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ORIGINAL

Decision No. _____

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 expand the local service areas of
 its Belvedere, Ignacio, San Rafael and
 Sausalito exchanges and to cancel and
 withdraw message toll telephone service
 rates and message unit service rates
 now in effect between certain exchanges
 in Marin County.

Application No. 43430

In the Matter of the Application of
 WESTERN CALIFORNIA TELEPHONE COMPANY,
 a corporation, for authority to
 establish rates for extended service
 in its Novato exchange in lieu of
 present exchange rates and to concur
 in the cancellation and withdrawal of
 message toll telephone service rates now
 in effect between Novato and Ignacio.

Application No. 43451

Arthur T. George and Pillsbury, Madison &
 Sutro, by Alexander R. Inlay and Denis Rice,
 for The Pacific Telephone and Telegraph
 Company, applicant in Application No. 43430.
 Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, for Western California
 Telephone Company, applicant in Application
 No. 43451.

Wayne Womack, for the City of Novato;
Thomas S. Dlugos, for Loma Verde Home
 Owners Association; William R. Bills, for
 Home Owners of Marin Golf and Country
 Club Estates; and Ralph Hubbard, for
 California Farm Bureau Federation;
 interested parties.

Ermet Macario, for the Commission staff.

O P I N I O N

The Pacific Telephone and Telegraph Company^{1/} filed the
 above-entitled Application No. 43430 on May 22, 1961, seeking

1/ Hereinafter sometimes called Pacific.

authorization pursuant to Section 454 of the Public Utilities Code, among other things, to expand the local service area of the Ignacio exchange to include the Novato exchange of the Western California Telephone Company and to make effective increased exchange rates for extended service. Thereafter Western California Telephone Company^{2/} filed Application No. 43451 on May 31, 1961, seeking authorization to expand the local service area of Novato exchange to include the Ignacio exchange of Pacific and to establish rates for extended service in lieu of present exchange rates.

This opinion and order relates to the establishment of extended service between Ignacio and Novato exchanges. Other extended service routes in Marin County sought to be established by Pacific in its Application No. 43430 are the subject of further hearing scheduled to begin on August 30, 1961 in San Rafael.

Public Hearing

Public hearing on the requests to establish extended service between Ignacio and Novato exchanges was held on June 12, 1961, in Novato before Commissioner Frederick B. Holoboff and Examiner William W. Dunlop. Western presented three exhibits and testimony through one witness relating to Ignacio-Novato extended service. The Commission staff cross-examined witnesses.

Representatives appearing on behalf of the City of Novato, the Novato Chamber of Commerce, the Novato Junior Chamber of Commerce, the Novato School District, the San Jose School District, the Home Owners Association of Marin Golf and Country Club Estates and the Loma Verde Home Owners Association presented testimony, presented

^{2/} Hereinafter sometimes called Western.

statements and communications favoring the establishment of extended service between Ignacio and Novato exchanges. No protests to such extended service were received.

At the conclusion of the hearing Application No. 43451 and that portion of Application No. 43430 relating to Ignacio-Novato extended service were taken under submission and the other matters contained in Application No. 43430 were continued for further hearing on August 30, 1961, in San Rafael.

Present Service

Pacific's Ignacio exchange and Western's Novato exchange are contiguous and are located in the northeastern portion of Marin County. Ignacio exchange provides dial service to some 4,709 telephones of which 3,320 are Government owned telephones located at Hamilton Air Force Base. Novato exchange provides dial service to some 5,139 telephones. Telephone calls placed between the two exchanges presently are handled by an operator located in San Rafael and are subject to toll charges. The interexchange rate mileage between Novato and Ignacio is four miles and the toll rate for a three-minute station day message is 10 cents.

The evidence shows that during May 1959, approximately 4,300 toll messages were placed from Novato to Ignacio and 6,900 toll messages were placed from Ignacio to Novato.

Need for Extended Service

Novato was incorporated as a city in January 1960 at which time there was included within the city limits not only the developed portion of Novato but also a large portion of Pacific's Ignacio exchange, including Hamilton Air Force Base. The exchange boundary common to Novato and Ignacio exchanges runs between two subdivisions,

Monte Maria located within Novato exchange and Forest Park located within Ignacio exchange.

There is a substantial community of interest between Novato and Ignacio exchanges. Sixty-five customers in Ignacio subscribe to Novato foreign exchange service and two customers in Novato subscribe to Ignacio foreign exchange service. On the average Ignacio subscribers place approximately eight toll calls a month to Novato and Novato subscribers place approximately one toll call a month to Ignacio. With extended service, Pacific and Western estimated the telephone traffic between the two exchanges would be stimulated by about three times present volumes.

City officials of Novato, as well as Novato civic organizations and residence groups of Ignacio and of Novato have expressed a need for extended service between the two exchanges. Western and Pacific desire to provide such extended service and estimate necessary plant additions and rearrangements can be completed within six to eight months.

Rates - Present and Proposed

Upon the establishment of extended service, Pacific and Western propose to increase exchange rates and to cancel present message toll telephone rates between Ignacio and Novato.

A comparison of present exchange rates with those proposed by Pacific and by Western for Novato-Ignacio extended service are summarized in the tabulation following for principal classifications of service.

	Rate per Month					
	Ignacio Exchange			Novato Exchange		
	Present	Extended	Increase	Present	Extended	Increase
<u>Business</u>						
1-party	\$ 7.00	\$ 7.50	\$0.50	\$9.75	\$10.25	\$0.50
2-party	5.60	6.10	.50	7.75	8.25	.50
PBX Trunks	10.50	11.25	.75	4.50 (0)*	5.00 (0)*	.50 (0)*
Suburban	-	-	-	7.00	7.50	.50
Semi Public Coin						
Monthly	.75	1.25	.50	2.35	2.85	.50
Daily						
Guarantee	.21	.21	-	.28	.28	-
<u>Residence</u>						
1-party	4.40	4.65	.25	4.85	5.00	.15
2-party	3.60	3.85	.25	4.30	4.45	.15
4-party	3.00	3.25	.25	3.55	3.70	.15
Suburban	-	-	-	3.80	3.95	.15

*The rate for each exchange message is 5¢.

Pacific's witness characterized the rates set forth above for Ignacio exchange as interim rates pending a later determination of rates for certain other extended service routes in Marin County. He expressed the view that the increases proposed for Ignacio reasonably reflect the addition of Novato within the local calling area for Ignacio subscribers.

According to Western, the extended service rates proposed for Novato are designed to recover differential costs of providing the service, excluding a loss of \$10,200 in toll settlement. Western's witness estimated that the toll usage reduction resulting from extended service would be approximately offset by toll usage stimulation to other points expected with the introduction of automatic toll ticketing in Novato scheduled for August 1962.

Findings and Conclusions

Based upon a careful consideration of this evidence, we find and conclude as follows:

1. The community of interest between Novato and Ignacio is such as to justify the introduction of extended service between the two exchanges.

2. The introduction of extended service between Novato and Ignacio as requested will better satisfy the telephone requirements of telephone subscribers within the two exchanges and will not be adverse to the public interest.

3. We find that the increases in rates and charges herein authorized are justified and that present rates and charges upon the introduction of extended service between Ignacio and Novato exchanges are for the future unjust and unreasonable.

O R D E R

Public hearing having been held upon the requests to establish extended service between Novato and Ignacio exchanges and the Commission being informed thereon; therefore,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company, after the effective date of this order and on or before March 31, 1962, is authorized and directed to (a) establish rates for extended service in Ignacio exchange as set forth in Appendix A hereof in lieu of present exchange rates; (b) expand the local service area of Ignacio exchange to include the Novato exchange; and (c) cancel and withdraw message toll telephone service rates between Ignacio and Novato exchanges.

2. Western California Telephone Company, after the effective date of this order and on or before March 31, 1962, is authorized and directed to (a) establish rates for extended service in Novato

exchange as set forth in Appendix A hereof in lieu of present exchange rates; (b) expand the local service area of Novato exchange to include the Ignacio exchange; and (c) concur in the cancellation and withdrawal of message toll telephone service rates between Novato and Ignacio exchanges.

3. Necessary tariff schedule filings shall be made in accordance with General Order No. 96, and, after not less than ten days' notice to the public and to this Commission, such tariff filings shall be made effective coincident with the furnishing of extended service as set forth in ordering paragraphs 1 and 2 hereof.

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

Dated at San Francisco, California, this 7th day of August, 1961.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioner

APPENDIX A

RATES

The presently effective rates, charges and conditions applicable to telephone service of The Pacific Telephone and Telegraph Company and of Western California Telephone Company are changed as set forth in the appendix.

The Pacific Telephone and Telegraph Company:

The following rates for the principal classifications of extended flat rate service in Ignacio exchange are authorized:

<u>Business</u>	<u>Rate per Month</u>
1-party	\$ 7.50
2-party	6.10
PBX Trunks	11.25
Coin Semi-Public, per Month	1.25
Daily Guarantee	.21
 <u>Residence</u>	
1-party	\$ 4.65
2-party	3.85
4-party	3.25

Western California Telephone Company:

The following rates for the principal classifications of extended flat and message rate service in Novato are authorized:

<u>Business</u>	<u>Rate per Month</u>
1-party	\$10.25
2-party	8.25
Suburban Line	7.50
PBX Trunks	5.00 (0)*
Coin Semi-Public, per Month	2.85
Daily Guarantee	.28
 <u>Residence</u>	
1-party	\$ 5.00
2-party	4.45
4-party	3.70
Suburban Line	3.95

*(0) Signifies zero exchange message allowance; the rate for each local or extended message over the allowance is 5¢.

Both Applicants:

Primary service rates for Ignacio and Novato extended foreign exchange service are to be adjusted to the extent required by changes authorized in basic individual and party line rates.