

62223

ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and Investigation on the Commission's own motion of tariffs covering exchange area expansion in the Parkfield exchange of San Miguel Telephone Company and exchange area expansion in the McKittrick exchange of Kern Mutual Telephone Company.

Case No. 7081

In the Matter of the Suspension and Investigation on the Commission's own motion of tariffs covering exchange area expansion in the Avenal and Paso Robles exchanges of The Pacific Telephone and Telegraph Company.

Case No. 7112

Arthur T. George & Pillsbury, Madison & Sutro,
by Denis T. Rice and Dudley A. Zinke, for
The Pacific Telephone and Telegraph Company,
respondent.
Joseph S. Ray, for San Miguel Telephone Company,
respondent.
J. P. Maguire, for Kern Mutual Telephone Company,
respondent.
William L. Knecht, for California Farm Bureau
Federation; and Neal C. Hasbrook, for Cali-
fornia Independent Telephone Association,
interested parties.
Ermet Macario, for the Commission staff.

O P I N I O NNature of Proceeding

San Miguel Telephone Company,^{1/} on March 3, 1961, filed revised tariffs under Advice Letter No. 28 reflecting expansion of its Parkfield exchange to include an area of approximately 242 square miles of territory lying principally to the south and east of the present Parkfield exchange boundaries. Thereafter,

^{1/} Hereinafter sometimes referred to as San Miguel.

on March 9, 1961, Kern Mutual Telephone Company,^{2/} filed revised tariffs under its Advice Letter No. 141 reflecting expansion of its McKittrick exchange to include an area of approximately 200 square miles of territory lying to the north and west of the present McKittrick exchange boundaries. A portion of the territory San Miguel desires to serve is sought by Kern Mutual to be included within its McKittrick exchange. Accordingly, on March 21, 1961, the Commission issued its order of suspension and investigation in the above Case No. 7081, suspending the tariff sheets filed by San Miguel under its Advice Letter No. 28 until August 1, 1961, and suspending the tariff sheets filed by Kern Mutual under its Advice Letter No. 141 until August 7, 1961, unless otherwise hereinafter ordered.

Thereafter, on April 14, 1961, The Pacific Telephone and Telegraph Company^{3/} filed revised tariffs under its Advice Letter No. 7907 reflecting expansion of its Avenal exchange to the south to include an area of approximately 276 square miles and further reflecting the expansion of its Paso Robles exchange to the east to include an area of approximately 42.8 square miles. A portion of the territory sought to be served by Pacific under its Advice Letter No. 7907 was included by San Miguel in its expansion of Parkfield exchange involved in Case No. 7081. Accordingly, on May 9, 1961 the Commission under Case No. 7112 suspended Pacific's tariff sheets filed by its Advice Letter No. 7907 until September 12, 1961, unless otherwise hereafter ordered.

^{2/} Hereinafter sometimes referred to as Kern Mutual.

^{3/} Hereinafter sometimes referred to as Pacific.

Public Hearing

After due notice, public hearing was held on both investigations on a consolidated record before Commissioner Frederick B. Holoboff and Examiner William W. Dunlop on May 25, 1961 at Bakersfield. At the hearing San Miguel revised the area it sought to serve by excluding certain territory in the vicinity of Devils Den and certain dwellings on Smith Ranch. Pacific also revised the area it sought to serve by deleting any expansion of its Paso Robles exchange and by excluding certain territory from the Avenal expansion so that no conflict between Pacific and San Miguel exchange areas would result. The territory Pacific now proposes to add to its Avenal exchange area is shown on Exhibit No. 10. Neither Kern Mutual nor San Miguel, however, was willing to withdraw from an overlap of some 40 square miles in their respective sought areas in and around Blackwells Corner at the intersection of Highways 33 and 466 as shown on Exhibit No. 2.

In addition to exhibits and testimony presented by witnesses for the three respondents, six members of the public testified concerning the general need or their specific need for telephone service within the territory proposed by the respondents for inclusion within exchange areas. The Commission staff presented maps of the several exchange areas and with the California Farm Bureau Federation cross-examined witnesses.

In its closing statement the Commission staff expressed concern over the large proposed expansion of the three exchange areas and pointed to the very sparse development of the territory. A representative of the California Farm Bureau Federation urged that service be provided where at all feasible in areas that previously have been denied telephone service.

At the conclusion of the one-day hearing, both matters were submitted subject to the receipt of Exhibit No. 9 by June 9, 1961. Such exhibit having been filed, the matters now are ready for decision.

The Respondents

San Miguel Telephone Company furnishes telephone service within two exchange areas, San Miguel exchange, principally in San Luis Obispo County, and Parkfield exchange, principally in Monterey County. Within its Parkfield exchange, San Miguel presently serves a total of 37 telephone subscribers.

Kern Mutual Telephone Company furnishes telephone service in four exchanges located principally in western Kern County. These exchanges are Buttonwillow, Cuyama, McKittrick and Taft. A total of approximately 8,000 subscribers are served by Kern Mutual's system.

The Pacific Telephone and Telegraph Company is a California corporation providing general telephone service in large metropolitan areas and many other cities and communities of California, including Avenal.

Proposed Service by San Miguel

The territory San Miguel now seeks to add to its Parkfield exchange area includes approximately 225 square miles of territory principally lying in Kern County to the southeast of Parkfield as shown on Exhibit No. 4. Within this territory San Miguel proposes to install five public coin box telephones at various locations on Highways Nos. 33, 41 and 466, including one at Blackwells Corner. In addition, San Miguel proposes to establish exchange telephone service for 20 applicants or prospective subscribers to suburban service within the territory including one business suburban telephone at

Blackwells Corner. San Miguel estimated it would serve 27 subscribers at the end of the first year and 35 subscribers at the end of the fifth year within the territory it now seeks to add to Parkfield.

Monthly rates for ten-party line suburban service would be \$6.00 for business and \$3.75 for residence customers. Higher grades of service would be offered at Parkfield base rates plus applicable suburban mileage charges.

San Miguel estimated that to provide service within the area it seeks to serve would require an initial gross plant investment of \$8,750. It further estimated that first year revenues from the new exchange services would amount to \$1,323 compared with operating expenses, taxes and return of \$1,867.

In addition, applicant estimated toll billings of \$3,612 during the first year, but this latter amount will be subject to settlements and applicant's probable earning position cannot be accurately forecast at this time. If anything approaching this full amount is retained after settlements, applicant's tax expense estimate appears low.

Witness for San Miguel testified that the time required to establish service to the five public coin box telephones and the 20 prospective exchange services was 30 days after receiving authorization to serve the territory.

Except for some 40 square miles of territory in the vicinity of Blackwells Corner which Kern Mutual also seeks to serve and the area on which certain dwellings on the Smith Ranch are located which Pacific seeks to serve, no other telephone utility expressed a desire to serve any of the territory set forth on Exhibit No. 4 which San Miguel seeks to serve.

Proposed Service by Kern Mutual

The approximately 200 square miles of territory which Kern Mutual seeks to add to its McKittrick exchange all lies in Kern County contiguous to the west and north boundaries of the present McKittrick exchange. Within this area Kern Mutual presently serves residence suburban service to Twisselman Ranch and has so done since October 3, 1957. Kern Mutual also has received an application for suburban semipublic service at Blackwells Corner (Exhibit No. 3) and indicated a potential requirement for telephone service at five other locations.

Within the suburban areas which Kern Mutual proposes to add to its McKittrick exchange, suburban ten-party line service would be offered at monthly rates of \$4.85 for business and \$3.20 for residence customers. In this same area ten-party line semi-public coin box service would be offered at a minimum daily guarantee of 17 cents and a charge of 10 cents for each exchange message.

To serve Blackwells Corner, Kern Mutual proposes to make use of an existing idle circuit on an Associated Oil Company pole line and make no line extension charges to the applicant because the extension can be made over an existing pole line. The total additional investment required to provide service to Blackwells Corner by Kern Mutual is estimated at \$1,486. Annual revenues from this service are estimated at \$310 with annual expenses including tolls and a 6½ percent return on investment estimated at \$320. A witness for Kern Mutual testified that service could be established within three weeks.

Except for some 40 square miles of territory in the vicinity of Blackwells Corner in Kern County which San Miguel also

seeks to serve, no other telephone utility expressed a desire to serve any of the territory Kern Mutual seeks to serve.

The Secretary-Manager of the Taft Chamber of Commerce testified that he considered Blackwells Corner as part of the oil fields; that Taft was the center of the oil field area; and that residents of Blackwells Corner and vicinity would look to Kern County for schools, fire and police protection, and shopping needs.

Proposed Service by Pacific

Pacific now seeks to add approximately 183 square miles of territory to its Avenal exchange as set forth on Exhibit No. 10. This territory generally lies to the south of Avenal along State Highways Nos. 33 and 41. Within this territory Pacific presently serves five toll stations through lines which extend to Avenal. Pacific showed that it had obtained applications for Avenal suburban exchange service from 25 establishments and estimated a demand of 31 main stations by 1963 and 40 main stations by 1967 within the area it seeks to serve. It is proposed by Pacific that present toll station customers would have the option of continuing to receive such toll station service or of subscribing to regular Avenal exchange service.

Pacific proposes that the regularly filed and effective Avenal exchange rates would apply to the area proposed for inclusion within the Avenal exchange area. Monthly rates for suburban ten-party line service would be \$5.10 for business and \$3.50 for residence customers. Higher grades of service would be offered at Avenal base rates plus applicable suburban mileage charges.

Based on first year operations of expanding Avenal exchange, Pacific estimated that its net plant would be increased by \$21,100; that its expenses, taxes and return computed at seven percent on net plant would be increased by \$7,900; and that its revenues would be increased by \$3,800.

According to Pacific's witness, service could be made available within three months after authorization.

Findings and Conclusions

Based upon a careful consideration of the evidence, the Commission finds and concludes as follows:

1. While the areas sought to be added to the Parkfield, McKittrick and Avenal exchanges are sparsely developed at present, the three respondent telephone utilities have expressed a desire to provide exchange service therein and expect growth to occur.

2. Each of the three respondents has a line extension rule under which exchange service is supplied. Such rule affords the possibility of extending service to new customers without such extensions being an unreasonable burden upon existing customers.

3. Blackwells Corner is located approximately 26 miles airline northwest from the community of McKittrick and approximately 32 miles airline southeast from the community of Parkfield.

4. The 40 square mile area in and around Blackwells Corner in Kern County which both San Miguel Telephone Company and Kern Mutual Telephone Company seek to serve has a present and potentially greater future interest with the McKittrick exchange of Kern Mutual Telephone Company than with the

Parkfield exchange of San Miguel Telephone Company.

5. The area sought by Kern Mutual Telephone Company in its Advice Letter No. 141 to be added to McKittrick exchange is tributary to such exchange area and, except for the 40 square miles in and around Blackwells Corner, does not conflict with territory now being served or sought to be served by any other telephone utility. We find the expansion of McKittrick exchange as sought by Kern Mutual Telephone Company in Advice Letter No. 141 is not adverse to the public interest and should be authorized.

6. As the area in and around Blackwells Corner and Lost Hills develops in the future, Kern Mutual Telephone Company should give consideration to the feasibility of establishing a separate district area with separate toll rate point in the northern portion of the McKittrick exchange to minimize future potential exchange boundary problems in that portion of McKittrick exchange.

7. The area as shown on Exhibit No. 10 filed in these proceedings sought by The Pacific Telephone and Telegraph Company to be added to the Avenal exchange has a present interest with Avenal and does not conflict with territory now being served or sought to be served by any other telephone utility. We find the expansion of the Avenal exchange as sought by The Pacific Telephone and Telegraph Company in Exhibit No. 10 is not adverse to the public interest and should be authorized.

8. The expansion of Parkfield exchange as shown on Exhibit No. 4, if modified to exclude certain dwellings on Smith Ranch and if further modified to exclude some 44 square

miles of territory in the vicinity of Blackwells Corner to eliminate an overlap of territory with Kern Mutual and to provide a reasonable exchange boundary as hereinafter authorized, we find will not be adverse to the public interest.

9. If San Miguel Telephone Company expands its Parkfield exchange as hereinafter authorized, San Miguel Telephone Company in the future as the area in the southeastern portion of Parkfield exchange develops should give consideration to the feasibility of establishing a separate district area with separate toll rate point in the vicinity of Kecks Corner to minimize future potential exchange boundary problems in that portion of Parkfield exchange.

10. The tariff filing made by San Miguel Telephone Company under Advice Letter No. 28 on March 3, 1961 and the tariff filing made by The Pacific Telephone and Telegraph Company under Advice Letter No. 7907 on April 14, 1961 should be permanently suspended.

O R D E R

Based upon the evidence of record and the findings and conclusions thereon set forth in the foregoing opinion,

IT IS ORDERED as follows:

1. The suspension of the tariff filing made by San Miguel Telephone Company under Advice Letter No. 28 on March 3, 1961 be and it hereby is made permanent.

2. Within sixty days after the effective date of this order, San Miguel Telephone Company may, by a new tariff filing made in accordance with the provisions of General Order No. 96, incorporate

within its Parkfield exchange the area of expansion shown on Exhibit No. 4 modified to exclude the portion of Section 6 of Township 25 South, Range 17 East, shown on Exhibit No. 10 filed in these proceedings which The Pacific Telephone and Telegraph Company hereinafter is authorized to include within its Avenal exchange and further modified to exclude Sections 6, 7, 18, 19, 30 and 31 of Township 26 South, Range 20 East; Sections 6, 7, and 18 of Township 27 South, Range 20 East; Sections 1, 2, 3, 9, 10, 11, 12, 13, 14, 15, 16, 21, 22, 23, 24, 25, 26, 27, 28, 33, 34, 35 and 36 of Township 26 South, Range 19 East; and Sections 1, 2, 3, 4, 9, 10, 11, 12, 13, 14, 15 and 16 of Township 27 South, Range 19 East.

3. If San Miguel Telephone Company exercises the authority contained in ordering paragraph 2 above, it shall, no later than sixty days after the effective date of such new tariff filing, file a written report with this Commission setting forth with respect to the expanded portion of the Parkfield exchange the following information: (a) the name of each subscriber served; (b) the class and grade of telephone service provided to each subscriber; (c) the location of each public pay station established; and (d) the number of unfilled applications for service.

4. The suspension of the tariff filing made by Kern Mutual Telephone Company under Advice Letter No. 141 on March 9, 1961 be and it hereby is removed and Kern Mutual Telephone Company is authorized and directed to place said tariff filing in effect as of the effective date of this order.

5. Within thirty days after the effective date of this order Kern Mutual Telephone Company shall have established telephone service at Blackwells Corner in accordance with the request of Mr. R. D. Sams contained in Exhibit No. 3 filed in these proceedings.

Written report of the installation of such service shall be filed with the Commission by Kern Mutual Telephone Company within five days after such installation.

6. The suspension of the tariff filing made by The Pacific Telephone and Telegraph Company under Advice Letter No. 7907 on April 14, 1961 be and it hereby is made permanent.

7. Within sixty days after the effective date of this order The Pacific Telephone and Telegraph Company may, by a new tariff filing made in accordance with the provisions of General Order No. 96, incorporate within its Avenal exchange the area of expansion shown on Exhibit No. 10 filed in these proceedings.

8. If The Pacific Telephone and Telegraph Company exercises the authority contained in ordering paragraph 7 above, it shall, no later than sixty days after the effective date of such new tariff filing, file a written report with this Commission setting forth with respect to the expanded portion of the Avenal exchange the following information: (a) the name of each subscriber served; (b) the class and grade of telephone service provided to each subscriber; (c) the location of each public pay station established; and (d) the number of unfilled applications for service.

The Secretary is directed to cause a copy of this order to be served upon each respondent, and the effective date of this decision shall be twenty days after such service.

Dated at San Francisco, California, this 30th day of June, 1961.

[Signature]
President

Fredrick B. Holmoff
Commissioners