

ORIGINALDecision No. 68940

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for authority to establish extended service between its King City, San Ardo and San Lucas exchanges, and to withdraw message toll telephone service rates now in effect between said exchanges.

Application No. 46110
(Filed January 17, 1964)

Arthur T. George and Richard W. Odgers,
for applicant,
California Farm Bureau Federation, by
William L. Knecht, interested party,
E. Nowak, for the Commission staff.

O P I N I O N

Public hearing in this matter was held before Examiner Emerson on October 22, 1964, at King City. The matter is submitted and is ready for decision.

Applicant is presently providing exchange telephone service in King City, San Lucas, and San Ardo in Monterey County. Applicant now proposes to establish extended-area service between the three exchanges, at increased flat-rate exchange rates, and to withdraw toll-message service between them.

The present toll routes involved, with existing initial 3-minute charges therefor, are as follows:

King City - San Ardo	18 toll miles	25¢ toll rate
King City - San Lucas	8 toll miles	10¢ toll rate
San Ardo - San Lucas	11 toll miles	15¢ toll rate

Applicant proposes to offset loss of toll revenue between these exchanges by increasing flat-rate charges in each exchange.

A comparison of existing rates with the rates proposed by applicant, as set forth in Exhibit B attached to the application, is as follows:

RATE COMPARISON

	<u>King City</u>		<u>San Lucas</u>		<u>San Ardo</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Business:						
1-party	\$ 7.00	\$ 9.00	\$ 6.50	\$ 9.50	\$ 6.50	\$11.00
2-party	5.60	7.20	5.10	7.70	5.10	9.20
PBX - trunk	10.50	13.50	9.75	14.25	9.75	16.50
10-party	5.10	6.55	4.85	7.05	4.85	8.55
Farmer Line	1.55	2.00	1.30	2.50	1.30	4.00
Residence:						
1-party	4.40	4.70	4.15	4.95	4.15	5.70
2-party	3.60	3.75	3.35	4.00	3.35	4.75
4-party	3.00	3.00	2.75	3.25	2.75	4.00
10-party	3.50	3.50	3.25	3.75	3.25	4.50
Farmer Line	.90	.90	.80	1.15	.80	1.90

Applicant's rate increase proposal would produce an increase of approximately \$14,200 in exchange revenues. The new net cost of telephone plant chargeable to the proposed extended area serving arrangements would bring applicant's net plant devoted to exchange service in the extended area (as of June 30, 1962) to a total of over \$657,900. Under its plan, its exchange earnings would increase slightly, from a present ratio for the combined exchanges of 1.53 percent to a ratio of 1.63 percent after establishment of extended service.

On the one hand, only one objection to applicant's proposal has been brought to the attention of the Commission. On the other hand, seventeen public witnesses, including county supervisors, representatives of school districts, the medical profession, the chamber of commerce, the Grange, and other civic community or social organizations, as well as individual ranchers, farmers and housewives, testified in support of the proposal and urged the granting of applicant's requests.

From the evidence, the Commission finds that:

1. Consummation of the proposals of applicant, whereby extended-area service between the three exchanges would replace existing toll service between them, is in the public interest.
2. The increases in rates and charges hereinafter authorized are justified and present rates, insofar as they may differ therefrom, will become unjust and unreasonable on such date as extended-area service is provided.

The Commission concludes that this application should be granted without modification thereof.

O R D E R

IT IS ORDERED as follows:

1. Applicant is authorized to file with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96-A, tariff sheets revised to reflect rates and charges of extended-area service between its King City, San Lucas, and San Ardo exchanges as set forth in Exhibit B attached to the application herein and, on not less than five days' notice to the public and to this Commission, to make the same effective on the date on which extended-area service is provided in said exchanges.
2. Coincident with the effective date of the revised tariff sheets above authorized, applicant is authorized to cancel and withdraw its present tariffs for toll-message service applicable thereto.

3. The foregoing authorizations will expire if applicant shall not have established extended-area service in the aforesaid exchanges prior to February 1, 1967.

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

Dated at San Francisco, California, this 20th day of April, 1965.

Robert E. N. [Signature] President

William W. [Signature] Commissioners

I Concur:
Alverson

We dissent.
Frederick B. Holahoff
George G. Crover