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Decision No. 66005

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and Investigation on the Commission's own motion of Tariffs covering exchange area expansion of the Greenville Exchange of Citizens Utilities Company of California and of the Westwood Exchange of California-Pacific Utilities Company.	Case No. 7374 (Filed June 12, 1962)

Bacigalupi, Elkus and Salinger, by William G. Fleckles, for Citizens Utilities Company of California; and Orrick, Dahlquist, Herrington & Sutcliffe, by Warren A. Palmer, for California-Pacific Utilities Company; respondents.
J. E. Brown, for the Commission staff.

O P I N I O N

This suspension and investigation proceeding was heard before Examiner Coffey at Chester on October 25, 1962, and was submitted December 12, 1962, upon the receipt of late-filed exhibits.

On May 22, 1962, Citizens Utilities Company (Citizens) filed Advice Letter No. 142 enlarging its Greenville exchange, and on May 23, 1962, California-Pacific Utilities Company (Cal-Pac) filed Advice Letter No. 53-T enlarging its Westwood exchange. Inasmuch as each of the filings included a portion of the territory which the other utility proposes to serve, this investigation was ordered and the operation of the proposed tariff sheets was suspended. Said tariff sheets have not been refiled pending this decision.

During the hearing Cal-Pac modified its proposal so as to exclude a portion of the area covered in its suspended filing. The area which both utilities now desire to include in their enlarged exchanges is the north-east quarter of Township 27 North, Range 8 East, comprising the nine sections adjacent to the southeast shore of Lake Almanor, Plumas County.

The center of population of the area which both utilities desire to serve is 6½ airline miles, or 9 miles by road, from the Westwood exchange of Cal-Pac and 7 airline miles, or 11 miles by road, from the Greenville exchange of Citizens. Both of the mountain communities, Westwood and Greenville, have shopping and entertainment facilities, schools, public libraries, sheriff stations, and fire departments. Greenville has a bank and a hospital.

Citizens proposes to extend the northern and western boundaries of its Greenville exchange to join with its Chester exchange and to encompass 51 sections of additional territory around the west, south and east shores of Lake Almanor. Citizens presently renders public utility telephone service in the vicinity of the area in question from exchanges centered at Greenville, Chester, and Susanville, and along the highway between Susanville and Red Bluff. Approximately 20 subscribers are now receiving toll station service in the disputed area from Citizens and would be offered Greenville suburban party line exchange service and urban grades of service on a mileage basis. Operator supervision of the Greenville dial exchange is located in Susanville. Service is maintained by a maintenance man stationed in Greenville, with emergency assistance available from an employee stationed in Chester and an unspecified number of personnel headquartered at Susanville.

Carrier and open wire facilities traverse the contested area. Conversion of grades of service could be effected with two hours of labor to reconnect existing facilities.

Cal-Pac proposes to extend the northern boundary of its Westwood exchange to encompass one additional section and to extend the southern boundary of said exchange along the east shore of Lake Almanor to include the nine sections of territory under dispute. Public utility telephone service by Cal-Pac is limited in this area to the Westwood exchange, for which Citizens supplies toll and operator supervision and interconnection with the Bell System. Two customers, located in Section 34 of Township 28 North, Range 8 East, of Cal-Pac's Westwood exchange area on the east shore of Lake Almanor, are presently receiving toll station service from Citizens by mutual agreement of the two utilities. The grades of service offered by Cal-Pac would be substantially the same as those offered by Citizens, with operator supervision continuing to be performed by Citizens from Susanville. Service would be maintained by two telephone men stationed in Westwood, with emergency assistance available from nine electrical maintenance personnel stationed at Westwood, Chester and Susanville. Forty working days would be required to extend the cable, presently within 2½ miles of the contested area, at a cost of about $35,000, to serve the subscribers presently receiving toll station service from Citizens within the contested area and the Westwood exchange area.

The following tabulation compares the rates of the utilities. Since Cal-Pac indicated its intention of requesting a rate increase in the near future, the presently effective rates of Cal-Pac are shown as well as the rates estimated by Cal-Pac to be

required to increase the exchange service rate of return to 6.5 percent.

RATE COMPARISON

Grade of Service	Cal-Pac Present Rates*	Cal-Pac Estimated Future Rates*	Citizens Present Rates*
Business:			
1-Party	$5.25	$8.70	$8.00
2-Party	4.25	6.70	6.50
Suburban	4.00	6.20	6.50
Extension	1.25	1.50	1.75
Farmer Line	.75	1.25	1.25
Residence:			
1-Party	3.50	5.70	5.00
2-Party	3.00	4.70	-
4-Party	2.50	3.95	4.25
Suburban	3.00	4.20	4.50
Extension	1.00	1.25	1.25
Farmer Line	.50	.75	1.00

*Plus suburban mileage charges on urban service.

A witness for Citizens testified that for the persons residing on the east shore of Lake Almanor there was some community of interest with Greenville and some mixed interest. This witness reported that the utility had recently interviewed nine of their subscribers, four or five having definite interests in Greenville and others having no preference. A study of the calling habits between East Almanor toll stations and neighboring exchanges, based on 220 messages during two 10-day periods in April and June of 1962, shows that 40 percent of the messages were interchanged with Greenville, 22 percent with Westwood, 20 percent with Chester and 19 percent with Susanville.

Beginning in September, 1961, Cal-Pac conducted a number of customer surveys south of its Westwood exchange boundary for approximately 2.3 miles along the east shore of Lake Almanor. The first, a postcard survey, announced the availability of dial telephone service by Cal-Pac and requested an indication of the

type of telephone service wished. This survey is alleged to have resulted in 12 requests for service. Seven of the potential customers at the time were known to have been receiving toll station service from Citizens. In June, 1962, residents in the same area were personally interviewed. It is alleged that signed statements were obtained from 17 residents stating that they would prefer telephone service from Cal-Pac, Westwood exchange, rather than Citizens, Greenville exchange. In October, 1962, Cal-Pac again interviewed residents of the area. Of the 26 residences surveyed, 14 were known to have telephone service, 22 desired 10-party suburban service, and three desired 2-party service. Of those interviewed, 11 included Greenville as being in their community of interest and seven included Westwood. In contrast to the majority interest in Greenville, the survey indicated that 13 preferred free calling to Westwood and that eight preferred free calling to Greenville. Of the 14 customers presently receiving service from Citizens, six preferred to continue to be served by Citizens, six preferred to be served by Cal-Pac, and the others had no preference or were not interviewed. Of 11 customers known not to be receiving service from Citizens, two preferred service from Citizens and seven preferred service from Cal-Pac. These surveys did not disclose that Cal-Pac planned to request increased telephone rates.

All of the six public witnesses at the hearing commented on the poor service rendered by Citizens. Three of these witnesses preferred service from Cal-Pac, one preferred service from whichever provided the better service, and one preferred service from Citizens. The latter witness is one of the two customers receiving toll service from Citizens within the Westwood exchange. Three of the public witnesses included Greenville in their community of interest and one included Westwood.

Based upon the evidence of record, the Commission finds that:

1. Cal-Pac estimated future rates are not substantially different from present Citizen rates. (We note that on June 7, 1963, by Application No. 45505, Cal-Pac has requested authorization of a residential suburban rate of $4.45, five cents less than the present Citizens rate.)

2. Although the service proposed by Cal-Pac, utilizing cable and with a larger maintenance force, would be more reliable than that proposed by Citizens, service can be rendered by Citizens at lower incremental plant cost than it can be rendered by Cal-Pac.

3. The public preference for service by Cal-Pac is greater than that for service by Citizens. However, it should be noted that this record indicates that the public was not generally aware of Cal-Pac's plan to request authorization of increased rates, that operator supervision problems would not be eliminated by service by Cal-Pac and that Citizens would offer the same grades of dial service as Cal-Pac.

4. Greenville has a greater factor of community interest than Westwood for residents in the disputed area.

5. Citizens is presently rendering telephone service in the disputed territory and in adjacent territories.

6. Public convenience and necessity requires that Citizens be authorized to render public utility telephone service in the disputed territory and in Section 34 of Township 28 North, Range 8 East, presently included in the Westwood exchange area and that Citizens be required to file periodic reports relative to service requests, service complaints and outages.

7. Public convenience and necessity does not require that Cal-Pac render public utility telephone service in Section 34 of Township 28 North, Range 8 East, and in Sections 1, 2, 3, 10, 11, 12, 13, 14 and 15 of Township 27 North, Range 8 East. Tariff Sheets Nos. 564-T, 565-T and 566-T should be permanently suspended without prejudice to Cal-Pac expanding the northern boundary of its Westwood exchange to include Section 32 of Township 29 North, Range 10 East.

O R D E R

IT IS ORDERED that:

1. Within thirty days after the effective date of this order, in conformance with General Order No. 96-A, Citizens Utilities Company of California shall cancel Cal. P.U.C. Tariff Sheets Nos. 2135-T, 2165-T and 2167-T and shall file such tariff sheets as may be required to expand its Greenville exchange area as set forth in suspended Cal. P.U.C. Tariff Sheets Nos. 2183-T, 2184-T, 2185-T and 2186-T, but including in addition Section 34, Township 28 North, Range 8 East, Mount Diablo Base and Meridian and not including any water area of Lake Almanor.

2. On the effective date of this order, the suspension of California-Pacific Utilities Company Cal. P.U.C. Tariff Sheets Nos. 564-T, 565-T and 566-T is hereby made permanent.

3. Within thirty days after the effective date of this order, California-Pacific Utilities Company shall cancel Cal. P.U.C. Tariff Sheets Nos. 564-T, 565-T and 566-T and file such tariff sheets as may be required to exclude from its Westwood exchange area Section 34, Township 28 North, Range 8 East, Mount Diablo Base and Meridian. California-Pacific Utilities Company by said filing may if it desires include in its Westwood exchange area Section 32, Township 29 North, Range 10 East, Mount Diablo Base and Meridian.

4. On or before October 31, 1963, Citizens Utilities Company of California shall file with this Commission a report setting forth

all requests for service within its Greenville exchange which have not been filled within ten days after receipt of said request and setting forth all service outages and service complaints received from its customers between April 1, 1963, and October 1, 1963. Said report shall set forth the action taken to satisfy each request for service, to terminate each outage and to satisfy each complaint. Additionally, the report shall set forth the elapsed time of the request, outage or complaint until dispostion, an explanation of the status of any unsatisfied requests for service or of any unresolved complaints and an explanation of the need for a period in excess of 10 days to satisfy any requests for service or in excess of 24 hours to dispose of any outage or complaint. Within thirty calendar days after April 1 and October 1 of each year, Citizens Utilities Company of California shall thereafter file with this Commission five such consecutive half-yearly reports on requests for service, outages, and complaints within the prior six months' period.

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

Dated at San Francisco, California, this 10th day of September, 1963.

President

Commissioners