

ORIGINALDecision No. 62723

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE)
 AND TELEGRAPH COMPANY for authority)
 to establish a special rate area at)
 Scotts Valley within the Santa Cruz)
 exchange.)

Application No. 43749
 (Filed September 12, 1961)

OPINION AND ORDERApplicant's Request

The Pacific Telephone and Telegraph Company (Pacific) requests that the Commission authorize it: (1) to establish a special rate area in Scotts Valley, an unincorporated community in its Santa Cruz exchange; (2) to establish rates without mileage charges for urban grades of telephone service within the proposed area; and (3) to withdraw the suburban grades of telephone service now offered and furnished within said area.

Proposed Special Rate Area

Scotts Valley is a rapidly growing unincorporated community located on State Highway No. 17 approximately six miles northeast of the business section of the City of Santa Cruz. The proposed special rate area contains approximately 750 homes and small businesses and includes Bethany Park, a growing residential area centered on Granite Creek Road, Camp Evers, which has a number of merchandise and service businesses as well as the Scotts Valley Union School, and Manana Woods, a growing residential subdivision overlooking the valley. As of April 1961, Pacific provided, within the proposed special rate area, 216 urban services to which mileage charges applied and 341 suburban services. The minimum

distance from the boundary of said area to the nearest point on the base rate area boundary is 3/4 miles and the maximum distance is 17/4 miles. Pacific represents that the development of the Scotts Valley area and its distance from the base rate area justify the proposed special rate area and that with establishment of said area there would no longer be a public requirement for suburban grades of service therein.

Proposed Rates

Pacific proposes rates which will result in lower aggregate monthly charges for all urban services offered within the Scotts Valley special rate area. The proposed rates for primary urban services in the special rate area are equivalent to Santa Cruz base rates plus an increment equal to a 2/4 suburban mileage charge. This increment gives recognition to present development in the proposed special rate area and its distance from the base rate area. The following tabulation, taken from Exhibit B attached to the application, shows present and proposed rates for primary services within the special rate area:

	<u>Present*</u>	<u>Proposed</u>
<u>Business</u>		
1-party	\$ 9.65	\$10.65
2-party	7.35	8.05
PBX trunks	14.25	15.25
Semipublic	1.00 plus	2.00 plus
	.24 per day	.24 per day
Suburban	5.60	Not offered
<u>Residence</u>		
1-party	\$ 4.80	\$ 5.80
2-party	3.60	4.30
4-party	3.00	3.50
Suburban	3.50	Not offered

*Plus suburban mileage charges on urban services.

Pacific also proposes that Santa Cruz exchange urban services located outside both the base rate area and the proposed Scotts Valley special rate area would be furnished either at special rate area rates plus suburban mileage charges to the nearest point on the base rate area boundary, whichever would result in the lower charge to the subscriber. On this basis suburban mileage charges would be reduced for approximately 45 subscribers.

Based on May 1961 telephone development Pacific estimates that with minimum regrading of telephone services the proposed rates would decrease its annual revenues by approximately \$7,400. Pacific states, however, that with normal regrading which could be expected to result from the availability of urban services without mileage charges, there would be a negligible change in annual revenues following establishment of the proposed special rate area.

Findings and Conclusions

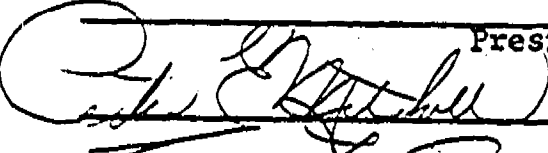

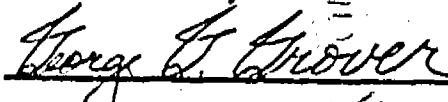
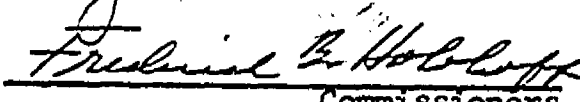
The Commission has given consideration to this matter and finds that a public hearing is not necessary and that a granting of the application, as herein provided will result in improved service and not be adverse to the public interest. The Commission further finds that such increases in rates or charges as will result from granting this application are justified and that, for the future, present rates, insofar as they differ from those herein prescribed, will become unjust and unreasonable upon the establishment of the Scotts Valley special rate area; therefore,

IT IS ORDERED that, after the effective date of this order and on or before March 31, 1962, applicant is authorized and directed to file with this Commission in conformity with General Order No. 96 tariff schedules revised to show Scotts Valley

special rate area with a boundary substantially as delineated on Exhibit A attached to the application and rates for said area as shown on Exhibit B attached to the application, and after not less than five days' notice to the Commission and to the public to make said rates effective for service coincident with the establishment of the Scotts Valley special rate area.

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

Dated at Los Angeles, California, this 24th day of OCTOBER, 1961.

 President


 Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.