

**ORIGINAL**Decision No. 50500

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
 CENTRAL CALIFORNIA TELEPHONE COMPANY, )  
 a California corporation, for authority )  
 to increase rates and charges for exchange ) Application No. 40904  
 telephone service within the applicant's )  
 Lemon Cove Exchange. )

Orrick, Dahlquist, Herrington & Sutcliffe, by  
Warren A. Palmer, for applicant.  
 California Independent Telephone Association, by  
Neal C. Hasbrook; California Farm Bureau Federation,  
 by J. J. Deuel, interested parties.  
G. B. Weck, for the Commission's staff.

OPINION AND ORDER

In this proceeding Central California Telephone Company seeks an order of this Commission authorizing it to make new rates and rules effective for exchange telephone service in its Lemon Cove exchange coincident with its establishing dial service therein. The proposed rates for the new service to be offered would increase annual revenues by approximately \$4,900.

Public hearing in the matter was held before Examiner F. Everett Emerson on May 19, 1959 at Visalia and the matter was submitted on such date.

The present telephone system serving the community of Lemoncove and surrounding territory consists of a two-position magneto switchboard serving approximately 121 subscribers and 170 telephone stations. The evidence indicates that the system is generally in poor condition, that the switchboard is antiquated and that the outside plant consists largely of iron wire which needs replacement. Substantially, an entirely new system is needed in order to provide telephone users with a modern telephone system which will meet present-day transmission and service requirements.

The community of Lemoncove now has a population of about 500 persons with a limited business district serving farm and ranch populations in surrounding citrus groves and grazing lands. Applicant's present service in the area provides only single-party and ten-party line service. Up-graded service is desired by many, and applicant also has orders for new service which it cannot supply through the existing system. Upon construction of the Terminous Dam project of the Bureau of Reclamation, an influx of population is anticipated which will make still further demands on the system. Applicant proposes to install a new 100-line, 200-terminal dial central office, approximately 10,000 feet of cable to replace iron wire in the backbone routes of the proposed base rate area, and to place approximately 20,000 feet of open wire as required to provide new service and correct sub-standard construction. Cutover to dial operation, including completion of the outside plant construction, will be possible within about three weeks following the effective date of the authorization by this Commission.

In preparation for its proposed plant improvements and the new dial service offering, applicant made a comprehensive commercial survey of the entire Lemon Cove exchange. As a result, applicant now holds signed requests for dial service for 77 percent of the present total potential telephone stations in the area. Applicant proposes to establish a base rate area at Lemoncove and to make a minor exchange boundary realignment at Lynn Cove in order to recognize such situation.

Applicant's existing and proposed monthly exchange telephone rates, segregated to the principal classes and grades of service, are as follows:

<u>Class and Grade of Service</u>	<u>Present Rate (Manual Service)</u>	<u>Proposed Rate (Dial Service)</u>
<b>Business Service:</b>		
1-party	\$3.00	\$6.75
2-party	None	5.50
10-party	2.50	5.00
Extension	None	1.50
Farmer Line	0.50	1.35
<b>Residence Service:</b>		
1-party	2.25	4.50
4-party	None	3.10
10-party	2.25	3.60
Extension	None	1.00
Farmer Line	0.50	0.80

Although the utility holds signed requests for improved dial service from 149 of the 193 potential users in the area, which signed requests indicated agreement to take the service at the basic rates above set forth, the secretary of the Lemoncove Association testified that a petition had been circulated and had produced signatures protesting increased telephone charges unless the present toll-free calling area were to be expanded to include either the Exeter or Visalia exchanges. In this respect, the evidence is clear that the present "community of interest factor" between the Lemon Cove and the other exchanges does not warrant extended service at the present time and the Commission finds the fact so to be. Further, it is within the knowledge of the Commission that extended service for the area would require rates considerably in excess of those which the utility now seeks, if the costs of providing such service were to be met, a situation of which it is doubtful the signers of the petition were aware.

Applicant will invest approximately \$108,000 in new plant facilities, approximately \$70,000 of which is assignable to local service. The evidence is clear that the presently foreseeable revenues, which applicant's proposed rates for the new service would produce, will yield a rate of return of about 3 percent on its

exchange investment, a percentage which cannot be said to be excessive.

In view of the evidence, the Commission finds that applicant's proposed conversion of manual to dial operations in its Lemon Cove exchange is in the public interest and that the new rates and rules applicable thereto, as proposed by applicant, are fair and reasonable for such dial operations. The Commission also finds that applicant's proposed base rate area and realignment of the exchange boundary are reasonable and should be authorized. Further, the Commission finds that the increased rates and charges for exchange telephone service authorized herein are justified and that existing rates and charges, in so far as they differ therefrom, will become unfair and unreasonable at such time as dial service is provided. Good cause appearing therefor,

IT IS ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96, changes in schedules of rates, charges and rules as set forth in Exhibits 6 and 7 in this proceeding and, on not less than five days' notice to the public and to this Commission, to make said rates, charges, rules and conditions effective for exchange telephone service on such date as dial operations are provided in the Lemon Cove exchange.

2. Coincident with the establishment of the rates and charges hereinabove authorized, applicant shall establish its base rate area at Lemoncove to boundaries which shall not be less than as set forth in Exhibit 8 in this proceeding; except, however, that such boundaries

shall not partition any existing single premise; further, applicant is authorized to make the exchange boundary changes set forth on Exhibit 9 in this proceeding; and shall file with this Commission four copies of a map of said base rate area and exchange area delineating thereon the precise boundaries thereof. Such filing shall be made coincident with the filing authorized in ordering paragraph 1, above.

3. Coincident with the establishment of the new rates and charges hereinabove authorized, applicant is authorized to cancel and withdraw rates, charges, rules and conditions presently effective in its Lemon Cove exchange.

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

Dated at San Francisco, California, this 16<sup>th</sup> day of June, 1959.

[Signature]  
President  
[Signature]  
[Signature]  
Commissioners

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