

ORIGINAL

Decision No. 64277

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 Pismo Beach and Arroyo Grande exchanges in lieu of present exchange rates and to cancel and withdraw message toll telephone service rates now in effect between Pismo Beach and Arroyo Grande.

Application No. 42357  
(Amended)

Arthur T. George and Pillsbury, Madison & Sutro, by Denis T. Rice, for applicant.  
Pismo Beach Chamber of Commerce, by Jerry Osborn;  
City of Pismo Beach, by George W. McDonald; Arroyo Grande High School Parent Teachers Association and Southern District of Natoma Council, Campfire Girls, Inc., by Mrs. S. D. Stinson; South San Luis Obispo County Chamber of Commerce, by Wayne C. Mize; City of Arroyo Grande, by Marvin K. Hartwig, Grover City Civic Association, by K. N. Grensted; City of Grover City, by Ford Davidson; and Mrs. E. M. Quinn, in Propria Persona, interested parties.  
Ermet Macario, for the Commission staff.

OPINION AND ORDER

The Pacific Telephone and Telegraph Company filed this application on June 14, 1960, and an amendment thereto on September 27, 1960, seeking authority to establish rates for extended service between its Pismo Beach and Arroyo Grande exchanges. Public hearing in the matter was held before Examiner James F. Haley at Pismo Beach on November 17, 1960.

Pismo Beach and Arroyo Grande are located in San Luis Obispo county about 12 and 16 miles south, respectively, of the City of San Luis Obispo. Applicant serves both Pismo Beach and Arroyo Grande exchanges by means of dial central office equipment. Toll charges now apply to calls between the two exchanges. As of September 30, 1960, the Pismo Beach exchange served a total of 1,387 stations

and the Arroyo Grande exchange served a total of 4,497 stations.

Applicant states that a 35-acre commercial area is presently under construction at the common boundary of the base rate area and exchange area boundaries of Pismo Beach and Arroyo Grande and that initial construction plans include about 50 new business establishments ranging from small shops to department stores. According to applicant this area is expected to develop as a major trading center for both Pismo Beach and Arroyo Grande as well as the nearby communities of Grover City, Oceano, Halcyon, Fair Oaks and Shell Beach.

During recent years applicant has received requests to eliminate toll rates applicable to messages between Pismo Beach and Arroyo Grande. In January, 1959, the South San Luis Obispo County Chamber of Commerce urged establishment of extended service between the two exchanges and requested applicant to determine if such a serving arrangement could be offered.

Applicant made an analysis of toll usage between Pismo Beach and Arroyo Grande customers. Based on 1959 message volume, the community of interest factor from Pismo Beach to Arroyo Grande was 6.30 calls per main station per month, and from Arroyo Grande to Pismo Beach such factor was 1.74 calls per main station per month. Applicant states that further study indicated that it would be practicable to establish extended service between the two exchanges.

Applicant presented the results of its study of the estimated differential plant, annual expense and revenue effects of the proposed extended service arrangements. The study shows that extended service would result in a reduction in applicant's total costs of \$12,600 per year. This reduction in costs would be approximately offset by the related \$12,300 per year reduction in charges to telephone users which applicant estimates would result from the establishment of extended service. In making its differential study applicant

assumed operations under centralized automatic message accounting (CAMA) for toll traffic originating in the Pismo Beach and Arroyo Grande exchanges. Applicant does not now employ CAMA for these exchanges, but it plans to do so within the next five years.

The following tabulation compares present rates for principal classifications of service with the rates which applicant proposes to charge under the extended service arrangement.

Classification	Arroyo Grande and Pismo Beach		
	Rate Per Month		
	Present Rate	Proposed Rate	Increase Per Month
<u>Business Service</u>			
1-party flat	\$ 7.00	\$ 7.10	\$0.10
2-party flat	5.60	5.70	.10
PBX trunks	10.50	10.50	--
Suburban flat	5.10	5.20	.10
1-party coin	.75 plus .21 per day	.85 plus .21 per day	.10 -
Farmer Line	1.55*	1.65*	.10
<u>Residence Service</u>			
1-party flat	4.40	4.45	.05
2-party flat	3.60	3.60	-
4-party flat	3.00	3.00	-
Suburban flat	3.50	3.50	-
Farmer line	.90*	.90*	-

\* Not offered in Pismo Beach.

The following interested parties appeared in support of the applicant's extended service proposal: City of Pismo Beach, City of Arroyo Grande, City of Grover City, South San Luis Obispo County Chamber of Commerce, Pismo Beach Chamber of Commerce, Grover City Civic Association, Arroyo Grande High School Parent Teachers Association, and Southern District of Natoma Council, Campfire Girls, Inc. None of the appearances opposed the granting of the application.

Based upon the record, the Commission finds and concludes that the establishment of extended service between Pismo Beach and Arroyo Grande and the elimination of toll charges between the two exchanges would be in the public interest and that the specific

proposal of applicant is reasonable. The Commission further finds that the increase in rates and charges authorized herein are justified and that present rates and charges, in so far as they differ from those herein authorized, will become unjust and unreasonable on such date as extended service is provided. Good cause appearing, therefore,

IT IS ORDERED as follows:

1. The Pacific Telephone and Telegraph Company is authorized and directed to file in quadruplicate with this Commission, after the effective date of this order, on or before December 31, 1962, 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 Pismo Beach and Arroyo Grande exchanges as set forth in Appendix A attached to this order and, on not less than five days' notice to the public and to this Commission, to make said revised tariffs effective coincident with the introduction of extended service between Pismo Beach and Arroyo Grande exchanges.

2. Coincident with the effective date of the revised tariffs above authorized, applicant is authorized to do the following:

- a. Cancel and withdraw message toll telephone service rates between Pismo Beach and Arroyo Grande exchanges.
- b. Expand the local service area of Arroyo Grande exchange to include Pismo Beach exchange.

- c. Expand the local service area of Pismo Beach exchange to include Arroyo Grande exchange.

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

Dated at San Francisco, California, this 28<sup>th</sup> day of DECEMBER, 1960.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Theodore J. Deemer  
Commissioners

APPENDIX A

RATES

The presently effective rates in Arroyo Grande and Pismo Beach exchanges are authorized to be changed to the levels set forth in this appendix.

<u>Business Service - Each Primary Station</u>	<u>Extended Service Rate per Month</u>
1-party	\$ 7.10
2-party	5.70
PBX trunks	10.50¢
Suburban	5.20
Semi-public coin box	.85#
Farmer line	1.65*
<u>Residence Service - Each Primary Station</u>	
1-party	4.45
2-party	3.60¢
4-party	3.00¢
Suburban	3.50¢
Farmer line	.90*

\* Not offered in Pismo Beach.  
 # Monthly rate plus 21¢ daily guarantee.  
 ¢ Same as presently effective rate.