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Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE )  
 AND TELEGRAPH COMPANY for authority )  
 to file and make effective rates for )  
 extended business 1-party line mes- )  
 sage rate service and withdraw the )  
 offering of extended business 2-party )  
 line flat rate service in certain )  
 exchanges in the San Francisco- )  
 East Bay Extended Area. )

Application No. 45932

OPINION AND ORDER

By the above-entitled application, filed November 4, 1963, The Pacific Telephone and Telegraph Company seeks authorization pursuant to Section 454 of the Public Utilities Code to (1) file and make effective rates for extended business 1-party line message rate service in the Belvedere, Concord, Corte Madera, Lafayette, Mill Valley, Sausalito and Walnut Creek exchanges; (2) withdraw the offering of extended business 2-party line flat rate service in said exchanges; and (3) cancel and withdraw the rates applicable thereto coincident with the introduction of extended business 1-party line message rate service. All of said exchanges are located within the San Francisco-East Bay extended area.

Applicant's present and proposed rates for the exchanges involved are shown on Exhibit A attached to the application. Exhibit B shows the revenue effects of exchanges involved by initial and ultimate periods. A certificate of service attached to the application shows that the application was served upon 33 city and county officials concerned with the areas involved.

Business 1-party message rate service is presently offered in 20 of applicant's 30 exchanges in the San Francisco-East Bay

extended area. In 12 of the exchanges business 1-party flat rate service is offered optionally with the message rate service, and in 8 exchanges only message rate service is offered.

Applicant herein proposes to furnish said business 1-party message rate service at a monthly rate of \$5.00 with an allowance of 75 exchange messages. Each additional exchange message over the allowance would be charged at the filed rate of 4.25 cents. The monthly rate, message unit allowance and conditions for the proposed service are the same as those presently effective in comparable exchanges in the San Francisco-East Bay extended area. Coincident with the provision of business 1-party message rate service as proposed herein, applicant plans, under a separate filing, to offer commercial and hotel private branch exchange message rate service in the said exchanges and also in the Redwood City exchange.

The following tabulation sets forth the present and proposed rates for business service, including 1-party flat rate service for which no change is proposed:

Present and Proposed Business Service Monthly Rates

<u>Exchanges</u>	<u>1-Party Flat Rate (No Change)</u>	<u>2-Party Flat Rate (Present)</u>	<u>1-Party Message Rate (Proposed)</u>
Belvedere, Lafayette and Sausalito	\$ 9.25	\$ 7.10	\$5.00(75)
Corte Madera and Mill Valley	10.25	7.85	5.00(75)
Concord and Walnut Creek	10.50	7.50	5.00(75)

In addition to a lower monthly rate for main stations, subscribers converting to message rate service will receive the benefits of a lower monthly rate for extension stations. Applicant's tariffs provide for a \$1.00 per month extension rate on message rate business service as compared with \$1.50 per month for flat rate business extensions.

Upon withdrawal of 2-party flat rate service, subscribers to such service will have the option of converting to 1-party flat or 1-party message rate service. Because of the low usage normally characteristic of 2-party business service, it may be expected that most 2-party subscribers will convert to message rate service. In addition, many low usage 1-party flat rate subscribers will find that message rate service attractive. Applicant estimates that conversions from flat rate to message rate service will result in an initial decrease in its annual revenues amounting to approximately \$78,500. Exhibit B attached to the application sets forth applicant's estimated initial revenue reduction by exchanges as well as the ultimate revenue effect which it expects.

This action extends to these seven exchanges in the San Francisco-East Bay extended area the advantages of a low underlying message rate service that initially was required by the Commission for certain other exchanges on a program basis in the extended area (Decision No. 50258, Application No. 33935, dated July 6, 1954). While the total indicated reduction appears sizeable, per exchange it comparatively is nominal, considering the improvement in service that will result. The Commission encourages message rates for business service as they more equitably charge the small and large users compared to the regular flat rate.

The Commission has considered this matter and finds that public hearing thereon is not necessary; that granting of the application as herein provided should improve telephone service; that rates authorized herein are justified; and that present business rates, insofar as they differ from those herein prescribed, upon the introduction of extended business 1-party line message rate service for the future will be unjust and unreasonable; therefore,

IT IS ORDERED as follows;

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order in conformity with General Order No. 96-A, the rates for extended business 1-party line message rate service shown on Exhibit A attached to the application and, after not less than five days' notice to this Commission and to the public, to make said rates effective for service furnished on and after the introduction of such service in the Belvedere, Concord,, Corte Madera, Lafayette, Mill Valley, Sausalito and Walnut Creek exchanges.
2. Coincident with the introduction of extended business 1-party line message rate service as authorized hereinabove, applicant is authorized to withdraw the offering of extended business 2-party line flat rate service in the Belvedere, Concord, Corte Madera, Lafayette, Mill Valley, Sausalito and Walnut Creek exchanges and to cancel and withdraw the rates applicable thereto.
3. The authority granted herein will expire unless exercised on or before June 30, 1964.

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

Dated at San Francisco, California, this 14th day of January, 1964.

William L. Seung  
President

Richard R. Mitchell

Arvid W. Page

George T. Crower

Fredrick B. Holbrook  
Commissioners