

ORIGINAL

Decision No. 57984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
of THE WESTERN TELEPHONE COMPANY, )  
a California corporation, for auth- )  
ority to establish, maintain and )  
operate telephone exchanges to )  
be known as the Hoopa Exchange and )  
Hayfork Exchange and for authority )  
to file, publish and make effective )  
rules and regulations for telephone )  
service in said Hoopa and Hayfork )  
Exchanges. )

Application No. 40712

OPINION AND ORDER

The Western Telephone Company, by the above entitled application filed on December 29, 1958, requests authority to:

- (1) Establish, maintain and operate telephone exchanges to be known as the Hoopa and Hayfork exchanges in Humboldt and Trinity Counties, within which exchange and toll telephone service will be furnished in lieu of the existing toll station service; and
- (2) To publish, file and make effective rates and maps applicable to telephone service in the proposed Hoopa and Hayfork exchanges.

Applicant is a California corporation furnishing exchange and toll telephone and telegraph service in the counties of Humboldt, Mendocino and Trinity.

Telephone service in the areas proposed to be included in the Hoopa and Hayfork exchanges is currently furnished by applicant by means of toll station service. There are presently 58 toll stations located within the proposed Hoopa exchange area of which one is a public toll station, and 57 are semipublic. There are presently

91 toll stations located within the proposed Hayfork exchange area of which, three are public toll stations and 88 are semipublic.

Applicant states that it is becoming increasingly cumbersome and inefficient to continue serving these areas on a toll station basis due to the increase of business activity. The company is holding applications for telephone service in these areas which it is unable to complete due to lack of facilities. To supply current and expected future demand for telephone service in these areas on the present toll station basis would require the construction of additional facilities from Willow Creek, Humboldt County, to Hoopa, a distance of approximately 13 miles, and from Weaverville, Trinity County, to Hayfork, a distance of approximately 24 miles. Applicant plans to install a 200-line unattended dial central office in Hoopa and a 250-line unattended dial central office in Hayfork. Each will be housed in a new prefabricated metal building owned by the applicant.

The proposed Hoopa exchange area which includes most of the present Hoopa toll station service area is shown in Exhibit C. The proposed Hayfork exchange area, which includes most of the present Hayfork, Peanut and Wildwood toll station areas, is shown in Exhibit E.

During the period August 1, 1958 to September 10, 1958 applicant surveyed the proposed exchange areas and outlined its over-all plan, including its proposed exchange rates, to all present and potential subscribers. Applicant indicates that there were no objections made to the proposed rates. As a result of this canvass, applicant has received 47 applications for service within the proposed Hoopa exchange, and 44 applications for service within the proposed Hayfork exchange.

The rates for the principal classifications of exchange service which applicant seeks authority to establish in these exchanges are as follows:

<u>Classification</u>	<u>Rate Per Month</u>	
	<u>Residence Service</u>	<u>Business Service</u>
1-Party	\$5.50	\$7.25
2-Party	-	6.00
4-Party	4.00	-
Suburban	4.50	5.50
Extension	1.50	1.75

Applicant also proposes that rates in Hoopa and Hayfork exchanges for other exchange services, such as private branch exchange, semipublic, and supplemental equipment be at the same level as now applicable in its Willow Creek exchange.

Under applicant's plan toll rates between the proposed Hoopa exchange and other toll points would remain the same as those presently filed for the Hoopa toll station service area. Toll rates between the proposed Hayfork exchange and other toll points would remain the same as those presently filed for the Hayfork toll station service area. Since the proposed Hayfork exchange includes the present Peanut and Wildwood toll station service areas, toll charges to the subscribers within the Peanut and Wildwood areas would increase over some routes, decrease over some routes and remain unchanged over other routes as a result of the proposed relocation in toll rate center. However, the over-all effect on subscriber toll charges is estimated to be negligible in amount.

The estimated cost of new construction occasioned by the establishment of the proposed exchanges is \$202,400 for both exchange and toll operations segregated as follows:

	<u>Hoopa</u>	<u>Hayfork</u>
Central Office Equipment	\$21,000	\$ 25,000
Land and Buildings	8,000	7,000
Station Equipment	8,800	14,900
Outside Plant	44,100	73,600
Total	<u>\$81,900</u>	<u>\$120,500</u>

Applicant states that although these exchange areas initially will not be completely self-supporting at the rates it proposes, the expected rapid growth in telephone requirements indicates a combined rate of return in 1964 of 4.6 percent for Hoopa and Hayfork. Applicant's estimates of separated exchange investment, revenue, expense and rate of return in these areas are set forth in Exhibit H attached to the application and may be summarized as follows:

Item	Hoopa		Hayfork	
	At Cutover:	1964	At Cutover:	1964
Exchange Revenue	\$ 7,623	\$11,471	\$ 9,624	\$14,329
Expense	5,003	7,529	6,433	9,578
Return Before Income Tax	2,620	3,942	3,191	4,751
Income Tax	913	1,185	979	1,752
Net Operating Revenue	1,707	2,757	2,212	2,999
Exchange Investment	46,286	51,192	68,750	75,114
Rate of Return	3.7%	5.3%	3.2%	4.0%
Stations	105	158	135	201

There is no other public utility furnishing telephone service in the territories proposed to be included in the Hoopa and Hayfork exchanges.

Applicant plans to proceed to establish the Hoopa and Hayfork exchanges promptly after receipt of authority from this Commission and states that installation and construction work can be completed during the first half of 1959.

The purchase and installation of plant and equipment will be financed with funds from the Rural Electrification Administration of the United States Government.

The Commission has considered the above entitled application and is of the opinion that a public hearing thereon is not necessary and that the granting of the application as herein

provided will not be adverse to the public interest and should result in improved telephone service to the public.

Finding that the increases in rates and charges authorized herein are justified and that present rates in so far as they differ from those herein authorized upon the establishment of the Hoopa and Hayfork exchanges are unjust and unreasonable; therefore,

IT IS ORDERED that applicant is authorized to file with this Commission after the effective date of this order and on or before December 31, 1959 in accordance with General Order No. 96 the changes in tariff schedules for exchange and toll telephone service and maps of exchange and base rate areas as indicated in Appendix A attached hereto, and on not less than five days' notice to the Commission and to the public to make such revised tariffs effective for service in the Hoopa and Hayfork exchanges, coincident with the establishment of said dial exchanges.

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

Dated at San Francisco, California, this 9th day of February, 1959.

E. Z. Fox  
President  
[Signature]  
[Signature]  
Commissioners

APPENDIX A

RATES

The presently effective rates, charges and conditions are changed as set forth in this appendix.

Preliminary Statement

Revise preliminary statement to indicate dial exchange service is furnished in Hoopa and Hayfork exchanges.

Base Rate Area Maps

Maps of Hoopa and Hayfork base rate areas shown on Exhibits A and B, respectively, attached to the application are authorized.

Exchange Area Maps

Maps of Hoopa and Hayfork exchange areas shown on Exhibits C and E, respectively, attached to the application are authorized.

Map of Territory (Sheet 1858-T)

Revise map to show Hoopa and Hayfork exchange areas and to eliminate Hoopa, Hayfork, Peanut and Wildwood toll station service areas.

Legal Description of Rate Centers

Eliminate Hoopa, Hayfork, Peanut and Wildwood toll station service areas.

Legal Description of Each Toll Station Service Area Showing Section Included

Eliminate Hoopa, Hayfork, Peanut and Wildwood toll station service areas.

Interexchange Rate Mileage Between Rate Centers

Eliminate Peanut and Wildwood toll rate centers.

Schedules Nos. A-1, A-3, A-4, A-6, A-7, A-8, A-9, A-10, A-11, A-12, A-13, A-15, A-16, A-31, G-1

Rates presently in effect for Willow Creek exchange are authorized to be made effective in Hoopa and Hayfork exchanges.

Schedule No. B-1 (Sheets 1902-T, 1849-T)

Eliminate Peanut and Wildwood toll rate centers.

Rules and Regulations

Rules and regulations presently in effect for Willow Creek exchange are authorized to be made effective in Hoopa and Hayfork exchanges.