

extensive recreation and sports facilities during the summer season and skiing activities of international renown during the winter season. Residents and businesses in the area have long sought higher grades of service, and applicant commenced engineering and commercial studies during 1956 which have culminated in applicant's present proposal by which applicant may provide the improved service sought by its present and prospective subscribers and telephone users.

The evidence indicates that, in order to provide exchange service from a Mammoth Lakes central office, applicant will expend, over and above the costs of plant already operative or in place, approximately \$43,900 for a 200-line, 400 normal unattended dial office (ordered in June 1958), \$40,000 for local exchange distribution plant and \$1,560 for new subscriber installations. Applicant's telephone rate proposal for exchange service in the new Mammoth Lakes exchange is to make effective in such exchange generally the same rates as applicant now charges in the Special Rate Area of the Lee Vining exchange. Such charges are higher than those now in effect in the Crowley Lake exchange. However, existing subscribers in the Mammoth Lakes area would, in general, experience no increase in billings for exchange service because existing suburban mileage charges for service from the Crowley Lake Base Rate Area would in nearly all cases be eliminated.

The establishment of a Mammoth Lakes exchange with its own toll rate center, as proposed by applicant, would make applicable a toll charge between Mammoth Lakes and Crowley Lake where free calling now exists. This situation occasioned the only real controversy in this proceeding. While witnesses from the Mammoth Lakes area indicated that such a toll charge would be of little over-all significance to them, witnesses from the Crowley Lake area testified that such a charge would be of considerable economic significance to them,

would hurt their businesses, would deprive them of an existing telephone service, and would in no way provide them with any improvement in service. A witness from the Commission staff also opposed the elimination of the present free-calling situation and the establishment of toll charges between the proposed two exchanges.

Applicant's witnesses, in responding to the opposition respecting the elimination of free calling, testified that continuation of free calling would be impractical for at least two reasons. The first, is that applicant believes it would be essential to install a 51-pair cable between the two areas at a cost approaching \$100,000 and that such cost is prohibitive. The second, is that the existing dial equipment in the Crowley Lake office is not adaptable to the necessary seven-digit dialing, it being suitable for no more than its present three-digit dialing system.

In connection with the incompatibility of the existing Crowley Lake central office, we take notice that applicant, on April 13, 1959, filed with this Commission an application (No. 41023) seeking authority to undertake certain financing and that such application, in Exhibit B thereof, includes a provision for the construction of a new building and installation of a new 100-line central office at Crowley Lake. Why applicant did not disclose at the hearing in the present proceeding that it was in fact contemplating early replacement of the incompatible equipment at Crowley Lake is, of course, not apparent, but the Commission is constrained to observe that under such circumstances it is difficult, if not impossible, to view the present record as being a full and unequivocal disclosure of matters significantly affecting the public interest and the rates and charges for the telephone service which applicant has obligated itself to provide.

In our opinion, the present record is sufficient to permit the Commission to protect the public interest and to reach a fair and

reasonable conclusion in the light of all of the circumstances presently known to the Commission. In view of such situation, the Commission makes the following findings:

1. The Commission finds as a fact that the public interest requires that applicant herein should establish, maintain and operate a dial central office at Mammoth Lakes for providing and rendering improved exchange telephone service in the Mammoth Lakes area.

2. The Commission finds as a fact that the public interest requires that applicant herein shall establish at Mammoth Lakes a Special Rate Area within the existing Crowley Lake exchange, the boundaries of which should be substantially those proposed by applicant for Mammoth Lakes Base Rate Area as set forth on Exhibit C attached to the application.

3. The Commission finds as a fact that the level of rates for exchange service proposed by applicant in the Mammoth Lakes area should be authorized to be made effective coincident with the establishment of the Mammoth Lakes Special Rate Area and Mammoth Lakes dial central office.

4. The Commission finds as a fact that the public interest requires the continuation of calling without toll charges between Crowley Lake and Mammoth Lakes areas and that the establishment of a new toll rate point at Mammoth Lakes is not justified by the present record.

5. The Commission finds as a fact that the present development of the area to the west of Mammoth Lakes does not at this time warrant the expansion of exchange areas to include territory west of the present Crowley Lake exchange boundary.

6. The Commission finds as a fact that the increases in rates and charges authorized herein are justified and that present rates and charges, in so far as they differ from those herein prescribed,

upon establishment of the Mammoth Lakes Special Rate Area, will become unjust and unreasonable.

O R D E R

Based upon the evidence and the findings and conclusions contained in the foregoing opinion and good cause appearing therefor,

IT IS ORDERED as follows:

1. That applicant, on or before July 1, 1959, shall establish, maintain and operate a dial central office at Mammoth Lakes for providing and rendering improved exchange telephone service in the Mammoth Lakes area.

2. That applicant, on or before July 1, 1959, and coincident with the establishment of Mammoth Lakes dial central office, shall establish a special rate area at Mammoth Lakes within the existing Crowley Lakes exchange.

3. That applicant is authorized and directed to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with General Order No. 96, revised tariff schedules with changes in rates, charges, and conditions as set forth in Appendix A attached hereto, and, after not less than five days' notice to this Commission and to the public, to make said revised tariff schedules effective for service furnished coincident with the establishment of the Mammoth Lakes dial central office and Mammoth Lakes Special Rate Area.

4. In all other respects the application herein is denied.
The effective date of this order shall be twenty days
after the date hereof.

Dated at San Francisco, California, this 22nd
day of May, 1959.

C. Lee Fox
President
John L. Mitchell
Marion K. Cook
Theodore H. Deiner
Eugene R. [unclear]
Commissioners

APPENDIX A
Page 1 of 3

RATES

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

Preliminary Statement

Revise the preliminary statement to the extent required by the changes herein authorized.

All Schedules Affected

Revise all schedules affected to the extent necessary to reflect the establishment of the Mammoth Lakes Special Rate Area.

Maps

File a map establishing the Mammoth Lakes Special Rate Area, within the existing Crowley Lake exchange, with boundaries substantially as proposed for Mammoth Lakes Base Rate Area set forth on Exhibit C attached to Application No. 40686.

Schedule No. A-1
Individual and Party-Line Service (Presently Designated Base Rate Area Service)

Territory

Within the Base Rate Areas or Special Rate Areas of exchanges listed under "Rates" as said areas are defined on maps filed as part of the tariff schedules.

Rates	Each Primary Station, Monthly Rate					
	Business Services			Residence Services		
	Indi- vidual Line	Two- Party Line	Four- Party Line	Indi- vidual Line	Two- Party Line	Four- Party Line
<u>Multi-Office Exchanges</u>						
Crowley Lake:						
Crowley Lake Base Rate Area.....	\$6.75	\$5.60	\$4.70	\$4.40	\$3.80	\$2.95
Mammoth Lakes Special Rate Area	8.15	6.50	-	5.60	4.70	3.80

APPENDIX A
Page 2 of 3Schedule No. A-4
Mileage Rates

Revise Condition 1 to read as follows:

"1. The mileage rates (1) above are based on the air-line distance measured between the subscriber's primary station multiple line key cabinet or private branch exchange switchboard and the nearest point on a base rate area boundary or special rate area boundary within the exchange from which service is being furnished that measurement being used which together with the appropriate base rate or special rate will result in the lower monthly charge for service to the subscriber. These mileage rates are applicable to the services listed above, when the subscribers' instrumentalities are located outside of a base rate area or special rate area and within the exchange area, in addition to other rates applicable to those services."

Schedule No. A-5
Suburban ServiceRates

	<u>Each Primary Station - Monthly Rate</u>		
	<u>0-4$\frac{1}{2}$</u> <u>Miles</u>	<u>4$\frac{1}{2}$-14$\frac{1}{2}$</u> <u>Miles</u>	<u>14$\frac{1}{2}$-24$\frac{1}{2}$</u> <u>Miles</u>
<u>Multi-Office Exchanges</u>			
<u>Crowley Lake:</u>			
Crowley Lake			
Business Services	\$4.70	\$5.30	\$5.85
Residence Services	2.95	3.80	4.40
<u>Mammoth Lakes</u>			
Business Services	5.30	5.85	-
Residence Services	3.80	4.40	-

Conditions

Revise Condition 3 to read as follows:

Charges for suburban service in a multi-office exchange will be at the zone rates measured from the base rate areas or special rate area which will result in the lowest monthly charge to the subscriber.

Schedule No. A-6
Manual Private Branch Exchange ServiceRates

(2) <u>Trunk Rates:</u>	<u>Monthly Rate, Each Trunk</u>	
	<u>Business</u>	<u>Residence</u>
<u>Multi-Office Exchanges</u>		
<u>Crowley Lake:</u>		
Crowley Lake Base Rate Area	\$10.00	\$ 6.45
Mammoth Lakes Special Rate Area	11.40	7.85

APPENDIX A
Page 3 of 3Schedule No. A-16
Foreign Exchange ServiceRates(1) Primary Service Rates:
(A) Base rate area service;
Foreign Exchange
Multi-Office ExchangesCrowley Lake
Business
Residence(B) Suburban service;
Multi-Office ExchangesCrowley Lake
Business
Residence(C) PBX Trunks;
Multi-Office ExchangesCrowley Lake
Business
ResidenceMonthly Rate
Each Primary Station
Service in Adjacent Exchanges
Individual Two-Party Four-Party
Line Line Line\$6.75 \$5.60 \$4.70
4.40 3.80 2.950-4 $\frac{1}{2}$ 4 $\frac{1}{2}$ -14 $\frac{1}{2}$ 14 $\frac{1}{2}$ -24 $\frac{1}{2}$
Miles Miles Miles\$4.70 \$5.30 \$5.85
2.95 3.80 4.40Each Trunk
Service in Adjacent Exchanges\$10.00
6.45

Change rate (3) as follows:

(3) Suburban Mileage Rates:Rate Per Month
Each One-Quarter Mile
or Fraction ThereofEach individual line primary
station and each PBX trunk \$ 0.70
Each two-party line primary station .45
Each four-party line primary station .35

See Condition 4.