

ORIGINAL

Decision No. 58023

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
 THE PACIFIC TELEPHONE AND TELEGRAPH
 COMPANY, a corporation, for authority
 to establish rates for extended
 service in its Grass Valley and
 Nevada City exchanges in lieu of
 present exchange rates and to cancel
 and withdraw message toll telephone
 rates now in effect between Grass
 Valley and Nevada City.

Application No. 40493

Arthur T. George and Pillsbury, Madison & Sutro, by
Charles B. Renfrew, for applicant.
 County of Nevada and City of Nevada City, by Harold A.
 Berliner; California Farm Bureau Federation, by
William L. Knecht and Ralph O. Hubbard; Nevada
 Irrigation District, by Elton A. Toblassen, interested
 parties.
E. J. Macario, for the Commission staff.

OPINION AND ORDER

By the above-entitled application, filed October 7, 1958,
 The Pacific Telephone and Telegraph Company seeks an order of this
 Commission authorizing it to provide and file rates for extended
 service in its Grass Valley and Nevada City exchanges in lieu of
 separate exchange service therein and the present toll charges
 between the two.

After due notice, public hearing in the matter was held
 before Examiner F. Everett Emerson on January 27, 1959, at Grass
 Valley. The matter was submitted on such date and is now ready
 for decision.

The evidence indicates that applicant has had numerous
 requests for toll-free calling between Grass Valley and Nevada City
 exchanges over the past several years. Each exchange is presently
 manually operated. Applicant made a survey and traffic analysis

which indicated to it that if extended service were offered while manual operations continued, the service would be decidedly uneconomic and would require very substantial increases in exchange rates. Applicant next studied the feasibility of extended service between the two exchanges on the premise that future dial operations would be provided in both exchanges and found that under such circumstances extended service might be economically justified with relatively minor increases in exchange rates. It is this latter study which is now before the Commission as the proposal of applicant.

Applicant's witnesses testified, and introduced exhibits in support thereof, respecting exchange and base rate area boundaries, estimated differential plant effects, annualized revenue and expense effects, the calling characteristics of its subscribers, specific proposals as to telephone rate changes and related matters.

The present and proposed rates for principal classifications of exchange service are as follows:

<u>Class or Type of Service</u>	<u>Present Rate</u>	<u>Proposed Extended Service Rate</u>
<u>Business</u>		
1-Party	\$ 7.00	\$ 7.40
2-Party	5.60	5.80
10-Party	5.10	5.20
PBX Trunk	10.50	11.00
Farmer line	1.55	1.65
<u>Residence</u>		
1-Party	\$ 4.40	\$ 4.50
2-Party	3.60	3.65
4-Party	3.00	3.05
10-Party	3.50	3.55
Farmer line	.90	.95

Fourteen public witnesses, called by the district attorney, testified in support of applicant's proposal, generally pointing out advantages which would accrue to the two cities and to themselves individually.

No person appeared in opposition to the proposal of the telephone company.

From the evidence, the Commission finds and concludes that consummation of the proposal of applicant, whereby extended service in the two exchanges and the elimination of toll charges between them would be accomplished coincident with the providing of dial conversion in 1960, is in the public interest. The Commission finds the facts to be that the specific proposal of applicant is reasonable and that the increases in rates and charges for the telephone service authorized herein are justified. Further, the Commission finds that present rates and charges, in so far as they differ therefrom, will become unreasonable on such date as extended service and dial operations are provided. Good cause appearing, therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96, tariff sheets revised to reflect rates and charges for extended telephone service in its Grass Valley and Nevada City exchanges as set forth in Exhibit C attached to the application herein and, on not less than five days' notice to the public and to this Commission, to make said revised tariffs effective on the date in 1960 when extended service and dial operations are provided in said exchanges.

2. Coincident with the effective date of the revised tariffs above authorized, applicant is authorized to cancel and withdraw present tariff sheets for exchange service in each of the two exchanges, to cancel and withdraw foreign exchange service rates now applicable between the two exchanges, and to cancel and withdraw message toll telephone service rates between the two exchanges.

3. Applicant is authorized to continue presently existing service to Grass Valley subscribers located in Nevada City and to Nevada City subscribers located in Grass Valley until the effective date of the revised tariffs hereinabove mentioned.

4. Applicant is authorized to expand the local service area of the Grass Valley exchange to include the Nevada City exchange and vice versa and is authorized to limit the offering of foreign exchange farmer line service between the two exchanges to subscribers actually receiving such service on the date on which extended service is provided in the two exchanges.

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

Dated at San Francisco, California, this 2nd day of March, 1959.

[Signature]
President

[Signature]
[Signature]
Commissioners

Matthew J. Dooley
Commissioner....., being
necessarily absent, did not participate
in the disposition of this proceeding.