

ORIGINALDecision No. 62949

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ARLINGTON HEIGHTS HOME OWNERS ASSOCIATION,
 a corporation; LEO E. KNISLEY, as president
 of the CITRUS HEIGHTS CHAMBER OF COMMERCE;
 HERMAN KING, as president of the SYLVAN PARK
 HOME OWNERS ASSOCIATION, an unincorporated
 association; CLIFFORD FRASIER, as president
 of the GRAND OAKS HOME OWNERS ASSOCIATION,
 an unincorporated association; YVONNE FORBES,
 as chairman of the CITRUS HEIGHTS COMMITTEE
 FOR EXTENDED TELEPHONE SERVICE, an unincor-
 porated association; NORMAN HUMBERT, as
 president of the DUDLEY MEADOWS HOME OWNERS
 ASSOCIATION, an unincorporated association;
 Rev. Wendell Hanson, Minister, FIRST BAPTIST
 CHURCH OF CITRUS HEIGHTS,

Complainants,

vs.

THE PACIFIC TELEPHONE & TELEGRAPH COMPANY,
 and ROSEVILLE TELEPHONE COMPANY,

Defendants.

Case No. 6087

In the Matter of the Investigation on the
 Commission's own motion into the rates, rules,
 regulations, charges, tolls, classification,
 contracts, practices, operations, facilities
 and service, or any of them of Roseville
 Telephone Company and The Pacific Telephone
 and Telegraph Company.

Case No. 6339

Robert J. Cook, for Arlington Heights Home Owners
 Association, et al., complainants in Case No. 6087
 and interested parties in Case No. 6339.

Arthur T. George and Pillsbury, Madison & Sutro, by
Charles B. Renfrew, Dudley A. Zinke and M. D. L.
 Fuller, for The Pacific Telephone and Telegraph
 Company; and Thomas E. Srednik, for Roseville
 Telephone Company; defendants in Case No. 6087 and
 respondents in Case No. 6339.

Neal C. Hasbrook, for California Independent Telephone
 Association; and J. J. Deuel, William Knecht and
Ralph Hubbard, for California Farm Bureau
 Federation; interested parties.

James M. McCraney, for the Commission staff.

THIRD INTERIM OPINION

Second Interim Opinion and Order

Following two days of consolidated public hearing in the above matters, the Commission, on November 3, 1959, issued its second interim opinion and order, Decision No. 59214, requiring that:

(1) Roseville Telephone Company establish within its Roseville exchange Citrus Heights district area with a toll rate center.

(2) The Pacific Telephone and Telegraph Company^{1/} establish within its Sacramento exchange North Sacramento district area with a toll rate center.

(3) The two utilities jointly prepare studies of four different plans covering extended service between the Roseville exchange and the Sacramento, Fair Oaks, Folsom and Rio Linda exchanges, such studies to be filed on or before December 30, 1960.

On December 13, 1960, Roseville Telephone Company and Pacific petitioned for a six months extension of the time limit within which to file the extended service studies. On December 20, 1960, the Commission issued an order extending the time limit to June 30, 1961, on which date the two utilities filed their respective studies.

Further Hearings

Three additional days of public hearing in the consolidated matters were held at Sacramento before Examiner James F. Haley on October 25, 26 and 27, 1961. Further hearing has been set for January 10, 1962, for the limited purposes of receiving evidence on extended service rates and intercompany settlements relating to such service.

Extended Service Studies

As required by Decision No. 59214, the filed studies show the revenue, plant, expense and cost effects of the following extended service plans:

1/ Hereinafter sometimes referred to as Pacific.

- Plan A - Extended service between the Citrus Heights district area and the North Sacramento district area, Fair Oaks, Rio Linda, and Folsom exchanges.
- Plan B - Extended service between the Roseville exchange and the North Sacramento district area, Fair Oaks, Rio Linda, and Folsom exchanges.
- Plan C - Extended service between the Citrus Heights district area and the Sacramento, Fair Oaks, Rio Linda and Folsom exchanges.
- Plan D - Extended service between the Roseville exchange and the Sacramento, Fair Oaks, Rio Linda and Folsom exchanges.

Public Requirement for Extended Service

The record shows that a substantial public requirement exists for extended service within the area embraced by the studies. While the testimony of public witnesses points out that Plan C would provide the most desirable calling arrangements, the inclusion of the entire Sacramento exchange within the calling area of Citrus Heights does not appear to be justified because of the high differential cost levels involved. The public testimony indicates that Plan A would be a generally acceptable alternative to Plan C and that Plan A would, at less cost, markedly alleviate the boundary problem which arises from the application of toll charges to calls between Citrus Heights and contiguous portions of the adjacent Pacific exchanges.

The complainants herein stated that Plan A would be acceptable to them if the Commission did not see fit to authorize Plan C. Pacific took no stand in support of or opposition to the introduction of extended service. Roseville Telephone Company objected to extended service per se.

An engineering witness for Pacific stated that his company could make the necessary plant arrangements to establish extended service within 18 months following the issuance of an order by the Commission. Roseville Telephone Company's engineer testified that it would require a 24 month period for his company to make its plant arrangements, the delay stemming mainly from the time required to obtain the necessary equipment from the manufacturer.

Trial Rates

The two respondent telephone utilities introduced trial rates for each of the four plans covered by their extended service studies. These trial rates increase present rates to the extent necessary for each utility to recover its differential costs under each plan, reflecting intercompany settlement on the so-called "satellite" method. The staff introduced modified trial Plan A rates for each utility based upon differential costs reflecting intercompany settlement determined by the same method as is now used for toll settlement purposes between the two companies.

Appendix A attached hereto compares present rates with company trial rates and staff modified trial rates for Plan A for each of the exchanges involved in the area under study.

Foreign Exchange Service

Under Plan A, calls between Citrus Heights and Sacramento Main district area would continue to be handled on a toll basis. Because of the level of the toll charges on such calls and because of the relatively large number of Citrus Heights users who would continue to have a requirement for local calling to Sacramento Main, it would not be in the public interest to withdraw the offering of Sacramento foreign exchange service in Roseville upon the establishment of extended service under Plan A.

All of the 19 public witnesses who were called by complainants during the last three days of hearing were residents of the Citrus Heights district area who stated that they were unable to obtain Sacramento foreign exchange service from the Roseville Telephone Company. Although the record shows that Roseville Telephone Company has increased the number of Sacramento foreign exchange services from 238 in September 1959 to 502 at present, there is obviously a considerable unsatisfied demand for such service. The order herein will, therefore, require Roseville Telephone Company to take immediate steps to reduce its backlog of held orders for Sacramento foreign exchange service and to submit monthly reports to the Commission as to its progress in this endeavor.

Staff Motion

At the hearing on October 27, 1961, the staff moved that the Commission forthwith issue a further interim order herein which would authorize extended service under Plan A at interim rates and leave the matter of final rates to be resolved at a later date. The Commission has considered the staff's motion and the replies of the parties thereto. Because of the considerable time required between authorization and implementation of extended service, this interim order will require the two utilities to proceed to make the plant changes necessary therefor in order that such service may be provided to the public at the earliest practicable date. The order herein will not, however, establish rates at this time, either on an interim or a final basis. Rates for the extended service can and ultimately will be fixed by final decision following the further hearing now set in these matters.

Findings and Conclusions

Upon consideration of the evidence of record, the Commission finds and concludes as follows:

1. The public interest demands the introduction of extended service in the area under study.
2. Plan A will reasonably fulfill the public requirement for such extended service at minimum differential costs.
3. The public interest requires that Roseville Telephone Company and Pacific proceed to make the plant changes necessary for the establishment of extended service.
4. It is unnecessary to fix the rates for extended service at this time.
5. The withdrawal of any foreign exchange service now offered in the area under study would not be in the public interest.

THIRD INTERIM ORDER

Consolidated public hearings in the above matters having been held, evidence adduced, and the matter being ready for interim decision,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company and the Roseville Telephone Company, jointly, shall proceed to make the plant changes necessary to institute, no later than December 31, 1963, extended service between Citrus Heights district area of Roseville exchange of the Roseville Telephone Company and the following areas of The Pacific Telephone and Telegraph Company: North Sacramento district area of the Sacramento exchange and Fair Oaks, Rio Linda, and Folsom exchanges.

2. Roseville Telephone Company shall take immediate steps to reduce its backlog of held orders for foreign exchange service in its Roseville exchange and shall submit written monthly reports thereon to the Commission no later than the twentieth of each following month. The reports shall specify the number of orders for such service held as of the end of each month, detailed reasons as to why such orders are being held, and the anticipated relief dates thereof.

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

Dated at San Francisco, California, this 19th day of DECEMBER, 1961.

Ernest A. Page
 President

W. E. Mitchell

D. L. Fox

George T. Hoover

Frederick B. Hallock
 Commissioners

APPENDIX A

Roseville-Sacramento Extended Service Study

COMPARISON OF PRESENT AND TRIAL MONTHLY RATES

Item	Sacramento					Roseville	
	Main Dist. Area	North Dist. Area	Rio Linda	Fair Oaks	Folsom	Main Dist. Area	Citrus Hts. Dist. Area

Present Rates

Business	Sacramento Main Dist. Area	Sacramento North Dist. Area	Sacramento Rio Linda	Sacramento Fair Oaks	Sacramento Folsom	Roseville Main Dist. Area	Roseville Citrus Hts. Dist. Area
1-Pty	\$11.75	\$11.75	\$12.50	\$13.25	\$16.75	\$12.50	\$12.50
2-Pty	-	-	-	-	-	10.50	10.50
1-MB ^a	5.50(80)	5.50(80)	5.75(80)	6.00(80)	7.50(80)	-	-
CSP ^b	8.40	8.40	9.00	10.00	12.40	9.50	9.50
PBX	17.50	17.50	18.75	19.75	25.00	18.75	18.75
Sub	6.00	6.00	6.60	7.35	8.60	8.00	8.00
FL	2.90	2.90	3.05	3.30	4.30	1.50	1.50
<u>Residence</u>							
1-Pty	5.20	5.20	5.85	6.45	7.20	6.25	6.25
2-Pty	3.90	3.90	4.40	4.95	5.70	5.15	5.15
4-Pty	3.30	3.30	3.70	4.20	4.85	4.35	4.35
Sub	3.80	3.80	4.20	4.70	5.35	5.00	5.00
FL	1.50	1.50	1.55	1.65	2.05	1.00	1.00

Plan A - Company Trial Rates

Business	Sacramento Main Dist. Area	Sacramento North Dist. Area	Sacramento Rio Linda	Sacramento Fair Oaks	Sacramento Folsom	Roseville Main Dist. Area	Roseville Citrus Hts. Dist. Area
1-Pty	11.75*	11.90	12.60	13.35	16.85	12.50*	16.50
2-Pty	-	-	-	-	-	10.50*	14.00
1-MB ^a	5.50(80)*	5.65(80)	5.85(80)	6.10(80)	7.60(80)	-	-
CSP ^b	8.40*	8.55	9.10	10.10	12.50	9.50*	12.80
PBX	17.50*	17.75	18.75	20.00	25.25	18.75*	24.75
Sub	6.00*	6.15	6.70	7.45	8.70	8.00*	10.90
FL	2.90*	3.05	3.15	3.40	4.40	1.50*	1.50*
<u>Residence</u>							
1-Pty	5.20*	5.25	5.90	6.50	7.25	6.25*	8.25
2-Pty	3.90*	3.95	4.45	5.00	5.75	5.15*	6.90
4-Pty	3.30*	3.35	3.75	4.25	4.90	4.35*	5.90
Sub	3.80*	3.85	4.25	4.75	5.40	5.00*	6.70
FL	1.50*	1.55	1.55	1.70	2.10	1.00*	1.00*

Plan A - Staff Modified Trial Rates

Business	Sacramento Main Dist. Area	Sacramento North Dist. Area	Sacramento Rio Linda	Sacramento Fair Oaks	Sacramento Folsom	Roseville Main Dist. Area	Roseville Citrus Hts. Dist. Area
1-Pty	11.75*	11.95	12.60	13.40	16.85	12.50*	16.00
2-Pty	-	-	-	-	-	10.50*	13.00
1-MB ^a	5.50(80)*	5.70(80)	5.85(80)	6.15(80)	7.60(80)	-	-
CSP ^b	8.40*	8.60	9.10	10.15	12.50	9.50*	11.50
PBX	17.50*	17.75	18.75	20.00	25.25	18.75*	24.00
Sub	6.00*	6.20	6.70	7.50	8.70	8.00*	9.00
FL	2.90*	3.10	3.15	3.45	4.40	1.50*	1.50*
<u>Residence</u>							
1-Pty	5.20*	5.30	5.95	6.55	7.30	6.25*	7.60
2-Pty	3.90*	4.00	4.45	5.00	5.75	5.15*	6.25
4-Pty	3.30*	3.35	3.75	4.25	4.90	4.35*	5.20
Sub	3.80*	3.85	4.25	4.75	5.40	5.00*	5.45
FL	1.50*	1.55	1.60	1.70	2.10	1.00*	1.00*

a. () Indicates local message allowance. Each additional local message at \$0.0425.

b. Semipublic coin box rates include monthly rate plus daily minimum.

* No change from present rates.