert, attorneys, by Warren N.  
 Grossman, for Salton Telephone Company; Bishop Moore,  
 attorney, for Salton City Chamber of Commerce,  
Salton Riviera, Inc., Salton Vista Development Co.,  
 et al., M. Penn Phillips Co., and M. Penn Phillips  
 personally; Samuel Dixon D'Andrea, for Salt and Sea  
 Development Co.; Leonard K. Faulkner, for Salton Sea  
 Realty and Salton Sea Associates; Robert H. Kennedy,  
 for Salton Sea Village and Thayer-Watson Sales  
 Organization; protestants.  
Joe Coombs, Jr., secretary, for Treadwell Engineering  
 Corp., interested party.  
Melvin E. Mezek for the Commission staff.

O P I N I O N

Coachella Valley Telephone Company by the above-entitled application, filed June 30, 1958, seeks authority to establish an exchange to be designated Salton in unincorporated territory of Imperial County about 25 miles southeast of Indio, 50 miles northwest of El Centro, and between U. S. Highway No. 99 and the Salton Sea. The establishment of exchange rates is also sought.

Public hearings were held before Examiner Stewart C. Warner on August 21, 1958, at Indio, and on September 23, 1958, in Los Angeles. Several prospective telephone users from the proposed

Salton exchange appeared to protest the application, and on August 21, 1958, Salton Telephone Company, a corporation, filed its Application No. 40373 for a certificate of public convenience and necessity to operate as a telephone corporation in the Salton area and to issue stock. By its letter dated September 18, 1958, said corporation withdrew its application and requested that it be dismissed. At the August 21, 1958, hearing in Indio, the protestants indicated that if Salton Telephone Company's application were withdrawn, they would withdraw their protests to the granting of the instant application, but they requested that the applicant herein be required to provide adequate telephone service in its proposed Salton exchange.

Description of Proposed Salton Exchange

Applicant's proposed Salton exchange includes the major portions of Townships 9 and 10 S, Range 9 E, and Township 10 S, Range 10 E, SBB&M, and encompasses approximately 103 square miles as shown on the map, Exhibit B, attached to the application. The proposed exchange area lies immediately south of the Riverside - Imperial County line along the east and west sides of U. S. Highway No. 99. It extends easterly to the west shore of the Salton Sea. Several subdivision and development companies have recently purchased large acreages within the proposed exchange area, and the resort area of Desert Shores, which is in the east half of Section 9, T9S, has been subdivided into 500 residential lots on which approximately 60 homes have been constructed. The resort area of Salton City, which is in Section 19, T10S, is about 10 miles southeast of Desert Shores at what is now known as the unincorporated community of Truckhaven. Said area comprises approximately 20,000 acres of land which have

been subdivided into 10,000 lots; in excess of 5,000 of said lots have been sold; homes to be constructed on 167 of said lots are in escrow; and 38 homes, a real estate office, and about 7 or 8 other commercial buildings, had been constructed as of the date of the September 23, 1958, hearing. The subdividers are dredging a small-boat marina and a 200-room motel is to be constructed at the marina site. The tract manager of Salton Sea Village, a subdivision in Salton City, testified that the construction and sale of 450 homes in his subdivided area was expected by the end of the year 1958. He requested applicant, on behalf of himself and all subdividers in Salton City, to establish a base rate area at Salton City in addition to the area proposed for Desert Shores.

Present Telephone Service

Applicant furnishes suburban (10-party) residence exchange service in its Indio exchange in Section 32, T8S, R9E, in Riverside County, and has installed and operates 8 toll stations in Desert Shores. It proposed to establish a base rate area comprising the E½ of Section 9 inside which local telephone service would be available at base rates for the Desert Shores area. Applicant proposed to establish a toll rate point for the Salton exchange approximately one-half way between Desert Shores and Salton City. Applicant did not propose to establish a base rate area for Salton City until such time that Salton City had built up to the extent that the establishment of a base rate area at Salton City was warranted. Applicant proposes to discontinue the 8 toll stations when exchange service is available.

Rates

Applicant proposed the establishment of the Salton exchange rates as set forth in Exhibit E attached to the application. Said

rates would apply to local service and there would be a monthly mileage charge of 50 cents for each  $\frac{1}{2}$  mile for 1-party service measured from the base rate area boundary to the subscribers' premises in the suburban area. The proposed monthly base rate for a 1-party business telephone would be \$6.50 and for a 1-party residence telephone, \$4.00. Such charges would, under the application, be applicable to subscribers located within the Desert Shores base rate area only. The proposed monthly charge for a 1-party business telephone at Salton City, including suburban mileage charges, would be approximately \$26.50, and for a 1-party residence telephone, \$24.

#### Proposed Financing

Applicant's witness testified that short-term financing, amounting to \$250,000 for the year 1958, had been arranged with a local bank and that such financing could be extended. The estimated gross plant construction costs for 62 stations at the end of the first year are shown in Exhibit No. 3 to be \$31,446; for 100 stations at the end of the second year \$40,476; and for 436 stations at the end of the fifth year \$202,662.

#### Complaints of the Present Toll Service at Desert Shores

All protestants complained vigorously of the present toll station service at and from Desert Shores to and through Indio. They testified that telephone circuits had been blown down for two or three days at a time; that there was line interference; and that there had been cutoffs in the midst of conversations, inability to hear, and overcrowding of circuits. One witness testified that because of delays in completing calls to Los Angeles over applicant's toll circuits and its interconnected facilities with The Pacific Telephone and Telegraph Company, lots had been sold by individual tract salesmen as many as two or three times to two or three different people before notices of sales could be relayed to the

realtors' Los Angeles offices where lot sales' records were maintained, thus resulting in duplication and triplication of sales, and thus causing embarrassment and financial loss. All protestant complainants urged that if the instant application were granted, applicant be required to provide adequate telephone service throughout the proposed Salton exchange area.

Findings and Conclusions

It is evident from the record that public convenience and necessity require that applicant be authorized to establish a telephone exchange, to be known as its Salton exchange, in the area hereinbefore described in Imperial County; that the application for the establishment of such exchange should be granted as herein provided; and that the order hereinafter should so provide.

It appears that applicant's proposed telephone exchange service rates are not unreasonable, and that applicant should be authorized by the order hereinafter to file the schedules of rates proposed in the application. It further appears that, not only does the development at Desert Shores warrant the establishment of a base rate area, but also that the foreseeable development at Salton City warrants the establishment of a base rate area; that such latter base rate area should include the area set forth on the map, Exhibit No. 4. Such area is delineated on said exhibit by the red line, and is bounded on the south by Salton and Riviera Drives, on the east by Sea View Drive and Monterey Avenue, on the northeast, north, and northwest by Marina Drive, and on the west and southwest by U. S. Highway No. 99, including all of the commercial area on the east and west sides of U. S. Highway No. 99 in the vicinity of Riviera Drive at its intersection with said highway; and that the order hereinafter should provide for the establishment of base rate areas at both Desert Shores and Salton City as heretofore described.

In applying for the establishment of a new telephone exchange to be known as Salton exchange, and for the establishment of exchange rates for telephone service therein, in Imperial County, applicant has implied its willingness and ability to furnish adequate telephone service in such exchange. In granting the authority requested, the Commission expects and will require that no telephone service in said exchange other than that of the highest standard and quality shall be furnished by the applicant. Applicant is hereby put on notice that any deficiencies in existing telephone service to or in the proposed area should be completely eliminated, and that any significant complaints of telephone service to or in the proposed and authorized Salton exchange may constitute grounds for the taking by the Commission of any or all action within its lawful power to remedy any such complaints and to eliminate their causes.

We hereby find as a fact that such increases in rates and charges as will result from the authority herein granted are justified and that present rates and charges insofar as they differ from those herein prescribed, upon the establishment of the Salton exchange, are unjust and unreasonable.

O R D E R

Application as above entitled having been filed, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. That Coachella Valley Telephone Company, a corporation, be, and it is, authorized to establish its Salton exchange in unincorporated territory of Imperial County in the area delineated on the map, Exhibit B, attached to the application.

2. That applicant be, and it is, authorized and directed to establish a base rate area in its Salton exchange which will include the Desert Shores resort and the approximately one-half square mile of area surrounding such resort as shown on the map, Exhibit C, attached to the application.

3. That applicant be, and it is, authorized and directed to establish a toll rate point in its Salton exchange at a point approximately one-half way between the community of Desert Shores and the community of Salton City, the description of which is GG 15-10, on the Post Route map, in the N/E  $\frac{1}{2}$  of Section 1, T10S, R9E, SBB&M.

4. That applicant be, and it is, authorized and directed to establish a base rate area in its Salton exchange which will include the Salton City resort and the approximately 10-square miles of area surrounding such resort as shown on the map, Exhibit No. 4, and as more particularly described in the opinion herein.

5. That applicant be, and it 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, the tariff schedules for its Salton exchange as set forth in Exhibit E attached to the application and maps of the Salton exchange and Desert Shore base rate area substantially as set forth on Exhibit C of the application and map of the Salton City base rate area as discussed in the foregoing Opinion, and after not less than five day's notice to the Commission and to the public to make said tariff schedules effective coincident with the establishment of the Desert Shores and Salton City base rate areas.

6. That the establishment of the Salton exchange and the Desert Shores and Salton City base rate areas herein authorized shall be effective not later than December 1, 1959, and that

applicant shall report to the Commission in writing the exact date on which it will commence to furnish the telephone service in the Salton exchange as authorized herein.

7. That applicant, be, and it is, authorized to discontinue each of the toll stations in the area when Salton exchange service is available at such toll station locations.

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

Dated at San Francisco, California, this 21<sup>st</sup> day of October, 1958.

E. Lynn Fox  
President  
W. E. Mitchell  
Ray B. Winterrowd  
Matthew J. ...  
Flora ...  
Commissioners