

Decision No. 57939

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Poway Chamber of Commerce, an association,
P. O. Box 60, Poway, Calif.

Complainant,

vs.

Pacific Telephone and Telegraph Company,
a corporation,

Defendant.

Case No. 5980

V. J. Dorman, for complainant.
Arthur T. George and Pillsbury, Madison & Sutro,
by Charles B. Renfrew, for the defendant.
J. P. DuPaul, City Attorney, by Frederick B. Holoboff,
Deputy City Attorney, for the City of San Diego,
J. J. Deuel, for the California Farm Bureau Federation,
Mrs. Ben Scott, and Robert H. Hayes, for the Escondido Chamber of Commerce,
interested parties.
Melvin E. Mezek, for the Commission staff.

O P I N I O N

By the complaint herein, filed on September 10, 1957, the Poway Chamber of Commerce, an association, alleges that the telephone service furnished by the defendant in the Poway area is unjust, inefficient, unreasonable, and contrary to public convenience and necessity for the reasons (a) that every community south of Poway in San Diego County has extended service and therefore Poway feels that it is being subjected to discrimination which is unjust; (b) that present service is inefficient because all emergency services such as police and fire protection and ambulance service must be called through the Escondido exchange, with undue delay; (c) that

it is unreasonable and contrary to public convenience and necessity that Poway telephone subscribers must pay such large amounts in toll charges to get adequate service; and (d) that public demand in Poway for extended telephone service shows that 98 percent of the people, both subscribers and nonsubscribers to the present service, desire extended service at a reasonable increase in cost. An order is requested that defendant be required to grant extended telephone service to and from all exchanges adjacent to the Poway-Riverview exchange.

On October 4, 1957, the defendant filed its answer to said complaint. Generally defendant denies the allegations of the complaint except that it admits there may be some operating delays in the Poway service, and that emergency calls must be placed through Escondido operators.

As affirmative defenses, defendant alleges:

(a) It furnishes message toll service between Poway and all exchanges adjacent to Poway under its message toll telephone service tariff schedules on file with the Commission.

(b) San Diego extended message rate individual line service and residence extended flat rate individual line service are offered by defendant in Poway under the provisions of its foreign exchange service tariff schedules on file with the Commission, and it is willing to file rates for foreign exchange service to be provided in Poway from other adjacent exchanges if there is a public demand therefor.

(c) It provides extended service between certain contiguous exchanges where the provision of such service is in the public

interest and is authorized by the Commission. A measure of public interest is the community of interest between adjacent exchanges as evidenced by subscribers' message toll usage between the exchanges. A review of the average month's message toll telephone usage from Poway to all adjacent exchanges indicated the community of interest to be nominal.

(d) Extended service between Poway and all exchanges adjacent thereto could not be economically provided.

A public hearing on the complaint was held before Commissioner Ray E. Untereiner and Examiner Kent C. Rogers in Poway on December 19, 1957, at the close of which the matter was submitted subject to the filing of a report of the community of interest and cost of providing extended service between Poway and Escondido, which report was to have been furnished in July, 1958. This report was prepared and distributed, and the complainant requested that the matter be reopened to permit the complainant to cross-examine the defendant's witnesses. On August 5, 1958, the Commission ordered that the submission be set aside and the matter reopened for further hearing. On October 31, 1958, a further hearing was held in Poway before the same commissioner and examiner, evidence was presented and the matter was submitted. It is ready for decision.

The complainant requests extended service between Poway and all surrounding exchanges, which are Rancho Santa Fe, Escondido, Ramona, El Cajon, San Diego, and Del Mar. No evidence was presented to show a need for extended service between Poway and any exchanges other than Escondido and San Diego, and the evidence shows that the

community of interest^{1/} between Poway and points other than Escondido and San Diego is virtually nil.^{2/} Defendant will not be required at this time to provide extended service between Poway exchange and exchanges other than Escondido.

In May, 1957, complainant polled the residents of the Poway area, both subscribers and nonsubscribers, to determine their desire for extended service between Poway and Escondido, and Poway and San Diego.^{3/} All of the canvassers were not present at the hearing, but two who were stated that they informed the signers that extended service between Poway and San Diego would cost approximately \$6 per month in addition to the effective Poway exchange charge. In May, 1957, there were approximately 322 subscribers in Poway. Two hundred and forty-seven families were contacted. Of these, 245 desired extended service to San Diego, 193 wanted extended service to Escondido, 227 wanted extended service to San Diego and Escondido, and if only one extension were authorized, i.e., San Diego or Escondido, 30 preferred Escondido and 197 preferred San Diego. Fifty-six of the persons contacted were nonsubscribers and 55 of these nonsubscribers stated they would become subscribers to telephone service if extended service were ordered.

In addition to the Poway residents, the Escondido Chamber of Commerce appeared in support of the proposed extended service between Poway and Escondido.^{4/} A representative of the Escondido

^{1/} The community of interest factor as used throughout this opinion is determined by dividing the originating calls in an exchange that go to another exchange by the number of main stations in the exchange where the calls originated.

^{2/} Exhibit No. 10.

^{3/} Exhibit No. 2.

^{4/} Exhibit No. 6.

Chamber of Commerce stated that the Poway people traded in Escondido, they are in the Escondido Hospital district, the Escondido High School district and the Escondido Junior College district, and that Poway depends on Escondido for ambulance service.

The owner of a business in San Diego who resides in Poway appeared in support of extended service between Poway and San Diego. He was the only San Diego user appearing.

In fairness to all parties, it should be noted that this is a complaint matter and hence the Commission did not notify any persons or entities other than the complainant and the defendant.

Service between Poway and Escondido

The attorney for the defendant stated that it is intended to show that extended service between Poway and Escondido is economically feasible; that such service is in the public need and is in the best interests of the subscribers in both exchanges. One of the defendant's staff engineers testified that such service could be provided within 24 months after Commission authorization; another testified that the defendant's study indicates that extended service might be considered economically feasible and that from the standpoint of convenience and economy the extended service would be in the best interests of the subscribers in both the Poway and Escondido exchanges.

Exhibit No. 8 herein is a summary of a study based on June, 1957, traffic levels. At that time there were 322 primary stations in Poway and 8,580 primary stations in Escondido. At the time of the last hearing in October, 1958, the number of primary stations in Poway had increased to 499, and the number of primary stations in Escondido had increased to 10,098.

The record shows that the community of interest factor, based on a ten-day traffic count in June, 1957, was .147 from Escondido to Poway, and 5.647 from Poway to Escondido (Exhibit No. 10, Attachment III).

Exhibit No. 8 shows the estimated differential investment and annual revenue and expense effects of establishing extended service between the Poway and Escondido exchanges based on June, 1957, traffic levels. This exhibit shows that the added plant required to provide the extended service, including amortized non-recurring expenses, would increase the defendant's annual charges on its investment by \$1,200, that \$2,500 annually in expenses, such as accounting costs and operators' salaries, would be eliminated, resulting in an annual decrease in expenses of \$1,300, that toll revenues would be decreased by \$7,800 annually, and that there would be annually approximately \$100 in revenues from coin-operated telephones. These items would result in a requirement that defendant develop \$6,400 in revenue from its telephone subscribers in Poway and Escondido. If this revenue were to be derived from the Poway subscribers alone (322 at the time of the study on which Exhibit No. 8 was based), each subscriber in Poway would have his monthly telephone bill increased an average of approximately \$1.98. As the Escondido Chamber of Commerce indicated that the business people in Escondido would be willing to contribute to the cost of the extended service, the defendant proposed a set of rates spread generally over all subscribers in Poway and over the business subscribers only in Escondido. The existing rates and the rates proposed by the defendant are as follows:

PRESENT AND PROPOSED RATES FOR PRINCIPAL
CLASSIFICATIONS OF EXCHANGE SERVICE

POWAY EXCHANGE

<u>Service</u>	<u>Rates Per Month</u>		
	<u>Present</u>	<u>Proposed Extended Service</u>	<u>Increases</u>
Business:			
Individual line	\$6.50	\$9.00	\$2.50
Two-Party line	5.10	7.20	2.10
PBX trunk	-	-	-
Suburban line	4.85	6.40	1.55
Semipublic coin box, individual line	.75 ¢ .20 per day	1.75 ¢ .22 per day	1.00 ¢ .02 per day
Residence:			
Individual line	4.15	5.15	1.00
Two-Party line	3.35	4.10	.75
Four-Party line	2.75	3.50	.75
Suburban line	3.25	4.00	.75

ESCONDIDO EXCHANGE

<u>Service</u>			
Business:			
Individual line	\$7.75	\$8.00	\$.25
Two-Party line	6.10	6.25	.15
PBX trunk	11.50	12.00	.50
Suburban line	5.35	5.40	.05
Semipublic coin box, individual line	.75 ¢ .22 per day	.75 ¢ .22 per day	none
Residence:			
Individual line	4.65	4.65	none
Two-Party line	3.60	3.60	none
Four-Party line	3.00	3.00	none
Suburban line	3.50	3.50	none

These schedules of rates increase Poway individual business line service by \$2.50 per month, and individual single party residence service by \$1.00 per month. The average cost per

subscriber for toll telephone service from Poway to Escondido is \$1.40 per month.

The evidence shows that the proposed schedules of rates would produce approximately \$6,700 in additional annual revenue.

Upon the evidence of record herein, the Commission is of the opinion and finds that public convenience and necessity require that defendant provide extended service between the Poway and Escondido exchanges. The rates proposed by the telephone company are not justified, however, for the reason that such rates produce more than the revenues required to offset the costs of extended service and place an undue burden on the Poway subscribers.

Upon the evidence of record herein, we find that the schedules of rates set forth in Appendix A to this opinion are just and reasonable, and that the present rates in Escondido and Poway, insofar as they differ from those herein provided, are for the future unjust and unreasonable.

Service between Poway and San Diego

The respondent prepared a study based on its June, 1957, traffic levels to show the cost of providing extended service between Poway and San Diego. As of June 30, 1957, there were 322 primary stations in Poway and 183,974 primary stations in the San Diego service area. Neither the San Diego Chamber of Commerce nor any Escondido subscribers supported the request for extended service between Poway and San Diego. It would appear, therefore, that the existing service to Poway is not considered inadequate by the

San Diego subscribers at least. If any extended service were authorized, the burden should be on the Poway subscribers who have requested such service. Based on the June, 1957, traffic level of 322 subscribers, the extended service, according to the defendant, would cost each of such subscribers an average of \$7.70 per month or a total of approximately \$24,800 per year to all Poway subscribers (Exhibit No. 7). Inasmuch as the cost of service between Poway and San Diego entirely paid for by Poway subscribers would appear to make the cost of such service prohibitive, extended service between Poway and San Diego will not be required at this time.

The record shows that at the time of the first hearing many of the complaints relative to delays and poor service between Poway and San Diego or Escondido were justified. At the second hearing it appeared, however, that the telephone company had taken reasonable steps to correct any defective services. The complaints relative to quality of service will be dismissed.

O R D E R

A complaint having been filed by the Poway Chamber of Commerce requesting extended service between Poway and numerous exchanges in the vicinity of Poway, public hearings having been held thereon, the matter having been submitted, and the Commission having made the foregoing findings and based upon said findings,

IT IS ORDERED:

(1) That The Pacific Telephone and Telegraph Company shall proceed to institute extended telephone service between its Poway and Escondido exchanges on or before January 1, 1961.

(2) That The Pacific Telephone and Telegraph Company 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 with changes in rates, charges and conditions as set forth in Appendix A herein, and after not less than five days' notice to this Commission and to the public, to make such revised tariff schedules effective with the establishment of extended service as provided by paragraph (1) of this order.

(3) That at the time of making effective the rates authorized by paragraph (2) hereof, The Pacific Telephone and Telegraph Company may cancel and withdraw (a) rates for local service in the Poway and Escondido exchanges, (b) rates for toll service between the Poway and Escondido exchanges, and (c) foreign exchange service between Poway and Escondido exchanges.

IT IS FURTHER ORDERED that except as herein authorized the request for extended service and the complaints set forth in Case No. 5980 are and each of them hereby is dismissed.

The effective date of this order shall be twenty days after service thereof upon the defendant, The Pacific Telephone and Telegraph Company.

Dated at San Francisco, California,
this 3rd day of February, 1959.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners

Appendix A

Rates Per Month

Poway Exchange Escondido Exchange

Service

Business:

Individual line	\$ 8.90	\$ 8.00
Two-Party line	7.10	6.25
PBX trunk	13.25	12.00
Suburban line	6.30	5.40
Semipublic coin box	1.75	.75
Individual line daily guarantee	.22	.22

Residence:

Individual line	5.05	4.65
Two-Party line	4.00	3.60
Four-Party line	3.40	3.00
Suburban line	3.90	3.50