

**ORIGINAL**Decision No. 62852

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 DELTA TELEPHONE AND TELEGRAPH COMPANY, )  
 a California corporation, for )  
 authority to establish extended )  
 service in the Meadowview Exchange, )  
 and to establish certain foreign )  
 exchange and toll rates in connection )  
 therewith. )

Application No. 43857  
 (Filed October 23, 1961)

O P I N I O NApplicant's Request

Delta Telephone and Telegraph Company, a California corporation engaged in the business of furnishing telephone service to certain areas along the Sacramento River, including, among others, the communities of Clarksburg, Courtland, Freeport, Hood, Isleton, Ryde and Walnut Grove, requests an order of the Commission authorizing it to:

1. Establish exchange service in the Meadowview exchange on less than statutory notice and to establish a base rate area in that exchange, the boundary of which will coincide with the exchange area boundary, as shown on Exhibit "C" attached to the application.
2. File and make effective coincident with the start of operation of the Meadowview central office, the extended service rates and conditions in Exhibit "E", pages 1 - 6 attached to the application.
3. File and make effective coincident with the start of operation of the Meadowview central office rates for Sacramento

business foreign exchange service in the Meadowview exchange and for Meadowview business and residence foreign exchange service in the Courtland exchange, as shown in Exhibit "E", pages 7 and 8.

4. File and make effective coincident with the start of operation of the Meadowview central office, the toll rates for the Meadowview exchange as shown in Exhibit "E", page 10.

Applicant also requests that the order be issued without hearing and on less than statutory notice.

#### Meadowview Exchange

The Meadowview exchange is located at the northern edge of applicant's service territory and overlaps into a small portion of the City of Sacramento. During the past year or so there has been development and subdivision activity in this portion of the City of Sacramento. The Meadowview exchange is a new exchange and the Meadowview central office is about ready to be placed in service. Applicant was authorized to establish the Meadowview exchange by Decision No. 59002, Application No. 41427 dated September 29, 1959. All services now furnished in the Meadowview section of the Meadowview exchange are on a foreign exchange basis from the Sacramento exchange of The Pacific Telephone and Telegraph Company. All services now in the Freeport section of the Meadowview exchange are furnished on a local basis from applicant's Courtland exchange. As of February 28, 1961 there were 136 subscribers to foreign exchange service and 41 subscribers to Courtland service in this area. Applicant now proposes to modify the base rate area for the Meadowview exchange to coincide with the exchange area as shown in Exhibit "C" attached to the application.

Extended Service Proposal

Applicant's proposal at the time of establishment of the Meadowview exchange (pursuant to Decision No. 59082) was to make a study of the feasibility of extended area service between the Meadowview exchange and Sacramento exchange areas. Applicant represents that its studies now indicate the need for extended service which would include the Sacramento exchange within the local calling area of subscribers to service in the Meadowview exchange. Applicant requested each of the 186 foreign exchange subscribers to maintain a record of calls to other telephone stations in the Meadowview-Sacramento area for a two-week period starting April 25, 1961. The results thus obtained showed that approximately 74% of originated calls were to stations served from the Sacramento exchange, not including those located within the Meadowview exchange. Applicant alleges that this predominant community of interest with Sacramento is the reason why it is seeking authority to offer in the Meadowview exchange, extended service with a calling area which will include all stations served from the Meadowview and Sacramento exchanges.

Rate Levels

Applicant's principal present and proposed rates for local service in the Courtland exchange, Sacramento foreign exchange service in the Meadowview exchange and extended service in Meadowview exchange are:

Class of Service	Local Service Courtland Exchange	Sacramento Foreign Exchange Service in Meadowview*	Proposed Extended Service in Meadowview:
<b>Business:</b>			
1-Party	\$5.85	\$15.75	\$12.75
2-Party	4.50	N.O.	N.O.
4-Party	N.O.	N.O.	N.O.
<b>Residence:</b>			
1-Party	3.25	7.80	6.80
2-Party	2.75	6.25	5.25
4-Party	2.25	5.40	4.40

\* Includes one-quarter mile of foreign exchange mileage. Additional quarters at rates varying from \$1.75 to \$1.25.

N.O. This class of service not offered.

The above rates were taken from those set forth in Exhibit "E", pages 1 - 9, inclusive.

Customer Canvass Results

Applicant canvassed all of the 227 subscribers who on September 29, 1961 received service in the Meadowview and Freeport sections of the Meadowview exchange. Each subscriber was asked to sign a statement of preference (sample statements shown in Exhibit "D" attached to the application). Applicant represents that all subscribers, except 10, expressed preference for the proposed service at the proposed rates. Nine indicated a preference for Sacramento foreign exchange service which applicant proposes to continue to offer. One Meadowview customer, currently using Sacramento foreign exchange residence service in the operation of his business, desires the continuance of Sacramento service and for this purpose applicant's proposal includes a rate for 1-party Sacramento business foreign exchange service.

Meadowview Foreign Exchange Service in Courtland

Applicant alleges there is a known requirement of a few persons in the Clarksburg section of the Courtland exchange for service into Sacramento on other than a toll basis. Applicant proposes and requests authority to establish, coincident with establishing service from the Meadowview central office, certain Meadowview foreign exchange service in the Courtland exchange in accordance with the tariff provisions set forth in Exhibit "E", page 7.

Toll Rates

Upon authorization of extended service, applicant proposes that the present 10 cents toll rate between Meadowview toll rate point as authorized by Decision No. 59082 and Sacramento be cancelled. The toll rates between Meadowview and applicant's other exchanges are set forth in Exhibit "E", page 10 and principal station rates are summarized below:

Station Service Initial Period Rates

Meadowview to Courtland	15 cents
Meadowview to Isleton	25 cents
Meadowview to Rio Vista	25 cents
Meadowview to Walnut Grove	20 cents

Station and person rates for three-minute initial periods and for each additional minute by mileage blocks are also shown on Exhibit "E", page 10.

Earning Position

Applicant represents that its rate of return from all operations will increase from 6.62% to 6.79% upon establishment of the extended service and placing of the Meadowview central office in service.

Such showing is contained in Exhibit "F" attached to the application, is based on the operations for 12 months ended August 31, 1961, and may be summarized as follows:

Item	: Present Service: : Without Effects: : of : Meadowview : Office	: Proposed Service: : Including : Effects of : Meadowview : Office
Revenues		
Local	\$117,294	\$140,971
Toll	210,603	217,023
Miscellaneous	5,503	5,503
Uncollectible	(2,338)	(2,338)
Total Revenue	331,062	361,159
Expenses		
Maintenance	69,995	74,629
Traffic	40,022	40,132
Commercial	10,813	10,813
General	47,871	47,871
Other	3,866	3,866
Depreciation	36,010	40,261
Taxes	67,614	76,786
Total Expenses	276,191	294,358
Net Revenue	54,871	66,801
Average Rate Base	828,916	984,213
Rate of Return	6.62%	6.79%

### Findings and Conclusions

Applicant's complete canvass of all customers in the Meadowview exchange area indicates a preference by 95.6% of the subscribers for Meadowview extended service at rates proposed in this application. Also applicant proposes to continue Sacramento foreign exchange service for those customers which prefer such service. In view of this indicated customer approval of applicant's proposal, the Commission finds and concludes that public convenience and necessity require that Meadowview extended service be established, that a public hearing is not necessary, and that applicant's proposal be authorized except that the proposal to offer flat rate 1-party

Sacramento business foreign exchange service in Meadowview should not be authorized. In lieu thereof message rate 1-party Sacramento business foreign exchange service at \$12.75 per month, including an allowance of 200 messages, will be authorized in order to correspond with the established pattern for business foreign exchange service from Pacific Company exchange.

Applicant's proposed plan will increase its indicated overall earning position from a rate of return of 6.62% to 6.79%. The Commission finds and concludes that applicant's proposal has a minor effect upon its rate of return and that the resulting rate of return is reasonable for applicant's future operations.

Applicant's proposal should result in a decrease in rates to the great majority of those affected subscribers presently using Sacramento foreign exchange service. The remaining subscribers, which now receive Courtland exchange service, will experience an increase in basic monthly exchange rates, but will experience offsetting savings in toll calls to Sacramento by having flat-rate calling accessibility to the Meadowview-Sacramento exchanges. The Commission finds, therefore, that such increases in rates and charges as will result from a granting of this application are justified and that present rates insofar as they differ from those herein prescribed, upon the inauguration of extended service, will for the future thereafter be unjust and unreasonable.

The furnishing of extended service will require the cooperation of The Pacific Telephone and Telegraph Company. Applicant is informed, believes and alleges that Pacific will file tariffs to permit the inclusion of the Meadowview exchange in the local calling area of its Sacramento exchange, such tariffs to be effective coincident with the institution of Meadowview extended

service. The Commission finds and concludes that such action on the part of The Pacific Telephone and Telegraph Company is in the public interest.

O R D E R

Application as above entitled having been considered and the Commission having found that applicant's request should be granted; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and on or before July 1, 1962, in conformity with General Order No. 96, revised tariff schedules incorporating a map of exchange and base rate area substantially as set forth on Exhibit "C" attached to the application, and with changes in exchange and toll rates, rules, terms, conditions and service as set forth in Exhibit "E" attached to the application except as indicated in Appendix A attached hereto, and, upon not less than five days' notice to this Commission and to the public, to make said rates effective for service rendered on and after the start of operation of the Meadowview central office.

2. The authorization granted by Decision No. 59082, Application No. 41427, to establish a 10 cent toll rate between Meadowview exchange and Sacramento exchange when the new Meadowview dial central office is placed in operation, is hereby set aside and vacated.



3. Upon establishment of extended service, applicant is authorized and directed to cancel and withdraw the local service rates in Meadowview exchange.

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

Dated at San Francisco, California, this 29th day of NOVEMBER, 1961.

[Signature]  
President

[Signature]

George E. Hoover

Frederick B. Holbrook

Commissioners

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Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

*Mo*  
*11/29/61*

APPENDIX A

Revisions to Applicant's Exhibit "E"

Page 1

Preliminary Statement

- A. (1) Add "Meadowview" to list of exchanges
- B. 1. Delete "and Regulation"
- C. Delete "and Regulation"  
Delete "the appropriate schedule and Rule and Regulation  
Nos. 13 and 15" and in lieu thereof insert "Schedule No.  
A-20"

Page 2

Schedule No. A-1

Above Rate Per Month, delete "Wall, Desk or Hand Set"

Page 3

Schedule No. A-3

Above Rate Per Month, delete "Wall Set or Wall Hand Set"

Page 4

Schedule No. A-5

Above Rate Per Month, delete "Wall, Desk or Hand Set"

Page 5

Schedule No. A-15

Under RATES (3) Each Meadowview extended service trunk line,  
Rate Per Month, delete "\$20.00" and in lieu thereof insert "\$19.00"

Page 7

Schedule No. A-17

Under RATES (1) Each Business Extended Individual Line Primary  
Station, Rate Per Month, delete "\$14.00" and in lieu thereof  
insert "\$12.75 (200)\*" and add the footnote "\*Each additional  
exchange message \$0.05"

Delete "Each Residence Suburban Line Primary Station \$4.65"

Under RATES (2), Delete "Each Suburban Line Primary Station \$.75"

Other Revisions in Existing Tariffs

Original Cal. P.U.C. Sheet No. 355-T

Schedule No. A-3

Condition 6, Add the words "and extended" after "local" and delete  
the words "exchange" and "or inter-exchange"

Delete Condition 7