

Decision No. 63206

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA INTERSTATE TELEPHONE
COMPANY, a corporation, for authority
to establish, maintain and operate a
telephone exchange in Summit Valley,
San Bernardino County, California, to
provide telephone exchange service in
the Summit Valley Exchange Area, and
to file and make effective rates for
telephone service in said exchange area.

Application No. 43707

Best, Best & Krieger by Glen E. Stephens, for the applicant.
Keith K. Schrader, for the State of California, Division of Forestry, interested party.
J. G. Shields, for the Commission staff.

O P I N I O N

California Interstate Telephone Company, by the above-entitled application filed August 25, 1961, seeks authority to establish, maintain and operate a telephone exchange in Summit Valley in unincorporated territory of San Bernardino County; to provide telephone exchange service in the Summit Valley Exchange Area; and to file and make effective rates for telephone service in said exchange area.

A public hearing was held before Examiner Stewart C. Warner on December 1, 1961, at San Bernardino. No protests to the granting of the application were entered although the State Division of Forestry requested that it be continued to be served on a deviation basis from the Crestline Exchange of General Telephone Company of California whose said Exchange is immediately contiguous

to the applicant's proposed Summit Valley Exchange on the south thereof. The matter was submitted on the last-named date subject to the receipt on December 11, 1961, of a late-filed exhibit. Said exhibit has been received and the matter is now ready for decision.

General Information

The applicant furnishes exchange and toll telephone service in 24 exchanges in California in the San Bernardino Mountains, in the Mojave Desert, and east of the Sierra Nevada Mountains as far north as Lake Tahoe, and in two exchanges in western Nevada. As of March 31, 1961, telephone service was being furnished to 27,768 subscribers. Much of the applicant's operating revenue is derived from cement, chemical, and mining installations, and from defense establishments in the upper Mojave Desert area. The applicant's headquarters are in Victorville.

Summit Valley Exchange Area

Exhibit B attached to the application is a map showing the proposed Summit Valley Exchange Area, which comprises 156 square miles. The area lies slightly north of the crest of the San Bernardino Mountains and extends in an easterly direction from the Barstow Freeway just south of Cajon Pass for a distance of about 25 miles. It is thinly settled. Approximately 37 residences and four business establishments are now located within the proposed exchange boundary. The applicant holds 17 applications for residential service and two for business service, and anticipates considerable growth in the area during the construction of the Cedar Springs Reservoir portion of the Feather River project. Development of resort and recreational facilities around the reservoir after completion of its construction is expected.

Rates

Upon application to the Commission on June 27, 1961, by Deviation Advice Letter No. 6 to provide Victorville Exchange telephone service to three residential subscribers and a public pay station in the proposed Summit Valley Exchange area, which said advice letter was approved by the Commission, the applicant constructed and commenced telephone service to said subscribers on August 2, 1961. On August 23, 1961, the applicant filed Deviation Advice Letter No. 7 seeking authority to construct facilities and provide Victorville Exchange telephone service on a deviation basis in the west end of Summit Valley to serve an additional ten subscribers and to locate a pay station at the Santa Fe Railroad station. This authority was granted by the Commission, and service was estimated to be provided about December 1, 1961. The General Telephone Company is presently providing one Crestline Exchange two-party line business service on a deviation basis to Pilot Rock Conservation Camp operated by the State Division of Forestry within the proposed Summit Valley Exchange boundary.

Late-filed Exhibit No. 2 is a statement of the effect on charges to Pilot Rock Conservation Camp which would result from establishment of the proposed Summit Valley Exchange of the applicant. Said exhibit shows that the present charge by General Telephone Company is \$12.40 a month; that the estimated charge for Crestline Foreign Exchange Service (for which no present tariff exists) would be \$29.65 per month; that the Crestline Foreign Exchange Service would be a business individual line since business two-party line foreign exchange service is not

provided by General Telephone Company; and that Summit Valley Exchange service by the applicant for a business two-party line would be \$14.25 per month.

The applicant, according to Exhibit No. 2, would prefer to provide service to Pilot Rock Conservation Camp on a foreign exchange service basis, but has suggested that if deviation service is continued, General Telephone Company should be permitted to change its present deviation filing to show that said Camp is in the proposed new exchange rather than in unfiled territory.

The applicant proposes to apply its presently filed tariffs to the Summit Valley Exchange.

Financing

The record shows that the applicant proposes to invest \$69,405 to purchase a parcel of land to construct a central office, to install 100 lines of terminal-per-station dial central office equipment, to construct toll facilities and for local distribution plant. The cost of the Summit Valley Exchange is proposed to be financed out of the applicant's treasury.

Agreement with General Telephone Company re
Crestline Exchange and Proposed Application
with respect thereto.

The applicant has negotiated a mutual agreement with General Telephone Company to propose a revision of the existing northern boundary of General's Crestline Exchange and the proposed southern boundary of the Summit Valley Exchange, so that Sections 5, 6, 7 and 8 of R4W, T2N, SBB&M may be included in the Summit Valley Exchange. Such proposal will be incorporated in a joint application to be filed by the applicant and General soon.

Findings and Conclusions

It is found as a fact and concluded that the application of California Interstate Telephone Company for authority to establish the Summit Valley Exchange and to file and make effective tariffs in said exchange is reasonable, and that the public interest requires that the application be granted. It is further found as a fact and concluded that the public interest requires that Pilot Rock Conservation Camp be continued to be served by General Telephone Company from its Crestline Exchange. The order hereinafter will so provide.

Applicant's Exhibit G attached to the application indicates that on an annual basis the existing potential business would yield a return of only 3.48 percent after expenses. While the indicated return is not sufficiently low to be cause for denial of the application, applicant is hereby put on notice that in the future the Commission will not permit any deficiency in return from this exchange to create an unreasonable burden on the rates of its other customers.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. California Interstate Telephone Company is authorized:
 - a. To establish an exchange to be known as Summit Valley Exchange with exchange and base rate areas as shown on the map Exhibit B attached to the application.
 - b. To establish the toll rate center for said Summit Valley Exchange in the NW $\frac{1}{4}$ of Section 31, T3N, R4W, SBB&M.

- c. To file and make effective, coincident with the establishment of said Summit Valley Exchange, and on not less than five days' notice to the public and this Commission, revised tariff sheets to include those set forth in Exhibit E attached to the application.

2. The applicant shall file monthly written reports with this Commission for a period of 12 months (the first such report being due not later than ten days after the last day of the first full calendar month following establishment of the Summit Valley Exchange) in which shall be set forth:

- a. A statement of the number of subscribers served in said Exchange as of the end of the reporting period.
- b. A statement of the plant facilities and the costs thereof (estimated if the applicable accounting has not been completed) added during the monthly period.
- c. A summary of all trouble reports and subscriber complaints, pertaining to either exchange or toll service within said Exchange, and the disposition thereof, for the monthly period.

3. The authorizations hereinabove granted California Interstate Telephone Company will expire if not exercised prior to June 30, 1962. If said authorizations are exercised, California Interstate Telephone Company shall notify this Commission in writing of the date on which the Summit Valley Exchange is established within five days thereafter.

4. If the authorizations hereinabove granted are exercised, California Interstate Telephone Company shall:

- a. Convert Summit Valley toll stations to exchange stations, where so requested, within ten days after the effective date of this order, and
- b. Establish exchange telephone service to each of those residences and businesses for which it has signed applications as of the effective date of this order, within sixty days after said date.

5. Deviation Advice Letters Nos. 6 and 7, approved by Resolutions Nos. T-4759 and T-4772 be and they are canceled.

6. Service to Pilot Rock Conservation Camp, now being provided by General Telephone Company of California from its Crestline Exchange, be continued by said Company.

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

Dated at San Francisco, California, this 16th day of FEBRUARY, 1962.

Greene B. Rogers
President
W. C. L. Smith
D. L. Fox
George T. Grover
Fredrick B. Haloboff
Commissioners