

ORIGINALDecision No. 59214

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ARLINGTON HEIGHTS HOME OWNERS ASSOCIATION, a corporation; LEO E. KNISLEY, as president of the CITRUS HEIGHTS CHAMBER OF COMMERCE; HERMAN KING, as president of the SYLVAN PARK HOME OWNERS ASSOCIATION, an unincorporated association; CLIFFORD FRASIER, as president of the GRAND OAKS HOME OWNERS ASSOCIATION, an unincorporated association; YVONNE FORBES, as chairman of the CITRUS HEIGHTS COMMITTEE FOR EXTENDED TELEPHONE SERVICE, an unincorporated association; NORMAN HUMBERT, as president of the DUDLEY MEADOWS HOME OWNERS ASSOCIATION, an unincorporated association; REV. WENDELL HANSON, Minister, FIRST BAPTIST CHURCH OF CITRUS HEIGHTS,

Complainants,

vs.

PACIFIC TELEPHONE & TELEGRAPH COMPANY, and
ROSEVILLE TELEPHONE COMPANY,

Defendants.

Case No. 6087
(Amended)

In the Matter of the Investigation on the Commission's own motion into the rates, rules, regulations, charges, tolls, classification, contracts, practices, operations, facilities and service, or any of them, of Roseville Telephone Company and The Pacific Telephone and Telegraph Company.

Case No. 6339

(Appearances and Witnesses are listed in Appendix A)

SECOND INTERIM OPINIONOriginal Complaint

The original complaint under Case No. 6087 was filed on April 9, 1958 and an amended complaint was filed on August 2, 1958 on behalf of the Arlington Heights Home Owners Association for the purpose of requiring that the boundary of the Sacramento Exchange of

The Pacific Telephone and Telegraph Company be extended to include the Arlington Heights area or, in the alternative, to provide extended telephone service between the Roseville and Sacramento exchanges for the Arlington Heights area.

Following one day of public hearing on December 19, 1958 in Sacramento before Commissioner Theodore H. Jenner and Examiner Manley W. Edwards on the original complaint, as first amended, the Commission issued its first interim opinion and order herein, Decision No. 57936 dated January 27, 1959, wherein the complainant's motion, that an extended service study be made, was denied. Since that time, the complainant prepared a second amended complaint in order to broaden the area to be considered and to show more need for extended service.

Second Amended Complaint

The second amended complaint was made by several parties in addition to the Arlington Heights Home Owners Association as shown in the revised title set forth above under Case No. 6087. Such second amended complaint was filed on May 27, 1959 and requests an order of the Commission directing the establishment of an extended telephone service area between the Citrus Heights area presently within the boundaries of the Roseville Telephone Company and (1) the Sacramento, Fair Oaks, Folsom and Rio Linda Exchanges of The Pacific Telephone and Telegraph Company; or in the alternative (2) the Sacramento and Fair Oaks Exchanges; and for such other and further relief as the Commission deems proper.

Commission Investigation

The above-entitled investigation under Case No. 6339 was inaugurated by the Commission on August 25, 1959 for the purpose of determining: (1) if the Roseville telephone service is in any way inadequate or insufficient; (2) if extended service should be provided;

and (3) if the Commission should issue any orders in this matter. The Commission consolidated this matter, for hearing purposes, with Case No. 6087 and two days of public hearing on the two cases were held before Examiner Edwards in Sacramento on September 17 and 18, 1959.

Purpose of This Second Interim Opinion and Order

The purpose of this second interim opinion and order is to rule on two motions made by counsel for the complainants at the hearing on September 18, 1959. The first motion was that the toll rate between the Citrus Heights district area in the Roseville exchange and the North Sacramento district area be lowered from 25 cents to 10 cents. The second motion was that the Commission require that an extended service study be made immediately between the Citrus Heights area and the Sacramento, Fair Oaks and Folsom exchanges.

Need for Extended Service

The complainants predicated the need for extended service upon the testimony of nine witnesses which shows a sharp growth of population in the Citrus Heights area over the past few years, and upon the results of a questionnaire survey conducted by the Citrus Heights Committee for Extended Service. Such survey indicates that approximately three-quarters of those persons now having telephones in Citrus Heights would prefer Sacramento extended service, and that about 90 percent of those that now do not have telephones would become subscribers if Sacramento extended service were made available. The questionnaire also showed willingness on the part of about 80 percent of the population of the area to pay higher station rates if extended service is available (comparable to present Los Gatos extended service rates), but only 40 percent were willing to pay rates \$3.00 per month higher than Los Gatos rates.

Commission Staff Analysis

The Commission staff, by Exhibit No. 13, presented the results of a study of the cost of providing extended service based on the per-station costs shown by the 1955 extended service study of the telephone companies between the Citrus Heights area and the northern part of the Sacramento exchange and the Fair Oaks exchange. The results showed that a very sizeable increase in exchange rates would be necessary to offset the loss in toll revenue. The Pacific Company stated that the staff's study is not sufficient evidence on which to determine the need for extended service and the rates to charge, pending the outcome of the Fresno extended service investigation under Case No. 5928, and asked for time for further cross-examination on the staff's study if the Commission desires to predicate extended service rates on it. The Roseville Company stated that the staff's proposed rate increase for extended service was only about one-fourth of the amount that it computed as necessary from the report and that such greater increase would have to be doubled if the main Sacramento area were included in the extended service.

Position of The Pacific Telephone and Telegraph Company

The position of the Pacific Company is that it would establish a new toll rate center in the northern part of the Sacramento exchange area if the Commission finds the same to be in the public interest; and if a new toll rate center is provided in the Citrus Heights area of the Roseville exchange, the toll rate could be lowered to an initial charge of 10 cents from the present 25 cents for a 3-minute call to the North Sacramento district area. Such lower toll rate would ease the boundary situation between the Roseville and Pacific Company exchanges, but might stimulate cross-boundary calling to nearly double the present rate. Then, after a reasonable length of time, such as six months, for the calling habit to

establish a definite pattern, the Pacific Company will be willing to participate with the Roseville Company in a new extended service study.

Position of Roseville Telephone Company

The Roseville Telephone Company is opposed to an extended service study at this time because it is time consuming, costly from the subscribers' standpoint, and would tie up key and skilled personnel that it contends now should be devoting full time to the job of providing basic telephone service to the tremendous number of new subscribers in the Roseville exchange area. The Roseville Company took the position that toll reduction and foreign exchange service is the best answer to the problem and pointed out that at the boundary of the adjacent Folsom exchange, where a 10-cent initial period toll charge is in effect, there is no similar request for extended service.

Findings and Conclusions

After considering the evidence of record, the Commission finds and concludes:

1. That the growth in Citrus Heights is sufficiently rapid to warrant another extended service study in the near future.
2. That as a measure of interim relief the toll rate between the Citrus Heights district area and the North Sacramento district area should be reduced from 25 cents to 10 cents as soon as the Pacific and Roseville Companies are in position to make the change.
3. That six months after the toll rate is lowered, pending a stabilization of calling pattern, a new extended service study should be started, the results of which should be available on or before December 30, 1960.
4. That further public hearing herein be deferred until after the results of the new extended service study are available or on earlier call by the complainants, defendants or the Commission.

5. That revision in the toll rate points for subscribers within the Citrus Heights district area and the North Sacramento district area which will require revision in toll rate mileages up to 40 miles, and which may show toll rate increases to some nearby toll points and rate decreases to other nearby toll points, is in the public interest and is justified; therefore, any increase in rates and charges as result are justified and reasonable, and the present rates and charges, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

SECOND INTERIM ORDER

The complainants in Case No. 6087 having made motions for a reduction in toll rates and for an immediate extended service study; the Commission having found that the toll rate into the North Sacramento district area should be reduced and that the extended service study should be made, but delayed for a few months awaiting stabilization of calling pattern; investigation under Case No. 6339 having been started; public hearing having been held and the Commission being sufficiently advised to warrant changes in rates on an interim basis; therefore,

IT IS ORDERED that:

1. The Roseville Telephone Company shall establish a Citrus Heights district area with a toll rate point at the Citrus Heights central office location as of December 15, 1959.
2. The Pacific Telephone and Telegraph Company shall establish a North Sacramento district area to include the Wabash, Ivanhoe and Edgewood central office areas, with a toll rate point at the Ivanhoe central office starting December 15, 1959.
3. After the effective date of this order, in conformity with General Order No. 96, the Roseville Telephone Company and The Pacific

Telephone and Telegraph Company shall each file revised base rate and exchange area maps delineating the boundaries of the respective district areas, and The Pacific Telephone and Telegraph Company shall file revised tariff schedules to establish the new toll rate points for calls up to forty miles distance and reflecting the currently authorized toll rates based on mileage and, after not less than five days notice to this Commission and to the public, to make said rates effective for service rendered on and after December 15, 1959.

4. The Roseville Telephone Company and The Pacific Telephone and Telegraph Company shall jointly prepare a new extended service study based on traffic patterns and calling habits for a test period taken at least six months after revision in toll rates pursuant to ordering paragraph 3 above, showing the revenue, plant, expense and cost effects of:

- a. Extended service between the Citrus Heights district area and the North Sacramento district area, Fair Oaks, Rio Linda, and Folsom exchanges;
- b. Extended service between the Roseville Exchange and the North Sacramento district area, Fair Oaks, Rio Linda, and Folsom exchanges;
- c. Extended service between the Citrus Heights District area and the Sacramento, Fair Oaks, Rio Linda and Folsom exchanges;

d. Extended service between the Roseville exchange and the Sacramento, Fair Oaks, Rio Linda and Folsom exchanges;

and file such study with the Commission on or before December 30, 1960.

5. That further public hearing herein be deferred pending receipt of the new extended service study or call by the complainants, defendants or the Commission.

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

Dated at Los Angeles, California, this 3rd day of November, 1959.

C. W. [Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

APPENDIX A

LIST OF APPEARANCES

Robert J. Cook, for Arlington Heights Home Owners Association, et al., Complainants in Case No. 6087, Interested Party in Case No. 6339.

Thomas E. Srednik, for Roseville Telephone Company, Defendant in Case No. 6087, Respondent in Case No. 6339.

Arthur T. George and Pillsbury, Madison & Sutro, by Charles B. Renfrew, for the Pacific Telephone and Telegraph Company, Defendant in Case No. 6087, Respondent in Case No. 6339.

Neal C. Hasbrook, for California Independent Telephone Association, Interested Party in both cases.

J. J. Deuel and William Knecht, for California Farm Bureau Federation, Interested Party in both cases.

James M. McCraney, for the Commission staff.

LIST OF WITNESSES

Evidence was presented on behalf of the complainants by:
Earl Fraser, Mrs. Richard Forbes, George W. Palmer,
Rev. Wendell Hansen, T. R. Smedberg, Basil Nichols,
Father Vitto Mastretta, Mrs. Mildred Hunter,
Mrs. Margaret Baker, Herman L. King, and Jeff McGrew, II.

Evidence was presented on behalf of the defendants and respondents by: Clifford F. Goode, Robert L. Doyle and F. Page Ellis.

Evidence was presented on behalf of the Commission staff by: Leo A. Blom.