

DECISION NO. 664-10 CASE NO. _____ APP. NO. 45611

ORIGINAL

Decision No. 66440

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC
TELEPHONE AND TELEGRAPH
COMPANY for authority to
establish the Mount Hamilton
special rate area within the
San Jose exchange.

Application No. 45611
(Filed July 22, 1963)

Arthur T. George and Maurice D. L. Fuller, for
applicant.
Robert C. Davies, for Lick Observatory; E. A.
Hosmer, for University of California;
Mrs. Delia Herbig, for Mount Hamilton resi-
dents, interested parties.
J. E. Brown, for the Commission staff.

O P I N I O N

Public hearing in this matter was held before Examiner
Emerson on October 14, 1963, at San Jose.

Applicant seeks authority to establish a "special rate
area", within its San Jose exchange, in order to better serve the
University of California complex on Mount Hamilton.

Lick Observatory, on Mount Hamilton, is a major research
station of the University of California. It began operations, as
the first permanently occupied mountain observatory anywhere,
during the year 1888. Today, the observatory complex covers an
area of about 1/10 square mile and contains an administrative
building with laboratories, offices, post office and two tele-
scopes. Also within the complex are five other telescope
installations, maintenance shops, warehouses, a fire department,
school, 3 dormitories including 5 apartments, one duplex residence,
22 single-family residences, entertainment and police-protection
facilities. About 100 persons live on Mount Hamilton, over 60
of them being directly associated with the work of the observatory.

The first telephone service between Mount Hamilton and San Jose was established about 80 years ago. The telephone line, over 9 air-line miles long, was quite primitive and until the close of World War II was entirely owned and maintained by the observatory. Applicant herein purchased the line and most of the equipment from the observatory and has provided additional circuits to the area. Since the telephone line traverses wooded and mountainous terrain where high winds, heavy rainfall and snow are experienced, telephone service is frequently marginal. In addition, because of the essentially "party-line" characteristics of usage, the line's capacity has in recent years been much exceeded.

Applicant is replacing the existing physical and carrier circuits with a 100-pair buried cable from its Clayburn central office (east of San Jose) to Mount Hamilton. On completion of such work and the availability of fully adequate telephone service to the observatory complex, applicant anticipates that 31 lines will serve 91 telephone stations for anticipated annual revenues totaling \$17,100 during the first year's operations. On the basis of the rates which applicant proposes for the special rate area and assuming normally experienced regrading of subscriber services, applicant's first-year revenues would exceed the average annual revenues received under existing rates. Within three years, applicant expects to be serving 138 telephone stations by means of 52 lines.

Applicant's rate proposal for the special rate area is to add three one-quarter mile suburban mileage charges to the regular urban rates charged in the San Jose exchange. Present service consists primarily of San Jose urban rates plus 36 one-quarter mile suburban mileage charges for the distance to Mount

Hamilton; hence, subscribers at the observatory complex, assuming no upgrading of service, would have lesser charges under the new rates. The testimony of public witnesses, however, is to the effect that upgrading and growth of service is much desired and will occur and lends substantial support for applicant's estimates of the revenue effects of the proposed new operations. The basic rates proposed by applicant for Mount Hamilton, are as follows:

Business Service:	<u>Per Month</u>
1-Party, flat	\$14.50
1-Party, message (80 messages)	6.75
PBX, per trunk	21.00
Residence Service:	
1-Party	6.55
2-Party, flat	4.95
2-Party, message (60 messages)	3.75

In view of the evidence, the more important elements of which are hereinabove discussed, the Commission finds: (1) establishment of the Mount Hamilton special rate area, as proposed, is in the public interest, (2) the rates for service within said special rate area as proposed by applicant are fair and reasonable rates for the service to be rendered, (3) withdrawal of suburban telephone service within said special rate area should be authorized and (4) any increase in rates and charges which may result therefrom is justified.

O R D E R

IT IS ORDERED as follows:

1. Applicant is authorized to establish a Mount Hamilton special rate area, with the dimensions thereof being no less than those delineated on Exhibit B attached to the application herein, within its San Jose exchange.

2. Applicant is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the provisions of General Order No. 96-A, tariff sheets appropriately revised to place in effect the rates proposed in Exhibit C attached to the application herein for service to be rendered in said special rate area.

3. Applicant is authorized concurrently to withdraw tariff provisions for suburban telephone service within said special rate area.

4. The authorizations hereinabove set forth shall become effective, on not less than five days' notice to the public and to this Commission, on the date on which applicant's installation of the 100-pair underground cable, discussed in the foregoing opinion, is installed and ready for telephone service to the Mount Hamilton special rate area.

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

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

Stallings for Durand
President
George E. Hoover
Frederic B. Hallock
Commissioners