

ORIGINAL

Decision No. ~~62535~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation,)

Complainant,)

v.)

CALIFORNIA VALLEY MUTUAL TELEPHONE COMPANY, a corporation, and SAN MIGUEL TELEPHONE COMPANY, a corporation,)

Defendants.)

Case No. 7845
(Filed February 20, 1964)

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to publish, file, and place in effect rates in a new exchange in San Luis Obispo County, California, to be designated the Carrisa Plains exchange.)

Application No. 46104
(Filed January 15, 1964)

In the Matter of the Application of CALIFORNIA VALLEY MUTUAL TELEPHONE COMPANY, a corporation, for a certificate of public convenience and necessity authorizing construction, operation and maintenance of telephone lines, and for authority (1) to establish a telephone exchange to be known as California Valley Exchange, San Luis Obispo County, California; (2) to establish rates, charges, rules and regulations for telephone service therein; and (3) to issue membership certificates.)

Application No. 47098
(Filed November 9, 1964)

Application of CALIFORNIA VALLEY MUTUAL TELEPHONE COMPANY, a nonprofit corporation, for authority to sell certain exchange telephone facilities to THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, and to withdraw from public utility telephone business.)

Application No. 47367
(Filed February 26, 1965)

Arthur T. George and Pillsbury, Madison & Sutro by Richard W. Odgers, for The Pacific Telephone and Telegraph Company; Bacigalupi, Elkus & Salinger by Warren A. Palmer, for California Valley Mutual Telephone Company, applicants.

William L. Knecht and Ralph Hubbard, for California Farm Bureau Federation, interested party.

A. L. Carlson and R. T. Perry, for the Commission staff.

O P I N I O N

This series of proceedings began with the filing of Application No. 46104. Ascertaining that California Valley Mutual Telephone Company, hereinafter referred to as California Valley, was operating or about to operate a telephone service in the Carrisa Plains area, Pacific Company commenced a proceeding against California Valley (Case No. 7845) seeking an injunction.

On July 7, 1964 the Commission granted the injunction (Decision No. 67492). The operative effect of this decision was stayed pending the filing of an application by California Valley. That company filed Application No. 47098. Public hearings were held on both applications and Case No. 7845 on a consolidated record in San Francisco on December 7, and at Paso Robles on December 8, 1964.

At a final hearing in San Francisco on January 27, 1965, the applications were submitted with the understanding that an application would later be filed for authority allowing California Valley to sell certain of its dedicated telephone property to Pacific Company. The assumption was that Pacific Company would then serve the area. Application No. 47367 embodies this request. In Application No. 47367 California Valley requests dismissal of Application No. 47098, conditioned upon a grant of Application No. 46104. The matters are now ready for decision.

The area involved in these proceedings is in the Carrisa Plains area of San Luis Obispo County. Pacific Company, in Application No. 46104, sought authority to establish an exchange in a 300 square mile area. Two hundred of these square miles are now in unfiled territory, 100 square miles would be transferred from Pacific's Santa Margarita exchange.

Pacific Company has been studying the area for some time. In May 1960 it filed Application No. 42303 to establish North Carrisa and South Carrisa exchanges. In October of that same year the Commission denied this application in Decision No. 60812.

Pacific presently maintains about 31 toll stations connected into its Paso Robles exchange in the requested area. There are some farmer lines in the portion now in the Santa Margarita exchange. Pacific alleged, in Application No. 46104, that its canvass in 1963 turned up 113 potential customers, 33 businesses and 80 residential.

The California Valley Company, a land development company, was organized by a partnership called El Chicote Ranch Properties. Having previously acquired the El Chicote Ranch of about 25,000 acres, the partners developers subdivided approximately 17,000 acres of the ranch into roughly 6,900 2½-acre lots. By December, 1964, these had been sold to 6,600 customers, more or less.

The developers built a motel, restaurant, bar, general store and gasoline station. A California Valley Company witness testified that there were 65 houses completed or under construction on December 8, 1964 in the California Valley development. California Valley is now rendering local service between 21 customers under the suspension clause of Decision No. 67492.

The Farm Bureau Federation and the ranchers it was representing supported the application of Pacific Company.

Pacific Company presented evidence of the effects that a grant of its application would produce. Exhibit No. 5 shows total cost effects of \$29,100 and total revenue effects of \$19,000 in its first year of operation.

For more than a year last past California Valley has been serving some customers, the number reaching 21 at the time of Decision No. 66882.¹ This service has been rendered under the stay included in that decision since its issuance. The service has been local in character and toll service has not been available to these subscribers. This stay will be terminated.

The Commission finds that:

1. Pacific Company and California Valley seek to provide exchange service in portions of the Carissa Plains area of San Luis Obispo County, the area sought by Pacific Company being larger and inclusive of the area sought by California Valley.

2. The public interest will best be served if Pacific Company is authorized to establish exchange telephone service in the disputed area.

3. A transfer of California Valley's dedicated property would not be contrary to the public interest.

¹ This was the temporary injunction granted on the filing of Case No. 7845.

The certificate hereinafter granted shall be subject to the following provision of law:

The Commission shall have no power to authorize the capitalization of this certificate of public convenience and necessity or the right to own, operate, or enjoy such certificate of public convenience and necessity in excess of the amount (exclusive of any tax or annual charge) actually paid to the State as the consideration for the issuance of such certificate of public convenience and necessity or right.

The authorization herein granted shall not be construed as a finding of the value of the rights and properties herein authorized to be transferred.

O R D E R

IT IS ORDERED that:

1. A certificate of public convenience and necessity for a telephone corporation as defined in Section 234 of the Public Utilities Code is hereby granted to The Pacific Telephone and Telegraph Company, a corporation, in unfiled territory in San Luis Obispo County with areas and boundaries as shown in Exhibit A attached to Application No. 46104.
2. The Pacific Telephone and Telegraph Company, a corporation, is authorized and directed to establish base rate areas in Simmler and El Chicote as shown in Exhibit B attached to Application No. 46104.
3. The Pacific Telephone and Telegraph Company, a corporation, is authorized to file with this Commission on or after the effective date of this order and in conformity with the provisions of General Order No. 96-A, tariffs, including the rates and charges set forth in Appendix A attached to this order. Such rates shall become effective on the date on which exchange service is first rendered in the Carrisa exchange area.

4. The authorization hereinabove granted to The Pacific Telephone and Telegraph Company, a corporation, will expire if not exercised prior to March 1, 1966.

5. The Pacific Telephone and Telegraph Company, a corporation, shall discontinue its toll stations within the area of the Carrisa Plains exchange authorized to be established herein, on such date or dates as exchange service is made available in said exchange to such toll station locations.

6. Ordering paragraph No. 1 in Decision No. 67492 in Case No. 7845 is amended to read as follows:

"1. California Valley Mutual Telephone Company cease and desist and it is hereby permanently restrained and enjoined from constructing, operating or extending any telephone line, as defined in Section 233 of the Public Utilities Code, or operating a telephone corporation, as defined in Section 234 of the Public Utilities Code."

7. Application No. 47098 is dismissed.

8. Within one year after the effective date of this order, California Valley Mutual Telephone Company, a nonprofit corporation (seller), may sell and transfer to The Pacific Telephone and Telegraph Company, a corporation (purchaser), the property referred to in Exhibit A to Appendix A to Application No. 47367, substantially in accordance with the terms described in the application.

9. Within five days after the date of actual transfer, seller and purchaser jointly shall file in this proceeding a written statement, showing the date of transfer. A true copy of the instrument of transfer shall be attached to the statement.

The effective date of this order shall be twenty days after the date hereof except that paragraph No. 6 hereof shall become

effective on the date when The Pacific Telephone and Telegraph Company's Carrisa exchange commences service.

Dated at San Francisco, California, this 24th day of AUGUST, 1965.

Frederick B. Hallock
President
George E. Crow
August
William B. Bennett
Commissioners

APPENDIX A

The Pacific Telephone and Telegraph Company is authorized to submit rates for principal classifications of exchange service as shown below. These rates are the same as those in effect for applicant's Group A exchanges elsewhere in California as modified by Appendix A of Decision No. 67369 in Case No. 7409.

<u>Business</u>	<u>Rate Per Month</u>
1-Party Flat	\$5.80
2-Party Flat	4.50
Semipublic, Rate per Month	-
Minimum Guarantee per Day02 per day
PBX Trunks	8.50
Suburban	4.45
 <u>Residence</u>	
1-Party Flat	3.70
2-Party Flat	3.00
4-Party Flat	2.45
Suburban	2.95

Other rates and rules will be in accordance with exchange tariffs generally applicable for exchanges similar in size.