

Decision No. 68888**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE)
 AND TELEGRAPH COMPANY for authority)
 to consolidate its Myers Flat and)
 Miranda exchanges into a single ex-)
 change to be designated Miranda,)
 Humboldt County, California.)

Application No. 47385
 Filed March 4, 1965

OPINION AND ORDERApplicant's Request

The Pacific Telephone and Telegraph Company filed the above-entitled application on March 4, 1965 seeking authority to (1) discontinue its Myers Flat exchange and toll rate center, (2) cancel and withdraw the exchange rates now on file for the Myers Flat exchange, (3) cancel and withdraw foreign exchange service rates now on file for the Myers Flat exchange, (4) enlarge the Miranda exchange and establish the Myers Flat island base rate area as shown on Exhibit A attached to the application, and (5) cancel and withdraw message toll telephone service rates between the Miranda and Myers Flat exchanges. There are no foreign exchange services involving Myers Flat at the present time.

Present Service and Rates

Miranda and Myers Flat exchanges are located in Humboldt County and are adjacent to each other as shown on Exhibit A of the application. The Miranda exchange served 243 stations and the Myers Flat exchange served 123 stations, as of November 30, 1964. The interexchange rate mileage between the two exchanges is 4 miles and the initial period day station message toll telephone rate is 10 cents.

Applicant represents that the elimination of the present 10-cent message toll telephone rate between Miranda and Myers Flat exchanges will result in an annual revenue decrease of \$1,000. For toll calls to points 40 miles or less, the consolidation and recentering of the toll rate center as proposed will increase applicant's annual revenues by approximately \$350. Applicant further estimates that the various changes in message toll telephone rates for messages to and from toll rate points over 40 miles will have a negligible effect on applicant's annual revenues. Toll rate charges at most will be plus or minus 5 cents for initial periods.

Proposed Service

During the recent prolonged storms and floods in Northern California, the Myers Flat exchange was completely without service. The central office was destroyed as was a major portion of the distribution plant. Service has been partially restored by temporary use of toll cable facilities.

Applicant desires to restore permanent service to the Myers Flat area by consolidating its Myers Flat and Miranda exchanges. Applicant represents that consolidation will be the most economic and expeditious method of effecting a permanent restoral of service to Myers Flat because the consolidation will eliminate the requirement for either construction of a new central office in the present Myers Flat exchange, or the alteration of the Miranda central office to provide a separate prefix for Myers Flat. It proposes to designate the consolidated exchange as the Miranda exchange, and to establish the present Myers Flat base rate area as an island base rate area within the enlarged Miranda exchange. It will provide present Myers Flat subscribers with direct distance dialing, operator intercepting service, full selective ringing for 4-party line subscribers and improved semi-selective ringing for suburban service subscribers. Applicant's proposed consolidation will not result in any

changes in exchange rates for subscribers in either of the two present exchanges.

For the purpose of verifying applicant's representation that consolidation of the two exchanges would be the most economic and expeditious method of effecting a permanent restoral of service, the staff requested the applicant to furnish information as to capital expenditures, operating expense and estimate of future earnings. Applicant's memorandum of March 30, 1965 contained the following information:

A. Capital Expenditures

	<u>Gross Construction Costs</u>
1. Reestablish central office and distribution plant in Myers Flat	\$103,000
2. Establish a separate central office unit and prefix for Myers Flat in Miranda central office and reestablish Myers Flat distribution plant	52,000
3. Reestablish Myers Flat distribution plant, use Miranda central office capacity	41,000

B. Operating Expense

It is estimated that the proposed consolidation would effect only a minor savings in operating expenses due to the small number of stations involved.

C. Estimate of Future Earnings or Statements Regarding Same.

The company has not made a study concerning future earnings. It is surmised that the combination of the proposed investment of \$41,000, \$1,000 annual toll revenue loss and the minor savings in operating expenses would result in a small temporary reduction in the earnings ratio in the consolidated exchange.

Consolidation of the Myers Flat and Miranda exchanges could result in restoration of permanent service to Myers Flat within 30 days of the effective date of the Commission's order. Applicant's letter to the Commission, dated March 5, 1965, indicated that its

proposal has been discussed with leaders in the Myers Flat community and that there is no objection to the loss of telephone identity.

The Commission has considered applicant's proposal and, realizing the urgency of this matter, finds that the most economic and expeditious way to restore service in the Myers Flat area is to authorize consolidation of the Myers Flat and Miranda exchanges, that improved service should result from such consolidation and that any increases in rate and charges that may result from such consolidation of exchanges are justified and that present rates insofar as they differ from those herein prescribed for the future are unjust and unreasonable. A public hearing is not necessary. The Commission concludes that the application should be granted.

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company is authorized, after the effective date of this order and on or before December 31, 1965, to (a) discontinue its Myers Flat exchange and toll rate center; (b) cancel and withdraw the exchange rates now on file for the Myers Flat exchange; (c) cancel and withdraw foreign exchange service rates now on file for the Myers Flat exchange; (d) enlarge the Miranda exchange and establish the Myers Flat island base rate area as shown on Exhibit A attached to the application; and (e) cancel and withdraw message toll telephone service rates between the Miranda and Myers Flat exchanges.

2. Necessary tariff schedule filings pursuant to the authorization in paragraph 1 above shall be made in accordance with General Order No. 96-A, on not less than ten days' notice to the public and to the Commission, to be made effective coincident with the consolidation of the Myers Flat and the Miranda exchanges.

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

Dated at San Francisco, California, this 13th
day of April, 1965.

Frederic B. Holdcroft
President

John P. Mitchell

George J. Hoover

Augusta

William L. Bennett
Commissioners