

ORIGINALDecision No. 70439

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WATER & 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 "Desert Center Exchange" at Desert Center, Riverside County, California; and (2) to establish rates, charges, rules and regulations for telephone service therein.

Application No. 48112
(Filed December 20, 1965)

OPINION AND ORDER

California Water & Telephone Company requests this Commission to authorize: (1) establishment of a telephone exchange to be known as "Desert Center Exchange" at Desert Center in Riverside County, with exchange and base rate area boundaries as shown in Exhibit A attached to the application, and (2) establishment of rates, charges, rules and regulations for telephone service therein. Applicant requests ex parte disposition to permit an earlier decision. Cutover to exchange service is scheduled for October 2, 1966, if authorized. Coordination with The Pacific Telephone and Telegraph Company would be required since that company would engineer and construct toll facilities to connect the proposed exchange with applicant's toll center in Indio. During the same time period applicant would complete its arrangements for purchase of a central office site, construct a central office building, install central office equipment, and exchange outside plant. To meet these requirements, applicant would need to know whether or not its application is granted by about March 1, 1966.

Purpose of the Proposal

The application, if granted, would provide for direct dial individual line telephone service in Desert Center. At present the only telephone service is provided through 10 toll stations furnished by The Pacific Telephone and Telegraph Company (five public stations and five semipublic stations).^{1/} These are magneto ringing (crank operated) and require placing of all local and toll calls through the San Bernardino operator of Pacific Company. The 10 toll stations are served by three circuits and incoming calls are on non-selective code ringing. Exchange service would provide much more convenient and efficient service. Accessibility to incoming calls would be greatly improved, including the advantage of directory listings in the Indio directory.

Characteristics of the Area

Desert Center is on U.S. Highway 60-70 between Indio and Blythe. It is approximately 49 miles from Indio and 48 miles from Blythe. It is a bus stop and a half-way stop for motorists. Desert Center is approximately 10 miles south of applicant's Eagle Mountain exchange, which serves the Kaiser Steel Company's mining and ore concentrating operations. The school district serves both communities. A new schoolhouse in Desert Center provides part of the grade school classrooms for both. The remaining grade school classrooms and the high school are at Eagle Mountain. A school bus operates between the two communities. The school officials and teachers favor the establishment of exchange service at Desert Center. The Eagle Mountain exchange currently has some 400 main stations and further growth appears to be assured. However, the development at Eagle Mountain is dense and appears to have little

^{1/} The number of toll stations reported in the application is eight. However, recount by both companies confirms the 10 toll stations as stated above (Staff Exhibit #1)

effect on growth prospects at Desert Center. The proposed Desert Center exchange has an area of 1-3/4 square miles. There are 34 potential telephone subscribers. Of these 21 have signed applications for telephone service, contingent upon establishment of exchange service. Applicant believes that from four to six additional applications will be received, if and when, exchange service actually becomes available. The only telephone service in the area at present is provided by 10 toll stations furnished by The Pacific Telephone and Telegraph Company. This service would be withdrawn if Application No. 48112 is granted. The proposed base rate area for Desert Center exchange is coterminous with the exchange boundary. Business is concentrated in the central and western portions, and most residences are in the extreme eastern portions. The proposed central office site is approximately 3/8 of a mile west of the center of the proposed exchange. This site also determines the toll rate point for the proposed exchange. The location is not shown on Exhibit A attached to the application. However, at the request of the Commission staff, the company has furnished definition of this location as follows: A lot approximately 50' x 150' within the NW 1/4 of the NW 1/4 of the NE 1/4 of Section 27, Township 5 S, Range 15 E SBB&M.

Provision of Repairs and Maintenance

The only passable road to applicant's Eagle Mountain exchange is through Desert Center (U.S. Highway 60-70 and Kaiser Road). Telephone repairs and maintenance for the Eagle Mountain exchange are provided by crews working out of Indio. These same crews can conveniently serve the proposed Desert Center exchange.

Proposed Exchange Rates and Subscriber Effects

Applicant proposes to establish the following exchange rates:

<u>Class and Grade of Service</u>	<u>Basic Monthly Exchange Rate</u>
Business	
Individual Line	\$ 12.50
PBX Trunk	18.75
Semipublic coin box - Rate Per Month Minimum per day \$ 0.24	2.55
Residence	
Individual Line	5.60
Dial PBX Trunk	8.25

The above proposed rates are the same as those in applicant's Eagle Mountain exchange, except that Residence Dial Private Branch Exchange Trunk service is not offered in the Eagle Mountain exchange. The present toll station service in the area would be withdrawn upon establishment of exchange service. Applicant proposes to establish two public coin stations initially. Applicant has three applications for business individual line service and 18 applications for residence individual line service, and applicant believes that from four to six additional applications (business and/or residence) will be received upon establishment of exchange service. Present semipublic toll station subscribers pay a \$7.50 monthly guarantee. Hence, they will experience an increase in monthly charges for exchange service (either as business individual line or coin semipublic subscribers). The applicable rates under exchange service are \$12.50 per month for business individual line service, and \$9.75 per month (including daily minimum guarantee) for semipublic coin box. All present subscribers to toll station service have been notified that such service would be withdrawn, and what charges would be applicable for exchange service.

There has been no objection from any subscriber. (Staff report is hereby made part of the record as Exhibit #1.)

Toll Rates Applicable

Under toll-station treatment each toll station is its own rate center. The toll rate point location for the proposed exchange (previously defined) is central to the group of present toll stations. Applicant has conferred with The Pacific Telephone and Telegraph Company to determine whether any change in toll charges to present toll station subscribers would result from the proposed exchange treatment. Applicant states that no change in toll charges to present toll station subscribers (or non-subscriber users) will result from granting its application. Sample toll charges applicable to calls from the proposed Desert Center exchange are given below:

<u>Route</u>	<u>First Three Minutes</u>	
	<u>Station to Station Service (Day-Except Sunday)</u>	<u>Person to Person Service (Day, Night & Sunday)</u>
Desert Center to:		
Eagle Mountain	\$ 0.15	\$ 0.40
Blythe	.55	1.00
El Centro	.60	1.10
Indio	.50	.90
Palm Springs	.60	1.10
Riverside	.75	1.35
Los Angeles	.80	1.45

Directory Listings will appear in the Alphabetical and Classified sections of the Indio Directory.

Estimated Results of Operation

Due to high relative usage of toll and toll settlement effects, applicant estimates a rate of return of 4.4% for the first year of operation of the proposed Desert Center exchange. This compares favorably with the overall rate of return for the Palm Springs Division for the year 1964 (4.18%). The estimate for Desert Center is based on three business individual line services,

one business extension, 18 residence individual line services, three residence extensions and two public coin stations. The initial investment will be approximately \$43,500.

Size of Proposed Exchange

The proposed Desert Center exchange is small in terms of main stations and total company stations (27 total stations estimated for the first year). However, examination of filed station statistics and exchange maps reveals that there are some eight established exchanges in California with comparable numbers of total stations, five of which have fewer stations than the estimated number for the proposed exchange. Few of these appear to be as favorably located (on main highways) with respect to non-subscriber toll usage, or as favorably located in proximity to a much larger exchange for provision of repairs and maintenance. (Staff Exhibit #1).

Ex Parte Disposition

The following steps were taken by applicant, looking toward possible ex parte treatment:

1. On December 9, 1965 applicant mailed copies of its application to the persons and entities shown on the "Certificate of Service by Mail" attached to its application. These include The Pacific Telephone and Telegraph Company, Parker Valley Telephone Company and Colorado River Telephone Company, three public agencies of Riverside County and the State Division of Forestry at Indio. None of these companies or agencies have protested the application or ex parte disposition of it.
2. Applicant conducted a survey by personal contact of all persons in the area in October 1965, prior to its filing. No objections were raised.

3. Applicant again personally contacted all persons in the area on January 18, 1966 and handed to each a letter and information sheet covering its proposal and the proposed exchange rates and sample applicable toll charges. Present toll station subscribers were also handed a release form in connection with Pacific Company's withdrawal of toll station service upon establishment of exchange treatment. The letter states that ex parte disposition has been requested and explains the meaning of the terms. No verbal protests were made and no written communications from the area had been received up to February 3, 1966. (Copies of letters, information sheets, release forms and persons and entities contacted are included in staff Exhibit #1).

Commission Staff Investigation

The Commission staff made a field investigation on January 10, 1966 and has conferred on various occasions with representatives of applicant, and representatives of The Pacific Telephone and Telegraph Company. Results of this investigation were set forth in Exhibit #1. The Commission staff recommended that the application be granted without modification and without public hearings.

Findings and Conclusions

The Commission finds that a public hearing is not necessary; that establishment of the Desert Center exchange, as set forth in the application, including establishment of the toll rate point at the location given by the company, is in the public interest; that the proposed exchange rates are reasonable; and that the resulting toll charges, authorized herein, are reasonable.

IT IS ORDERED that:

1. California Water & Telephone Company is authorized to establish the Desert Center Exchange Area as proposed in the application.

2. Applicant is authorized to establish the toll rate center in the NW 1/4 of the NW 1/4 of the NE 1/4 of Section 27, Township 5 South, Range 15 East, San Bernardino Base and Meridian, Riverside County, California.

3. Applicant is authorized to file with this Commission, after the effective date of this order and in conformity with General Order 96-A, revised tariff sheets as shown in Exhibit B attached to the application.

4. The authorization granted herein will expire unless exercised on or before February 2, 1967.

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

Dated at San Francisco, California, this

15th day of MARCH, 1966.

Frederick B. Holbrook
President
John E. Mitchell
George P. Crover
Augusta
William B. Bennett
Commissioners