

61348

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE WESTERN TELEPHONE COMPANY, a California corporation, for authority to increase the size of its Covelo, Laytonville, Garberville, Willow Creek, and Weaverville Exchanges; and to provide suburban exchange service in lieu of toll station service in the areas to be included in the revised exchange boundaries; and for authority to establish, maintain, and operate telephone exchanges to be known as the Alderpoint Exchange, the Leggett Exchange, and the Piercy Exchange; and to file, publish, and make effective rules and regulations for telephone service in said Alderpoint, Leggett, and Piercy Exchanges.

Application No. 42727

O P I N I O NNature of Proceeding

By the above-entitled application, filed on October 5, 1960, The Western Telephone Company seeks authority to: (1) increase the size of its Covelo and Laytonville exchanges in Mendocino County, its Garberville and Willow Creek exchanges in Humboldt County, and its Weaverville exchange in Trinity County; (2) to provide suburban exchange service in lieu of toll station service in the areas to be included within the revised exchange boundaries; (3) establish, maintain and operate telephone exchanges in the community of Alderpoint in Humboldt County and in the communities of Leggett and Piercy in Mendocino County; and (4) provide exchange telephone service in the new exchanges of Alderpoint, Leggett and Piercy.

Applicant's Position

Applicant states that the provision of service within the proposed enlarged exchanges on a toll station basis is becoming increasingly cumbersome and inefficient due to the increase of applications for service resulting from increased business activity and additional residents in these areas; that applications are on file for new or higher grades of service which cannot be supplied for a lack of facilities or because of high mileage charges based on existing exchange boundaries; that it would not be practical to construct a sufficient number of additional circuits to supply the requirements over the distances involved in portions of the areas now being served because the costs are comparable to those of new exchanges; that efforts were made to contact all potential subscribers as well as subscribers now obtaining toll station service to advise of its over-all plans and proposed exchange rates; and that there were no objections raised to the proposed change in kind of service or to the proposed rates. Applicant's general position is that the proposed projects outlined in the application are needed to meet the demand for improved service and to handle the rapid growth in telephone requirements. Applicant requests ex parte action on this application.

Staff Investigation

During the week of October 17, 1960, an engineer of the Telephone and Telegraph Branch of the Commission's staff inspected the areas wherein the company proposes to change the serving arrangements as requested in this application. A memorandum of that field investigation will be incorporated in the record in this matter as Exhibit No. 1.

In Exhibit No. 1 the Commission staff engineer states that existing serving arrangements are as described by the applicant and that service in many areas is poor because of a lack of adequate telephone facilities; and that the proposed base rate area boundaries are substantially those recommended to the applicant by the staff during the progress of a rate proceeding in 1956. Proposed serving arrangements are basically designed to provide for the maximum amount of automation in all operations including direct distance dialing of toll traffic. Fourteen community leaders were interviewed, including justices of the peace, lumber mill operators, retail store owners, property owners, a motel operator, and a bank manager, some of whom were also members of Chambers of Commerce and various service clubs. They were unanimous in stating their support for the company's proposals. The bank manager stated that economic activity in the Weaverville area has shown a steady average growth and that prospects for the future are for a continuance of the same.

In the memorandum the staff engineer concludes that the proposed changes would benefit the subscribers by providing faster, more reliable service and would benefit the company by eliminating manual ticketing of short haul toll, thus providing a relatively lower cost and less complex operation than would be required to provide equal service on the present basis. He also concludes that the proposed serving arrangements appear to be feasible at the rates proposed by the company.

Applicant's Operations

Applicant is a California corporation furnishing exchange and toll telephone service in seven exchanges in the northwestern part of the State. Its largest exchanges are at Garberville in

Kumboldt County and Weaverville in Trinity County. In total, it serves approximately 3,800 telephones, and Exhibit FF attached to the application indicates that on June 30, 1960, the company had approximately \$2,526,000 of telephone plant in service.

In Exhibit No. 1 it is stated that the applicant obtains purchasing, engineering, accounting and similar services from Central Western Company, a service organization; that these services are performed in accordance with written contracts which set forth the types of service to be provided and the methods of calculating charges; and that charges are based on actual cost incurred by Central Western plus a 5% profit.

Proposed Changes

All toll stations in a given toll station service area have a common toll rate point. Under exchange operation the toll rate point would be abolished and toll calls would be rated from the toll rate center of the serving exchange. As set forth in the application, certain toll station service areas would be included in the proposed enlarged or new exchanges as follows:

<u>Exchange</u>	<u>Toll Station Service Areas</u>
<u>a. Existing Exchanges</u>	
Covelo	Portion of Dos Rios, Summit Valley.
Garberville	Briceland, Dean Creek, New Harris portion of Richardson Grove, portion of Alderpoint.
Laytonville	Bell Springs, Black Rock, Branscomb, Longvale, Sherwood, White Rock, portion of Dos Rios, Cummings.
Weaverville	Big Bar, Dedrick, Del Loma, Douglas City, Junction City, Rush Creek.
Willow Creek	Burnt Ranch, Salyer, New Denny.
<u>b. New Exchanges</u>	
Alderpoint	Portion of Alderpoint, Blocksburg, Fort Seward.
Leggett	Portion of Piercy, Leggett.
Piercy	Portion of Piercy, portion of Richardson Grove.

In addition to the toll station service areas listed above, small portions of unassigned territory would be included in some of the revised or new exchange areas.

Applicant also is proposing to establish extended service between the proposed new Piercy exchange and the Garberville exchange; to enlarge the base rate areas of the Covelo, Laytonville, Garberville, Willow Creek and Weaverville exchanges; to establish a special rate area in the Garberville exchange; and to establish a base rate area in each of the proposed new exchanges.

Financing

Financing of the proposed \$2,973,755 of new construction necessary to effect the applicant's proposals is to be by a 35-year 2% interest Rural Electrification Administration loan initially approved by Decision No. 56269, dated February 25, 1958, in Application No. 39734, and since supplemented.

Rates

In the exchange to be expanded, the company proposes to retain present rates within the present suburban areas, to classify the added areas as Suburban Zone 2, and to apply different rates therein in lieu of the present toll station guarantee, as follows:

Exchange	Zone 1 Suburban Rates		Zone 2 Suburban Rates	
	Business	Residence	Business	Residence
Laytonville	\$4.75	\$3.75	\$6.50	\$5.00
Covelo	4.75	3.75	6.50	5.00
Weaverville	4.50	3.50	6.50	5.00
Willow Creek	5.50	4.50	7.50	6.00
Garberville	4.50	3.50	6.50	5.00

The present rate for toll station service in the areas which will be reclassified as Zone 2 is \$5.50 per month guarantee for messages placed entirely over the lines of this applicant.

Applicant proposes to establish a special rate area in the Redway area of the Garberville exchange at rates higher than those

available in the base rate area in recognition of the distance from the Garberville base rate area to the Redway area. These special rates will be generally lower than present base rates plus mileage charges. Present rates in the Garberville base rate area as shown in the company's filed tariffs and proposed rates in the Redway special rate area are shown in the following tabulation:

<u>Item</u>	<u>Garberville BRA</u>	<u>Redway SRA</u>
<u>Business</u>		
Individual	\$6.25	\$7.75
Two-Party	5.00	6.50
Extension	1.25	1.25
<u>Residence</u>		
Individual	4.00	5.00
Two-Party	3.50	-
Four-Party	3.00	4.00
Extension	1.00	1.00

The rates applicant requests for its proposed Alderpoint, Leggett and Piercy exchanges are identical with those now in effect in its Koopa, Hayfork and Willow Creek exchanges. These rates are as follows:

<u>Item</u>	<u>Business</u>	<u>Residence</u>
<u>Alderpoint, Leggett and Piercy Exchanges</u>		
Individual	\$7.25	\$5.50
Two-Party	6.00	-
Four-Party	-	4.00
Suburban 10-Party	5.50	4.50
Extension	1.75	1.50

Considerable change may be experienced in toll rates and charges. Where a toll station is replaced by an exchange station, toll rates will be eliminated to other points within that exchange. However, since the toll stations toll rate point will be moved to the exchange toll rate point, toll rates over various routes may be increased or decreased, depending on the relative distance to the new toll rate center.

The application does not mention semi-public coin box service, which is available in all of the existing exchanges of the company. In order to reflect present tariffs and the spread of rates indicated above, individual line semi-public coin box service should be offered in the proposed Redway special rate area of the Garberville exchange at 26 cents minimum charge per day and 10 cents per exchange message. In the proposed Alderpoint, Leggett and Piercy exchanges individual line semi-public coin box service should be offered at the rate now effective for the Hayfork, Hoopa and Willow Creek exchanges, which is 24 cents minimum charge per day and 10 cents per exchange message.

Private branch exchange service trunks should be offered in the new exchange at rates reflecting the existing pattern; that is, the trunk rate should equal 150% of the individual line business rate.

Other services for which rates and charges are presently on file and which are applicable within the applicant's present exchange areas should be made effective within the proposed exchange areas. Services which are offered within the base rate area of the Garberville exchange should also be made available within the proposed Redway special rate area.

Earnings

After filing the application, the applicant submitted a copy of summaries of earnings, as estimated for the years 1961 and 1966, which was received on December 15, 1960. These summaries are made a part of the record herein and marked Exhibit No. 2.

In Exhibit No. 2, applicant estimates that it would experience earnings of 1.23% on exchange operations and 2.97% overall during 1961 under rates and conditions proposed in its

application. Comparable rates of return are estimated at 1.83% and 2.87% for the year 1966.

Findings and Conclusions

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

1. Public convenience and necessity require and will require the provision of exchange telephone service in the territory to be included in the expanded Covelo, Garberville, Laytonville, Weaver-ville, and Willow Creek exchange areas and in the new Alderpoint, Leggett and Piercy exchange areas.

2. Upon establishment of exchange service in new and revised exchange areas toll station service no longer is needed and should be withdrawn in those areas.

3. Applicant's requested rates, while representing increases in certain instances, generally provide for offsetting service improvements and, even upon considerable future estimated development, do not appear to yield an excessive rate of return.

4. Community leaders interviewed by a Commission staff engineer urged that the applicant's proposals be approved.

5. Such increases in rates and charges as may result from granting of Western's application are justified and present rates and charges, insofar as they differ from those herein prescribed, for the future are unjust and unreasonable.

6. In view of the fact that many affected subscribers were interviewed and indicated their desires, a public hearing in this matter is not necessary.

7. An order should be issued essentially granting applicant's request, including extended service between Piercy and Garberville exchanges, and augmented to include revisions in semi-public coin box service.

ORDER

The above-entitled application having been considered, investigation having been made and the matter now being ready for decision; therefore,

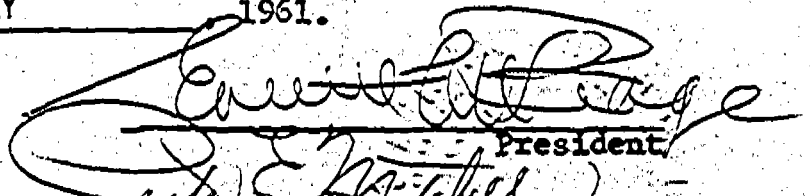
IT IS ORDERED as follows:

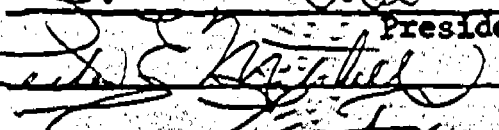
1. The Western Telephone Company after the effective date hereof, and on or before December 31, 1961, is authorized to make service revisions, expand exchanges, enlarge base rate areas, establish the Redway special rate area, establish new exchanges and provide extended service between Piercy and Garberville exchanges in the manner proposed in Application No. 42727, and effect the revisions in semi-public coin box service discussed in the opinion part of this decision.

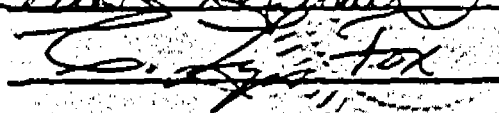
2. The Western Telephone Company is authorized to file in quadruplicate with this Commission after the effective date of this order, and on or before December 31, 1961, in conformity with the Commission's General Order No. 96, revised tariff schedules with changes in rates, charges and conditions as set forth in Appendix A herein and after not less than five days' notice to this Commission and to the public to make such revised tariff schedules effective upon introduction of service and exchange revisions and other items authorized by Ordering Paragraph 1 above.

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

Dated at San Francisco, California, this
17th day of JANUARY 1961.



President




APPENDIX A
Page 1 of 4MAPS

File revised or new exchange area maps with boundaries substantially as shown in exhibits attached to the application, as follows:

<u>Exchange Area Map</u>	<u>Exhibit</u>
Covelo, revised	W
Garberville, revised	X
Laytonville, revised	Y
Weaverville, revised	Z
Willow Creek, revised	AA
Alderpoint, new	BB
Leggett, new	CC
Piercy, new	DD

File revised or new base rate or special rate area maps with boundaries substantially as shown in exhibits attached to the application, as follows:

<u>Base Rate Area Map</u>	<u>Exhibit</u>
Alderpoint, new	A
Leggett, new	B
Piercy, new	C
Covelo, revised	P
Laytonville, revised	Q
Garberville, revised	R
Willow Creek, revised	S
Weaverville, revised	T
Redway, new*	U

* Special rate area, Garberville exchange.

Schedule No. A-1Flat Rate Exchange Service

File additional exchange service rates as follows:

RATES

	<u>Monthly Rate - Each Station</u>	
	<u>Alderpoint, Leggett, Piercy</u>	<u>Garberville, Redway Special Rate Area</u>
Residence:		
1-Party	\$5.50	\$5.00
4-Party	4.00	4.00
Extension	1.50	1.00
Business:		
1-Party	7.25	7.75
2-Party	6.00	6.50
Extension	1.75	1.25

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

Revise SPECIAL CONDITIONS, 1. to read as follows:

RATES (1) above apply to the air-line distance measured from the subscriber's primary station or private branch exchange switchboard to the nearest point on the boundary of the base rate area or on the boundary of a special rate area within the exchange area in which such primary service is located. That measurement is applicable which when used with the rates for service applicable within the corresponding base rate area or special rate area will result in the lower monthly charge to the subscriber. Mileage rates are applicable in addition to the other rates applicable to the service involved.

Schedule No. A-4Suburban Service

File a revised rate portion of this schedule as follows:

RATES

	<u>Monthly Rate - Each Station</u> <u>Alderpoint, Mayfork, Hoopa,</u> <u>Leggett and Piercy</u>		
Suburban Area			
Residence:			
10-Party		\$4.50	
Extension		1.50	
Business:			
10-Party		5.50	
Extension		1.75	
	<u>Covelo and</u> <u>Laytonville</u>	<u>Garberville and</u> <u>Weaverville</u>	<u>Willow</u> <u>Creek</u>
Suburban Zone No. 1			
Residence:			
10-Party	\$3.75	\$3.50	\$4.50
Extension	1.25	1.00	1.50
Business:			
10-Party	4.75	4.50	5.50
Extension	1.50	1.25	1.75
Suburban Zone No. 2			
Residence:			
10-Party	5.00	5.00	6.00
Extension	1.25	1.00	1.50
Business:			
10-Party	6.50	6.50	7.50
Extension	1.50	1.25	1.75

APPENDIX A
Page 3 of 4Schedule No. A-6Individual Line Semi-public Coin Box Service

File additional rates as follows:

RATES

	<u>Each Exchange Message</u>	<u>Minimum Charge Per Day Each Station</u>
Garberville Redway Special Rate Area	\$0.10	\$0.26
Alderpoint, Leggett and Piercy	.10	.24

Schedule No. A-16Private Branch Exchange Service

File additional rates as follows:

RATES

	<u>Rate per Month</u>
(2) Trunk Rate Each commercial or hotel P.B.X. trunk	
Garberville Redway Special Rate Area	\$10.75
Alderpoint, Leggett, Piercy	10.75

Schedule No. A-28Local Service Areas

File a new schedule to cover the following items:

This schedule defines the local service areas where extended service is provided. Service at exchange rates is provided without additional charge as follows:

EXTENDED SERVICE

From stations receiving
service from the exchanges
designated as:

Garberville

Piercy

To stations receiving
service from the exchanges
designated as:

Garberville
PiercyGarberville
Piercy

Schedule No. B-1

Message Toll Telephone Service

Revise this schedule to the extent necessary to (1) withdraw the offering of toll station service in those areas authorized to be provided with exchange telephone service, (2) establish toll rate centers for the new authorized exchanges as follows:

<u>Exchange</u>	<u>Toll Rate Center Post Route Map Block and Section Designation</u>
Alderpoint	Q7-p
Leggett	R6-i
Piercy	Q6-x