

Decision No. 65SS1

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ARLINGTON HEIGHTS HOME OWNERS
ASSOCIATION, et al.,

Complainants,

vs.

PACIFIC TELEPHONE & TELEGRAPH
COMPANY, and ROSEVILLE
TELEPHONE COMPANY,

Defendants.

Case No. 6087
(Filed April 9, 1958)
(Amended August 2, 1958
and May 27, 1959)

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
(Filed August 25, 1959)

W. E. PAULSEN, et al.,

Complainants,

vs.

ROSEVILLE TELEPHONE COMPANY,

Defendant.

Case No. 7630
(Filed May 21, 1963)

In the Matter of the Application
of ROSEVILLE TELEPHONE COMPANY, a
California corporation, for
authority to increase rates and
charges for foreign exchange
telephone service in the
Roseville exchange.

Application No. 44152
(Filed February 5, 1962)

Walter E. Paulsen and Ralph J. Pankratz, in propriae personae and for others, complainants in Case No. 7630.

Waunda V. Lepkowski, in propria persona and for others, complainants in Case No. 7630 and interested parties in Cases Nos. 6087 and 6339 and Application No. 44152.

Thomas E. Srednik, for Roseville Telephone Company, respondent, petitioner and defendant.

Ralph H. St. Cloud, in propria persona and for Glenn Williams; M. S. Westervelt, in propria persona; L. G. Myer, in propria persona; John F. Mazner, for Mount Calvary Cemetery; and Leroy F. Greene, Assemblyman, for constituents of 3rd A. D.; interested parties.

Hector Anninos, for the Commission staff.

O P I N I O N

After due notice, public hearings on these matters were held on a consolidated record before Commissioner Grover and Examiner Coffey on July 3 and before Examiner Coffey on July 5, 1963, in Sacramento. These matters were submitted for decision on July 11, 1963, upon the receipt of late-filed exhibits.

Thirty subscribers to telephone service of the Roseville Telephone Company (Roseville) complained on May 21, 1963, Case No. 7630, that the foreign exchange service telephone rate increase authorized by Decision No. 64897, dated February 5, 1963 (Case No. 6087, Case No. 6339, Application No. 44152) was excessive. Complainants alleged that subscribers were unaware of the public hearings on the proposed rate increases. Complainants requested a rehearing of the foreign exchange service rate increase request in order that the following action might be taken:

1. That current rates be retained indefinitely; or,
2. That a reasonable rate increase be permitted when and at the time a comparable increase in service is made available to the customers; or,

3. That a rate structure be created for the Sacramento/Roseville area consistent with the current rate structure as used in the Los Angeles area, namely, the unit charge rate system; or

4. That the current franchise boundaries be reviewed with the ultimate aim of transferring the present "foreign exchange" area from the Roseville Telephone Company to The Pacific Telephone and Telegraph Company.

The Commission has delayed the effective date of the increases of rates for foreign exchange service in the Roseville area pending hearing of the complaint, Case No. 7630, to September 1, 1963. On July 2, 1963, the Commission reopened Case No. 6087, Case No. 6339 and Application No. 44152 to determine if Decision No. 64897 should be revoked, altered, or amended in any particular insofar as said decision authorized Roseville Telephone Company to increase rates and charges for foreign exchange telephone service in the Roseville area.

Roseville, in addition to answering that the complaint was without merit, proposed that foreign exchange service rates of approximately fifty percent of the increase authorized by Decision No. 64897 be made effective forthwith upon the requisite notice, and that upon the introduction of the extended area service ordered by Decision No. 62949, December 19, 1961 (Case No. 6087, Case No. 6339), Roseville be authorized to raise the foreign exchange service rates to the level authorized by Decision No. 64897.

Of the approximately 125 members of the public who attended the consolidated hearings on July 3 and 5, 1963, 11 testified in support of the complaint. In addition to protesting the amount of the increase in rates for foreign exchange service, the public witnesses generally testified that the proposed extended area service was unsuited to their needs and that they desired

service to downtown Sacramento. They complained of their high bills for telephone service, that they have not been furnished with the rates for extended area service when requested by Roseville to indicate type of service desired, that Roseville had discouraged subscribers from requesting foreign exchange service, that repair service was excessively slow, and that facilities were not available to report service outages on weekends and to obtain emergency repair service. Public witnesses protested charges for conversions of subscriber service as between extended area and foreign exchange services and their inability to obtain service from The Pacific Telephone and Telegraph Company when their property is divided by the Roseville-Pacific exchange boundary.

Roseville by testimony of four witnesses and five exhibits supported the reasonableness of the proposed (presently authorized) foreign exchange rates. The showing indicates that the proposed rates will increase the rate of return for the year 1962 on an adjusted basis from 6.53 percent to 6.85 percent. Roseville's president testified that foreign exchange service is a premium type service and reiterated Roseville's position that foreign exchange service should be eliminated. He stated that subscribers prefer foreign exchange service in order to eliminate toll charges to adjoining exchanges, that foreign exchange rates are unreasonably low in the Roseville area, and that since extended area service will become effective in December, the foreign exchange subscriber should start paying his proportionate share of the cost of telephone service. The problems of foreign exchange service arising from the service being handled by two companies, in such matters as billing, maintenance and revenue sharing, were also advanced as reasons for foreign exchange service rates being higher than extended area rates. The following tabulation compares the present and proposed (presently authorized) foreign exchange service rates with authorized extended

area service rates for the principal types of service. The rates shown include the basic rate and mileage charges for the first and second quarter mile. The figures in parentheses indicate message unit allowance. The rate per message over the allowance is five cents.

Service	Foreign Exchange Service Rates				Authorized: Extended Area Service Rates
	Present	Proposed	First Qtr.	Second Qtr.	
<u>Folsom</u>					
Business Rate:					
1-Party Msg. (200)	\$17.85	\$17.85	\$25.50	\$25.50	---
1-Party Flat	-	-	-	-	\$14.75
Residence Flat Rate:					
1-Party	9.80	11.55	13.75	15.75	7.40
2-Party	8.05	9.55	11.25	13.00	6.00
4-Party	6.95	8.20	9.50	11.00	5.10
Suburban	6.95	7.70	10.40	11.40	5.40
<u>Fair Oaks</u>					
Business Rate:					
1-Party Msg. (200)	16.35	16.35	25.50	25.50	---
1-Party Flat	-	-	-	-	14.75
Residence Flat Rate:					
1-Party	9.05	10.80	13.75	15.75	7.40
2-Party	7.30	8.80	11.25	13.00	6.00
4-Party	6.30	7.55	9.50	11.00	5.10
Suburban	-	-	10.40	11.40	5.40
<u>Sacramento</u>					
Business Rate:					
1-Party Msg. (200)	25.00	25.00	25.50	25.50	---
1-Party Flat	-	-	-	-	14.75
Residence Flat Rate:					
1-Party	7.80	9.55	13.75	15.75	7.40
2-Party	6.25	7.75	11.25	13.00	6.00
4-Party	5.40	6.65	9.50	11.00	5.10
Suburban	5.40	6.15	10.40	11.40	5.40

The plant superintendent of Roseville testified that estimates of the costs of furnishing foreign exchange service presented at previous hearings are no longer valid inasmuch as the actual method of providing foreign exchange service was different from the method used to estimate costs and inasmuch as all of the then 66 applicants for foreign exchange service have now been provided with service. The witness introduced a study of a typical Roseville area

which indicates that for 227 stations, Roseville under present rates would experience a revenue loss and increased costs of approximately \$4.00 per customer per month if all customers elected to take foreign exchange service. The study indicated a total net gain of \$84 per month under proposed rates. The witness conceded that the study did not reflect central office and other savings effected by the election of foreign exchange service. Excess or "wasted" plant attributable to foreign exchange service was minimized by the actual installation, being generally of the nature of wire of larger gauge, terminal boxes, and some extra cable pairs. The foregoing items will not be retired upon the inauguration of extended area service.

A staff witness proposed foreign exchange rates substantially lower than those presently authorized, as indicated in the following tabulation:

COMPARISON OF STAFF PROPOSED RATES

<u>Service</u>	<u>Company Proposed (Presently Authorized) + ½ Mile</u>	<u>Company Proposed (Interim) + ½ Mile</u>	<u>Staff Proposed + ½ Mile</u>
Business:			
1-Party	\$25.50	\$25.50	\$20.35
Residence:			
1-party	13.75	11.50	10.90
2-Party	11.25	9.40	8.75
4-Party	9.50	8.05	7.35
Suburban	10.40	8.80	6.90

Roseville presently has 505 foreign exchange service subscribers and no held orders. At the time of the previous hearings Roseville had 218 held orders which reduced to 66 after survey by Roseville.

We are of the opinion and find that Roseville foreign exchange service is a substitute for the combination of toll and extended area services. If foreign exchange service becomes too extensive, we find it will be seriously detrimental to extended area

service and will result in unreasonable burdens on extended area service. We find it reasonable to set foreign exchange service rates at a level which will result in reasonable use of the service; such rates should not be so high as to eliminate utilization of foreign exchange service.

Since the record now demonstrates that actual costs, revenue reductions and wastage of plant relating to Roseville foreign exchange service are lower than originally estimated, we find that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges and those heretofore authorized to be effective on September 1, 1963, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

The rates herein authorized will result in the following monthly charges for foreign exchange service:

<u>Service</u>	<u>Herein Authorized</u>	
	<u>+ 1/2 Mile</u>	<u>+ 2/4 Mile</u>
Business:		
1-Party	\$21.00*	\$21.00*
Residence:		
1-Party	10.50	12.50
2-Party	8.50	10.25
4-Party	7.25	8.75
Suburban	7.65	8.65

*The charge for business service is the same for 1/2 mile or 2/4 mile because the business mileage rate is measured in 1/2 mile increments, whereas the residence mileage rate is measured in 1/4 mile increments.

We find that none of the other allegations of the complainants in Case No. 7630 are sustained by the evidence.

O R D E R

IT IS ORDERED that:

1. Roseville Telephone Company is authorized and directed to file with this Commission, after the effective date of this order and in conformity with General Order No. 96-A, the schedule of rates attached to this order as Appendix A and, upon not less than five days' notice to the Commission and to the public, to make such rates effective for service rendered on and after September 5, 1963.

2. Revised Cal. P.U.C. Sheets Nos. 596-T and 597-T of Schedule No. A-20, Foreign Exchange Service, are hereby permanently suspended.

3. Within thirty days after the effective date of this order, Roseville Telegraph Company shall send to each of its subscribers in its Citrus Heights district area a statement setting forth the presently authorized rates and charges for extended area service in said area, the rates and charges herein authorized for foreign exchange service, the availability of the foregoing services, and the rates and applicability of service connection and move charges to conversions of service between extended area service, present exchange service, and foreign exchange service.

4. Within thirty days after the effective date of this order, Roseville Telephone Company shall inform the Commission, in writing, of the procedure it and The Pacific Telephone and Telegraph Company will follow to insure that foreign exchange service outages

and complaints are given prompt attention, including those that occur on weekends and holidays.

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

Dated at San Francisco, California, this 13th day of August, 1963.

William M. Bennett
 President

John Mitchell

Robert W. Keagy

George L. Hoover

Commissioners

Commissioner Frederick B. Holoboff
 present but not voting.

APPENDIX A

RATES

Schedule No. A-20
 Foreign Exchange Service
Sacramento, Fair Oaks and Folsom Service in Roseville

<u>Residence Flat Rate</u>	<u>Rate Per Month</u>
Individual Line	\$ 8.50
2-Party	6.75
4-Party	5.75
Suburban	6.65
<u>Business Message Rate</u>	
Individual Line	\$17.00 (200)
PBX Trunks	
First	22.00 (300)
Each Additional	22.00 (300)
<u>Foreign Exchange Mileage Rates</u>	<u>Rate Per Month</u>
<u>Residence Service</u>	<u>Each ½ Mile or</u>
<u>Within the Roseville Exchange</u>	<u>Fraction Thereof</u>
Individual	\$ 2.00
2-Party	1.75
4-Party	1.50
Suburban	1.00
<u>Business Service</u>	<u>Rate Per Month</u>
<u>Within the Roseville Exchange</u>	<u>Each ½ Mile or</u>
	<u>Fraction Thereof</u>
Individual Line or PBX Trunk	\$ 4.00