

Decision No. 57988**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE REDWOOD EMPIRE
TELEPHONE SYSTEM, a California
Corporation, for an order authoriz-
ing the establishment of a Public
Utility Telephone Exchange system
in unassigned territory in the
County of Humboldt, State of California.

Application No. 40207

In the Matter of the Application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation, for authority
to discontinue the Scotia toll rate
center and to expand the present Rio
Dell exchange and base rate area to
include therein certain unassigned
territory in the vicinity of Scotia.

Application No. 40238

E. A. Hosmer & Co., by E. A. Hosmer and John R. Sommerfield for Redwood Empire Telephone System, applicant;
Pillsbury, Madison & Sutro and Arthur T. George, by Charles B. Renfrew for The Pacific Telephone and Telegraph Company, applicant;
California Farm Bureau Federation by J. J. Deuel, The Pacific Lumber Company by Stanley L. Parker, interested parties;
James F. Haley for the Commission staff.

OPINION AND ORDERNature of Proceeding

Redwood Empire Telephone System, a California corporation, filed its above-entitled application on June 26, 1958. By it, this utility seeks authority to construct, operate and maintain a telephone system in the community known as Scotia, Humboldt County, and to establish rates and charges for service to be rendered therein.

The Pacific Telephone and Telegraph Company, a California corporation, filed its above-entitled application on July 8, 1958.

By it, this utility seeks to expand its Rio Dell exchange so as to include the community of Scotia.

The Commission thus has before it two applicants seeking authority to provide exchange telephone service in the same community.

Public Hearing

The two matters were consolidated for hearing and after due notice public hearing was held before Examiner F. Everett Emerson on December 22, 1958, at San Francisco. The matters were submitted on January 8, 1959, upon receipt of a late-filed exhibit.

Historical Note

Scotia, in Humboldt County, is now and for many years has been a "company town" wherein The Pacific Lumber Company has a large sawmill and manufacturing and processing plant for wood products, extensive storage and shipping yards, a number of stores, a bank, an inn, a good-sized hospital and numerous residential units which are occupied by its employees. The lumber company operations and its "town" have been in existence at least since the turn of the century; and through all the years the lumber company has provided itself with substantially all of those services which are normally supplied by utilities; that is, it distributes water, light, heat and communications facilities throughout the town's plant, commercial, and residential areas. In 1911, the lumber company and The Pacific Telephone and Telegraph Company entered into an agreement whereby the lumber company would provide its own telephone service within and to its local properties, while the telephone company would refrain from providing local exchange service in Scotia but would provide toll service therein. Essentially, the telephone operations of the lumber company have been most nearly akin to those of a private branch exchange connected to the toll lines of the telephone company.

Scotia is separated from the town of Rio Dell, to the north, by the Eel River. Exchange telephone service in Rio Dell and adjacent territory north of the river, is rendered through a dial central office of The Pacific Telephone and Telegraph Company. The Pepperwood exchange of this utility lies a few miles to the south of Scotia.

Nature of Evidence

Witnesses for Redwood Empire testified respecting their proposed telephone system to serve Scotia, the costs thereof, and the anticipated revenues therefrom. In substance, this utility would construct a complete and separate exchange in Scotia which would be inter-connected with Pacific Telephone's plant in Rio Dell and which would require toll facilities and toll charges between the two communities. Although Redwood Empire suggested that extended service, with a number of zones, might be established, no definitive presentation was made respecting such possible situation.

Witnesses for Pacific Telephone testified that their proposed telephone system would be an extension of existing facilities in Rio Dell. The costs of the extended plant and the anticipated revenues therefrom were also presented. Their proposed operations, in substance, would be only an extension of existing service and would entail no toll charges for service between Scotia and Rio Dell. Pacific Telephone and the lumber company have been studying and negotiating the problems of telephone service to the area for several years. The lumber company desires to have Pacific Telephone serve its town.

Findings and Conclusions

In view of the evidence, the Commission finds that public convenience and necessity require and will require that exchange telephone service be established in Scotia and vicinity.

The next basic consideration before the Commission in these consolidated matters is a determination as to which of the applicants may better serve the public convenience and necessity. In our opinion, the evidence clearly demonstrates that, under the circumstances prevailing in Scotia and Rio Dell, service by The Pacific Telephone and Telegraph Company in both communities will best serve public convenience and necessity. The town of Rio Dell and the community of Scotia are closely allied. The concentrated development of each of them is separated only by the river over which the main highway bridge provides ready access. Common interests are readily apparent. About half of the people who work in the mill or in the business houses of Scotia reside in Rio Dell. Enlargement, expansion, or extension of the telephone facilities now in Rio Dell, so as to serve Scotia, can be done economically. The common interests of the two areas can be strengthened by their having a common exchange telephone service, free from toll charges between the two.

From the evidence in this proceeding, the Commission finds it to be to the best public interest that the authority requested by Redwood Empire Telephone System should be denied and that the authority sought by The Pacific Telephone and Telegraph Company should be granted. Accordingly,

IT IS ORDERED that the authority sought by Redwood Empire Telephone System in Application No. 40207 is hereby denied.

IT IS FURTHER ORDERED that The Pacific Telephone and Telegraph Company is authorized to file with this Commission after the effective date of this order, in conformity with General Order No. 96, (1) revised tariff map of Rio Dell exchange and base rate areas expanding the boundaries of such areas substantially as set forth on Exhibit B attached to Application No. 40238, and (2) revised tariff sheets reflecting discontinuance of Scotia as a separate toll

rate center and, after not less than five days' notice to the public and to this Commission, to make said revisions effective for telephone service rendered on and after April 1, 1959.

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

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

E. Taylor Fox
President
E. W. ...
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Commissioners

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