

ORIGINALDecision No. 59632

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 file and make effective rates for
 extended residence 2-party line mes-
 sage rate service and withdraw the
 offering of extended residence 4-party
 line flat rate service in the Los Altos,
 Lafayette, Mill Valley and South San
 Francisco exchanges.

Application No. 41788

OPINION AND ORDER

By the above-entitled application filed on December 23, 1959, The Pacific Telephone and Telegraph Company seeks authorization under Section 454 of the Public Utilities Code and on or before March 31, 1962, to (1) file and make effective rates for extended residence 2-party line message rate service in the Los Altos, Lafayette, Mill Valley and South San Francisco exchanges as shown on Exhibit A attached to the application, and (2) withdraw the offering of extended residence 4-party line flat rate service in these same exchanges and cancel and withdraw the rates applicable thereto coincident with the introduction of extended residence 2-party line message rate service.

In accordance with the option ^{1/} permitted in ordering Paragraph 6(b) of Decision No. 41416, dated April 6, 1948, in Application No. 28211, The Pacific Telephone and Telegraph Company states that it is proceeding with its program for the introduction of

^{1/} Ordering Paragraph 6(b) of Decision No. 41416 states: "Semi-selective signalling may be installed on 4-party lines in multi-office exchanges or within extended areas where applicant elects ultimately to provide only 2-party service."

extended residence 2-party line message rate service in lieu of extended residence 4-party line flat rate service in exchanges in the San Francisco-East Bay, Los Angeles, and San Diego extended areas and in Orange County.

The Pacific Company had previously furnished the Commission staff a statement setting forth its policy and program relating to the introduction of residence 2-party line message rate service in metropolitan areas. A copy of this statement was attached as Appendix G to the Commission's staff Exhibit No. 110 in Application No. 33935. The Commission takes judicial notice of the fact that Pacific Company's filed tariffs reveal that to date the company has made the following progress in its program as set forth in said statement:

<u>Area and Exchange</u>	<u>Residence Two-Party Line Message Rate Service Offered</u>
Los Angeles Extended Area	In 7 of 23 exchanges
San Francisco-East Bay Extended Area	In 20 of 30 exchanges
San Diego Extended Area	In 0 of 9 exchanges
Orange County	In 0 of 12 exchanges
Total	In 27 of 74 exchanges

A comparison of present rates for extended residence 4-party line flat rate service with applicant's proposed rates for extended residence 2-party line message rate service in each of the four exchanges follows:

<u>Extended Residence Rate Per Month</u>		
<u>Exchange</u>	<u>Present 4-Party Line Flat Rate Service</u>	<u>Applicant's Proposed: 2-Party Line Message: Rate Service</u>
Los Altos	\$3.20	\$3.00-60-4.25¢
Lafayette	3.20	3.00-60-4.25
Mill Valley	3.20	3.00-60-4.25
South San Francisco	3.45	3.00-60-4.25

Note: The rate of \$3.00-60-4.25¢ indicates a monthly rate of \$3.00 for the first 60 message units and 4.25¢ for each message unit over 60.

Upon the withdrawal of extended residence 4-party line flat rate service in Los Altos, Lafayette, Mill Valley and South San Francisco, the subscriber may elect to take (1) the new extended residence 2-party line message rate service at the rates indicated above; (2) extended residence 2-party line flat rate service at the rate of \$3.75 per month in Los Altos, Lafayette and Mill Valley and \$3.90 per month in South San Francisco; or (3) extended residence individual line flat rate service at the rate of \$4.80 per month in Los Altos and Mill Valley, \$4.55 per month in Lafayette, and \$5.05 per month in South San Francisco.

Applicant estimates that the proposed change in service in the four exchanges enumerated above at the rates it proposes will result in a decrease of \$58,400 in annual gross revenue. It appears that this revenue estimate is based upon certain assumed regrading from 2-party flat rate service to 2-party message rate service and upon certain assumed average message usage. A summary of applicant's estimate of revenue effects by exchanges together with the approximate date on which applicant proposes to introduce the extended residence 2-party message rate service are set forth in the tabulation following:

Exchange	Applicant's Estimated Gross Annual Revenue Effect	Approximate Date of Introduction of Extended Residence 2-Party Message Rate Service
Los Altos	\$ (5,900)	July, 1960
Lafayette	(11,500)	September, 1961
Mill Valley	(7,000)	July, 1961
South San Francisco	(34,000)	December, 1961

Applicant believes that the provision of extended residence 2-party line message rate service in lieu of extended residence 4-party flat rate service will provide a better service to subscribers in that there will be a maximum of two subscribers per line rather than four, and will make possible more extended use of dialing of interexchange calls and mechanical billing, thereby lessening the traffic load at switchboard positions.

The Commission has considered this matter and is of the opinion that public hearing thereon is not necessary and that a granting of the application as herein provided should improve telephone service. The Commission finds that the increases in rates authorized herein are justified and that present rates insofar as they differ from those herein prescribed, upon the introduction of extended residence 2-party line message rate service, for the future will be unjust and unreasonable; 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 on or before March 31, 1962, in accordance with General Order No. 96, the rates for extended residence 2-party line message rate service shown in Exhibit A attached to the application, and, after not less than five days' notice to this Commission and to the public, to make said rates effective for service furnished on and after the introduction of such service in the Los Altos, Lafayette, Mill Valley, and South San Francisco exchanges, respectively.

2. Coincident with the introduction of extended residence 2-party line message rate service as authorized hereinabove, applicant is authorized to withdraw the offering of extended residence

4-party line flat rate service in the Los Altos, Lafayette, Mill Valley and South San Francisco exchanges and to withdraw the rates applicable thereto.

3. The authority granted herein will expire unless exercised on or before March 31, 1962.

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

Dated at San Francisco, California, this 9th day of FEBRUARY, 1960.

Ernest R. Page
 President

W. E. Mitchell

William J. ...

Theodore J. ...
 Commissioners