

**ORIGINAL**Decision No. 71575

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's  
own motion into the rates, tolls,  
rules, charges, operations, prac-  
tices, contracts, service and  
facilities of THE PACIFIC TELEPHONE  
AND TELEGRAPH COMPANY.

Case No. 7409  
(Filed July 26, 1962)

OPINION AND ORDER

TABLE OF CONTENTS

	<u>Page No.</u>
Investigation .....	1
Status of Proceeding .....	2
Motion of Staff Counsel .....	2
Motion of Counsel for San Francisco .....	5
Pacific's Opposition and Motion .....	7
Discussion of Motions .....	8
The Rate Spread Issues .....	13
Settlements .....	13
California Independent Telephone Association Proposal ..	13
California Interstate Telephone Company Proposal .....	14
California Water & Telephone Company Proposal .....	15
General Telephone Company Proposal .....	15
Staff Proposal .....	16
City of Long Beach Position .....	17
Pacific's Position .....	18
Discussion of Settlements .....	18
The Rate Spread Proposals .....	23
Interim Rates .....	23
Pacific's Rate Presentation .....	23
Expansion of Local Calling Areas .....	25
Toll Rate Proposals .....	28
Private Line Teletypewriter, TWX and Telpak Rates .....	30
The Western Union Proposal .....	30
Pacific's Position .....	30
The Staff Proposal .....	31
Proposed Exchange Rates, Metropolitan Areas .....	32
The Staff Proposal .....	33
The City of Los Angeles Proposal .....	35
Proposed Basic Exchange Rates, Outside Areas .....	35
Present Structure .....	35
Pacific's Proposal .....	36
Staff's Proposal .....	37
Miscellaneous Exchange Rates and Proposals .....	40
Exchange Service Connection, Move and Change Charges ...	40
Nonrecurring Charge for Colored Telephones .....	40
Exchange Private Branch Service Supplemental Equipment, Special Assemblies of Equipment, and Other Related Services .....	41

TABLE OF CONTENTS

	Page No.
Miscellaneous Exchange Rates and Proposals--Contd.	
Secretarial Line Rate .....	44
Billing of Message Units .....	44
Future Rate Treatment for Orange and Sacramento Extended Areas .....	46
Miscellaneous Rate Proposals .....	47
Discussion of Various Rate Spread Proposals .....	48
Objectives of the Staff Proposal .....	48
Position of Pacific .....	50
Position of the California Farm Bureau Federation .....	52
Position of Los Angeles and San Francisco .....	54
Position of San Diego .....	55
Position of Others .....	55
Adopted Rate Spread .....	56
Rates for Exchanges Outside Extended Areas .....	59
Extended Service Rates (Other than Metropolitan ) .....	60
Basic Exchange Rates for Metropolitan Extended Areas ..	63
Los Angeles Extended Area .....	63
San Francisco-East Bay Extended Area .....	65
San Diego Extended Area .....	65
Orange County Extended Area .....	68
Sacramento Extended Area .....	70
Miscellaneous Rates .....	71
Comparison of Revenue Effects: Interim, Staff Proposed, Adopted .....	72
Comparison of Annual Exchange Revenue Changes .....	74
Revenue Changes for Nonextended Area Service .....	75
Findings and Conclusions .....	75
Order .....	76
Appendix A, Rates .....	-
Appendix B, List of Appearances .....	-
Appendix C, Comparison of Rates, Los Angeles Extended Area ..	-
Appendix D, Comparison of Rates, S.F.-East Bay Extended Area ..	-
Appendix E, Comparison of Extended Service Exchange Rates Outside of Metropolitan Areas ..	-

Decision No. 71575

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, tolls, rules, charges, operations, practices, contracts, service and facilities of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY.

Case No. 7409  
(Filed July 26, 1962)

(Appearances are set forth in Appendix B)

O P I N I O N

Investigation

This investigation was instituted by the Commission on July 26, 1962, for the purpose of determining the reasonableness of rates, tolls, rules, charges, operations, practices, and contracts and the adequacy of the service and facilities of The Pacific Telephone and Telegraph Company (Pacific), respondent. After 51 days of public hearing before Commissioner Holoboff and/or Examiner Dunlop during the period January 23 to November 21, 1963, this proceeding was taken under partial submission for a final determination of Pacific's reasonable test year intrastate revenues, expenses and rate base as well as a determination as to what is a fair rate of return for Pacific's intrastate operations.

On June 11, 1964, Decision No. 67369 ordered Pacific to file on an interim basis rates to reduce the gross revenues in the test year <sup>1/</sup> by \$40,722,000. In addition to the foregoing, Decision No. 67369 required respondent to submit a plan to refund to customers amounts which it had collected in excess of the prescribed rates from the opening of this investigation.

1/ The test year was the 12 months ending September 30, 1962.



On July 10, 1964, Decision No. 67498 denied petitions for rehearing in this proceeding and Decision No. 67499 stayed the operative effect of Decision No. 67369 pending judicial review of that decision.

The California Supreme Court on April 28, 1965, affirmed Decision No. 67369 in all respects except insofar as it ordered Pacific to make refunds to its customers of amounts collected by Pacific prior to the effective date of Decision No. 67369. On May 18, 1965, the stay on Decision No. 67369 was terminated, and the reduced rates ordered by Decision No. 67369 became effective as of July 20, 1964.

By Decisions No. 69393, dated July 13, 1965, and No. 70236, dated January 11, 1966, Pacific was required to refund \$45,319,271.62 to customers for the amount of charges on and after the effective date of Decision No. 67369, July 20, 1964, which were greater than the reduced rates ordered by Decision No. 67369.

Subsequent to the issuance of Decision No. 67369, beginning on November 18, 1964, 56 additional days of public hearing have been held with Commissioner Holoboff and/or Examiner Coffey presiding. In this investigation a total of 305 exhibits have been identified during the 107 hearing days and the transcript presently includes 14,415 pages.

#### Status of Proceeding

##### Motion of Staff Counsel

On June 23, 1965, staff counsel and counsel for the City and County of San Francisco made certain motions, as hereinafter set forth, relating to the future course of this investigation. Arguments on the motions were held on July 6, 1965, before the Presiding Commissioner and Examiner, whereupon they were taken under submission.

Staff counsel moved (Tr. pp. 12082-3) that Pacific be directed to prepare and present in evidence in this investigation a results of operation study for 1965 recorded, 1965 adjusted and 1966 estimated, including all the adjustments employed by the Commission in Decision No. 67369 in this proceeding. Staff counsel also moved that, in addition to the adjustments adopted in the aforesaid decision, such a results of operation study should reflect four other adjustments not included in the summary of adopted results of California intrastate operations for the test year ending September 30, 1962. These four items are (1) annualization of the federal investment tax credit; (2) changes in the federal income tax rates; (3) "pay-as-you-go" instead of accrual basis of providing for future pension expense; and (4) the assumed use of liberalized depreciation for income tax purposes.

In support of the aforesaid motions, staff counsel referred to the finding in Decision No. 67369, that "this investigation should be and is continued" and argued that it was the function of himself and the staff to execute the concepts promulgated in the Commission decision; that the decision, as a matter of law, speaks for itself and that there is no room for any discretion in the matter unless the Commission modifies or alters Decision No. 67369.

It is the position of staff counsel that initially the results of operation phase of this case was taken under partial submission but that it is apparent from the entire opinion that the majority of the Commission did not adopt any concept of partial submission that would limit the scope of this investigation. Staff counsel further contended that the Commission in its Interim decision herein clearly contemplated, in fact required, further inquiry into the four areas of results of operation referred to in

his motion and that the ordering paragraph which continued this investigation did not limit this proceeding to rate spread or any other particular subject. Finally, staff counsel observed that his motion is based upon Pacific being required to justify the presently existing rates in the fashion indicated; that such an inquiry would require no major staff participation outside of "bench" personnel and that the matter could be handled entirely by cross-examination with the aid of subpoenas. We take this to mean that staff counsel contemplates something in the nature of an order to show cause proceeding.

At the time these motions were made, neither the Utilities Division nor the Finance and Accounts Division of the Commission staff supported them. It should be observed, however, that in the brief of the Commission staff upon the submission of the rate spread phase of this case (filed January 21, 1966), it is urged without qualification that the instant proceeding should be continued indefinitely for the following reasons:

1. To provide a procedural means to determine the merits of issues raised by said motions for inclusion of additional information in the record;
2. To provide a procedural means to reflect in the intrastate revenue requirements of Pacific any changes which may result from the investigation ordered <sup>2/</sup> on October 27, 1965, by the Federal Communications Commission into the charges of the American Telephone and Telegraph Company and the associated Bell System companies for interstate and foreign communication service;
3. To consider further issues of settlements and rate disparities between Pacific and other parties;

---

<sup>2/</sup> Docket 16258.

4. To consider future expanded calling plans and extended areas;
5. To consider separation plans.

Motion of Counsel for San Francisco

Counsel for the City and County of San Francisco moved (Tr. pp. 12093-12096) that the Commission direct the staff and Pacific to fully explore and develop upon the record in this proceeding the following matters:

1. The issue of the use of liberalized depreciation for income tax purposes.
2. The issue of the reduction of the federal income tax rate from 52 to 48 percent.
3. The issue of the accounting for rate-making purposes of pension expense.
4. The Issue of the allocation of the investment tax credit on a full-year basis.

In support and explanation of the aforesaid motions, counsel for the City and County of San Francisco argued that an exhibit, prepared by the staff at the request of the cities and distributed to all parties but not marked for identification, indicates that Pacific could achieve an annual tax savings of \$10,400,000 if it were required to adopt liberalized depreciation methods for income tax purposes; that considering the utilization of such depreciation methods by major electric and gas utilities in California resulting in substantial savings to their customers,<sup>3/</sup> contrasted with the reluctance of Pacific to avail itself of such tax savings, this Commission should establish the policy that for rate-making purposes it would assume Pacific had utilized the benefits of liberalized depreciation; that the reluctance of Pacific to

<sup>3/</sup> Subsequent to Decision No. 59926, April 12, 1960, in this Commission's investigation of accelerated or liberalized depreciation.

utilize liberalized depreciation has resulted in an inevitable loss to California ratepayers in excess of \$4,000,000 due to the postponement by respondent of available depreciation expense for a period when it could have been used to reduce net revenue taxed at 52 percent to the present when its net revenue is taxed at 48 percent.

With respect to the reduction in the federal income tax rate from 52 percent to 48 percent, counsel contended that the use of a 52 percent federal income tax rate in Decision No. 67369, in effect, permits Pacific to retain this direct tax benefit of approximately \$10 million and results in preferential treatment of this utility in view of the fact that all other California utilities were required to reflect this tax reduction by reducing rates. For the Commission to pass over this issue, he argued, would result in the granting to Pacific of a rate increase in the magnitude of the amount resulting from the income tax rate reductions and would be discriminatory to gas and electric taxpayers.

Next, counsel argued that the manner of Pacific's computation of pension expense for rate-making purposes has developed a charge to ratepayers of some \$15,900,000 in excess of the actual amounts paid for pensions in a given year and that the so-called accrual method of accounting for pension expense is at variance with the "pay-as-you-go" method authorized for other similar fringe benefits.

Finally, he called attention to the fact that the amount of investment tax credit developed for the test period used in Decision No. 67369 did not constitute a full year's accounting for this item. He suggested that the issue of liberalized depreciation and pension expense could be considered with the issue of rate

spread inasmuch as rate-making adjustments for these items would not cause any reduction in Pacific's net revenue, dividend rates, or amounts of money available to earned surplus. Since the issue of income tax reduction would require a reduction in Pacific's net revenue, counsel suggested that Pacific be allowed to include other adjustments to revenues and expenses.

Pacific's Opposition and Motion

On July 6, 1965, during his reply to the foregoing motions, counsel for Pacific moved (Tr. pp. 12237-8) that Pacific not be directed to submit further results of operations in this proceeding without further argument and submission of the question to, and determination thereof by, the full Commission. He further moved that Case No. 7409 be terminated upon the determination of a final spread of rates, subject only to such further proceedings with respect to Pacific's proposal for expansion of local calling areas as the Commission may set forth for that purpose.<sup>4/</sup>

Pacific's opposition to the motions of staff counsel and counsel for the City and County of San Francisco may be summarized as follows:

1. The motions substantially depart from the terms of the partial submission and Decision No. 67369 thereon which settled for all purposes the results of operation and revenue requirements which were fully heard on an agreed test period. On settling the results of operation and revenue requirements of this case, the Commission declared that it would proceed to the spread of rates, where the case now stands.

---

<sup>4/</sup> On September 29, 1965, Pacific withdrew, for the time being, its proposal for expanded local calling areas. This subject is presently not an issue in this proceeding.

2. If new results of operations were to be ordered upon any basis other than a mere updating of the disallowances applied in Decision No. 67369, Pacific would deem it inevitable that a reexamination upon a more current test period of all issues embraced within the partial submission be made.

3. Pacific in any event would oppose the use of future estimates in place of the latest results of operation actually experienced, maintaining that future estimates are not firm, they invite differences of opinion, they would require Pacific to come forth with wage estimates which would seriously handicap its collective bargaining, and they would require guesses as to fluctuations which are difficult to predict.

4. Before any such action is taken, Pacific would insist that the ordering of such a step should be considered and passed upon by the full Commission.

Pacific moved that this proceeding be brought to a close as expeditiously as possible, on the basis that the results of operations and revenue requirements phase of the case has been completed, it being essential that many of its key operating personnel be allowed to get back full time to their regular duties.

#### Discussion of Motions

As a result of the time consumed by hearings before the Commission, the issuance of Decision No. 67369, Pacific's application for Supreme Court review thereof and hearings since, over four years have elapsed since this investigation was instituted. On October 2, 1963, this matter was taken under partial submission for a final determination of Pacific's reasonable test year intrastate revenues, expenses and rate base as well as a determination as to what is a fair rate of return for Pacific's intrastate operations;

Decision No. 67369 resulted. That decision also contemplated that other relevant issues would be heard and decided and that the results of the test period (12 months ending September 30, 1962) could be appropriately modified to the extent found reasonable and such modified results would reasonably represent future conditions. Looking back from this point in time, however, there is no doubt that that test period is so old as to be of no further value ✓ for the purpose of testing the effects of either (1) the assumed use of liberalized depreciation in the manner set forth in the staff exhibit distributed in January 1964; (2) applying a 48 percent federal income tax rate; (3) applying relief and pensions expense on a pay-as-you-go basis; (4) applying investment tax credit on a full-year basis; or (5) any other adjustment affecting revenues, expenses or rate base.

In order to accurately measure the effect of such items, a current or future test year period would have to be determined or agreed upon. Pacific contends, however, that if a new test period were adopted for the purpose of considering the effects of the items hereinbefore mentioned, then there should properly be undertaken a consideration of the effects upon results of operation of all other current circumstances, including trends in revenues, wage increases and rate of return. This would in effect involve undertaking an entirely new rate case. We agree.

The interim rates ordered by Decision No. 67369 went into effect on June 10, 1965. Since then 56 days of public hearings have been held on the issue of a final spread of rates. Hearings thereon have now been concluded and this issue and all other issues upon which hearings have been held are ready for decision.



On December 3, 1965, the Presiding Commissioner granted the request of parties to file concurrent briefs <sup>5/</sup> in lieu of oral argument on the issues of this investigation which had not previously been argued. Accordingly, this investigation can be terminated following disposition of such issues unless it is determined to be in the public interest to continue this investigation for the purposes set forth in the motions. Fourteen briefs have been received and the issues dealt with therein were being considered together with these motions when on April 7, 1966, Pacific filed in this proceeding a petition for immediate emergency rate relief in the gross amount of \$14,900,000. Pursuant to Pacific's request, the petition was dismissed on May 17, 1966.

On this record it is not possible to predict what the net effect would be on Pacific's operations if the items involved in the staff's and Cities' motions along with offsetting adjustments were considered on a more current basis. Preliminarily, the Commission takes notice that Pacific's 1965 report to stockholders ascribes what it claims to be disappointing operating results to the rate reductions ordered by Decision No. 67369. The Commission also takes notice of certain other facts which have occurred since these motions were made and which have a bearing on them.

First, on September 14, 1965, by Application No. 47895, respondent applied for authority to extend the offering of its Telpak rates until November 7, 1966, and to increase said rates in the gross amount of \$1,259,300. Second, since November 1965, Pacific and its parent, the American company, have been settling interstate toll business in accordance with the so-called Denver Plan. 5/ On or before January 21, 1966.

Third, on February 11, 1966, Pacific filed Application No. 48250, seeking authority to increase certain private line rates in the aggregate amount of \$1,291,000.

Other facts occurring since issuance of Decision No. 67369 should be noted. There has been a significant increase in interest costs since that time and, of course, Pacific is presently paying higher wage rates as a result of wage settlements concluded in 1965.

Specifically on the subject matter of the motions, it is, of course, true that Pacific's test year gross revenue requirements were determined upon a 52 percent federal income tax rate, rather than the current 48 percent rate and the use of only a partial year's effect of the investment tax credit, and that its relief and pension expense was calculated on the accrual basis. However, because of the changes in operating results occurring since the 1962 test period was considered, it would serve no useful purpose, at this time, to attempt to recast the 1962 results to reflect such further adjustments. Undoubtedly, for instance, the company's current recorded results include federal income taxes at a 48% rate as well as investment tax credit for a full year; they would also reflect, among other things, higher wage rates and payroll taxes. A proper testing of the effect of such items requires that it be done on the basis of a current test period.

Pacific is now one of the few major public utilities in California which does not avail itself of liberalized depreciation for income tax purposes; nor does it flow through to net income the tax savings resulting from its use of the investment tax credit. The motions insofar as they relate to these matters raise substantial questions as to whether it is in the public interest for Pacific to

continue to adhere to these policies. Pacific appears to be adamant in its position that it will not voluntarily change these policies. It is clear, however, that it could improve the earnings picture about which it complains by availing itself of liberalized depreciation and by flowing through investment tax credit.

It has been over five years since this Commission considered what rate-making policies it should adopt in connection with liberalized depreciation.<sup>6/</sup> Since that time nearly all of the major utilities in California have switched over to the use of liberalized depreciation for income tax purposes and have flowed the benefits therefrom to net income. Whether it is prudent for Pacific to continue not to take advantage of such provisions is certainly a substantial question; the least that may be called for is an exploration of the subject upon a public record reflecting present day circumstances. There is no such record before the Commission at this time.

However, since the rates which were heretofore ordered are being revised substantially herein and may produce revenue effects different from those anticipated and since the sheer magnitude of this record creates substantial problems of comprehension, staffing, and efficient administration and procedure, we are persuaded to terminate this proceeding and leave for future consideration how such further inquiries should be pursued. We therefore find it reasonable to deny the aforesaid motions and conclude that this investigation should be terminated at this time.

---

<sup>6/</sup> See Decision No. 59926, dated April 12, 1960, and Decision No. 62585, dated September 20, 1961, in Case No. 6148, 59 CPUC 119.

### The Rate Spread Issues

The main issues which will be considered by the Commission at this time will be:

1. Whether the Commission should prescribe the division of revenues between telephone corporations for interchanged toll service and extended area service.
2. The reasonableness and fairness of modifications of the spread of rates ordered in Decision No. 67369.
3. The reasonableness and fairness of various suggested changes in telephone service.

### Settlements

Pacific and the various independent telephone companies interchange traffic to provide toll service, multi-message unit service and extended area service to their subscribers. The parties have entered into various "settlement" agreements which provide for the manner by which the revenues from interchanged traffic will be divided between the parties. Testimony on the issue of settlements was presented by California Independent Telephone Association, California Interstate Telephone Company, California Water & Telephone Company, General Telephone Company of California, the Commission staff and Pacific.

#### California Independent Telephone Association Proposal

The California Independent Telephone Association (Association), acting on behalf of 43 independent public utility telephone companies, recommended:

1. The rate of return allowed on California intrastate toll operations not be reduced below 7.7 percent.

2. Pacific be ordered to include the full cost of I-I<sup>7/</sup> toll service with the full cost of interchanged toll service where settlements are based on a full cost basis for intrastate toll traffic.

3. Pacific be ordered to settle with independents for future established interchanged extended area service on the basis of cost, equivalent to short-haul toll traffic for separation purposes.

4. Pacific be required to reduce the existing rate disparity problem between Pacific and independents by decreasing its proposed rate reduction in exchanges outside extended service areas.

California Interstate Telephone Company Proposal

The California Interstate Telephone Company (CIITCo) requests this Commission to:

1. Establish uniform statewide rates for toll telephone service, including toll telephone service interchanged with it and other independent companies, the level of such rates to be sufficient to produce:

- (a) A reasonable return to Pacific on its operation, and
- (b) Sufficient revenues in addition thereto to provide a reasonable return to CIITCo and the other independent companies on their portion of the statewide toll system, including that portion not devoted to traffic interchanged with Pacific.

2. Require Pacific to enter into settlement arrangements with CIITCo and other independents which would have the effect of including noninterchanged traffic as well as the interchanged traffic presently being included under existing settlement arrangements.

---

<sup>7/</sup> I-I toll service is toll traffic which is either (1) carried solely over the lines of a single independent company, or (2) interchanged between two independent companies, in either case involving no Pacific or Bell plant, investment or handling.

CITCo proposed that a surcharge be added to Pacific's toll charges to compensate Pacific for the cost of collecting and disbursing the surcharge among the independents, to make up for any deficiencies in the operating expenses of the independents and to provide a 7.7 percent return on independent intrastate I-I toll operations.

California Water & Telephone Company Proposal

The California Water & Telephone Company (CW&T) addressed testimony to the problem of the existing rate disparities between the monthly exchange service telephone rates in its exchanges located on the perimeter of the Los Angeles Extended Area and the monthly charges for similar grades of service in Pacific's contiguous exchanges. As a solution to its problem CW&T urged the Commission to order Pacific to settle for interchanged extended area service on the allocated basis set forth as Plan B in Exhibit 20 presented by CW&T. CW&T estimated that if Plan B had been in effect during the test period, CW&T would have received sufficient additional revenue from Pacific during the test period to have permitted CW&T to have lowered its basic exchange rates to Pacific's levels without detriment to its earning position.

General Telephone Company's Proposal

General Telephone Company (General) urged that:

1. I-I toll should be included within the State toll rate structure, and
2. The toll rate structure should continue to provide equivalent toll revenue after a toll route has been converted to extended area service.

General admitted that it has no quarrel with the terms of its present toll traffic agreement with Pacific as it relates to settlements for interchanged toll services, but contended that the agreement should be amended to also include settlements for I-I toll traffic and for future extended area service routes as such routes are established.

Staff Proposal

The staff argued that a uniform State toll rate schedule should be adopted at this time by including the I-I toll rate structure with a State toll rate structure. In order to encourage such a uniform toll structure the staff witness recommended that the rate reduction ordered by Decision No. 67369 be reduced by approximately \$1,000,000, the amount estimated by the Association witness required in the test year in addition to recorded I-I toll revenues to provide allocated "full cost" at 7.7 percent rate of return. In order that this allowance of \$1,000,000 be properly applied to the purpose for which it is intended, the staff recommended that revenues of this amount be placed in a reserve until appropriate settlement agreements are reached between Pacific and the independent companies. Pacific, according to the staff plan, would be required to report every other month as to its efforts to negotiate with the independents on this matter and, if a settlement is not reached after one year, the Commission should consider whether the \$1,000,000 allowance should be refunded, with interest, to the toll users and if toll rates should be reduced by the amount of the allowance.

In order to effect the reductions in exchange rate disparities which now exist in cross-boundary extended service between exchanges of Pacific, General, and CW&T in the Los Angeles Extended Area, the staff recommended that the parties be ordered to proceed forthwith with negotiations with a view to revising the contracts in a reasonable time so that the presently existing rate disparities will be materially reduced. In order to obtain the funds necessary for the increased settlements, the staff suggested that petitions for appropriate MMU rate adjustment or

other relief could be filed by the parties. Further, the staff suggested that, if the foregoing were not to be accomplished within a determined reasonable time, an order to show cause should be issued to require the parties to justify the reasonableness of the settlement contracts or show precisely how the existence and operation of the present settlement contracts are the proximate cause of the existing exchange rate disparities.

City of Long Beach Position

The City of Long Beach supported the proposals seeking the inclusion of the cost of I-I toll in the state toll rate structure and treating cross-boundary traffic revenues between independents and Pacific in the same manner as toll and MMU traffic.

Pacific Position

Pacific maintains that no action should or can be taken by the Commission on the issues of settlement in this proceeding for the following reasons:

1. The Commission has no power or authority to compel or direct I-I traffic to be included in the settlements.
2. Even if Section 766 of the Public Utilities Code were rewritten so as to cover settlements for noninterchanged independent company toll traffic, and to authorize the Commission to supersede existing voluntary settlement agreements, an order requiring the inclusion of I-I traffic in Pacific's toll settlement would be improper, unfair to Pacific and its customers, and contrary to the public interest.
3. The recommendation of CIICo for a surcharge to be added to Pacific's toll rates, and paid over to the independents as needed, is impractical, beyond Pacific's public utility undertaking and corporate powers, and not included in the powers of the Commission.



4. The staff recommendation for earmarking \$1,000,000 of Pacific's toll revenues to be paid over or credited to the independent companies, subject to possible refund at Pacific's sole expense, is unauthorized and unfair and proposes an improper exercise of administrative power.

5. The Commission has no power or authority to make any order in this proceeding which would purport to change the existing extended area settlement contracts or to require the contracting parties to take any action regarding them.

6. The independent company settlement "plans" contain defects and fallacies.

7. There is no evidence of a rate spread sufficient to provide Pacific with the cost of meeting the settlement plans suggested by independents.

#### Discussion of Settlements

This record is clear that the independent telephone companies desire to obtain increased payments from Pacific by way of increased settlements and the record is clear that generally higher monthly telephone rates are charged by independents for exchange service on the periphery of the Los Angeles Extended Area than are charged by Pacific for similar grades of service in contiguous exchanges. There is, however, no showing in this record that the overall earnings of the independents are inadequate to permit correction of rate disparities. Nor does the record show that the present settlement agreements have created a burden on the independent exchange operations by not recovering for the independents their proper share of the costs which result from interchanged operations, or the manner in which any additional revenues obtained through settlements should be applied to revision of existing

independent rates. No independent has demonstrated its dissatisfaction with any existing settlement contract by giving meaningful notice of such dissatisfaction; no independent involved in this proceeding has, for example, terminated a contract, or given notice of intent to terminate a contract, or requested that the Commission order the specific amendment of a specific contract. In order that the Commission may determine the reasonableness of any settlement contract or proposed amendment thereto, it is essential that it have before it a specific contract or amendment for consideration and a demonstration as to the reasonableness thereof as applied to the specific operations of the independent and Pacific.

As one means of increasing revenues, independents and the staff have in this proceeding urged that the Commission promulgate a State toll rate schedule which will uniformly apply to toll calls within and between the areas served by independents and also to toll calls interchanged with Pacific. In addition to such "joint rates" for a Statewide toll system, the Commission is variously urged to order or to otherwise attempt to motivate Pacific, against its expressed opposition, to agree to include in settlements the costs of I-I toll traffic.

The basic purpose of Section 766 of the Public Utilities Code is to establish the manner in which the public may obtain the benefits of being able to communicate, without duplication of plant and expense, between areas serviced by the systems of two or more different public utility telephone or telegraph corporations, one or more of which may be reluctant to provide such service. Having thus given the Commission the authority to establish interchanged traffic, the section then provides that, if the parties cannot agree, the Commission may specify the manner in which the cost of the interchanged traffic or revenues therefor are to be divided between the parties.

No allegation has been made that Pacific has refused to interchange toll traffic. In fact, toll traffic is presently being interchanged freely between all telephone corporations in California. Even if a statewide toll rate structure were established, the fact remains that I-I traffic is not actually interchanged with Pacific, nor has it been shown that the fact or requirement that other traffic is actually interchanged with Pacific justifies the inclusion of I-I traffic for purposes of B-I toll settlements. <sup>8/</sup>

Only CW&T indicated the amount and application of the additional revenue requirement which it desired to obtain through settlements. It estimated that its gross revenues would have been reduced by more than \$2,200,000 during the test period if it had lowered its Los Angeles Extended Area exchange service rates to Pacific's pre-interim rates in effect in contiguous exchanges. It then presented the results for its operations within the Los Angeles Extended Area of two plans, "A" and "B", for developing test period settlement amounts for extended area service traffic interchanged with Pacific, excluding that interchanged with other independents. At the request of the City of Long Beach, General applied the two plans to its operations for the calendar year 1961, but did not present any information on amounts required for the elimination of any rate disparities. The following tabulation indicates the magnitude of the settlement amounts and range of results of the foregoing plans at two of the four assumed rates of return:

<sup>8/</sup> The fact that there is now considerable uniformity in intrastate toll rates results from the fact that the independents voluntarily concur in Pacific's toll tariffs.

	6.25 Percent Return <sup>9/</sup>		7.70 Percent Return <sup>10/</sup>	
	Plan A	Plan B	Plan A	Plan B
CW&T	\$ 940,089	\$ 2,373,890	\$1,271,624	\$ 2,870,222
General	<u>5,838,000</u>	<u>11,075,000</u>	<u>7,183,000</u>	<u>12,987,000</u>
Total	\$6,778,089	\$13,448,890	\$8,454,624	\$15,857,222

Plans A and B, above, purport to establish full cost, exclusive of return and income taxes, of extended area service traffic interchanged between Pacific and CW&T in the Los Angeles Extended Area for the year 1961, by applying the general procedures specified in the 1957 NARUC Separations Manual, including the 1962 changes. The general method of these procedures is to directly assign to categories those relatively few book costs which can be identified with a category and then to allocate the greater costs which are incurred in common for joint services by assigning the joint cost to the categories proportionately to broad average factors determined by special studies of "relative use" which purport to measure "actual use". The separations methods of Plans A and B differ only in the manner in which the relative minutes of use factors are established, mainly being applied to exchange circuit plant and station equipment and related expense items.

Plan A is a version of Pacific's so-called satellite plan which it has proposed for what it calls a satellite situation, specifically where a smaller independent company exchange adjoins a larger Pacific exchange and the proportion of extended to local traffic in the satellite exchange is relatively high. In such circumstances, a "cost-type" settlement plan may be proposed rather

<sup>9/</sup> 6.25% is the rate of return found reasonable in the two most recent CW&T general rate cases for local exchange and intra-company toll operations.

<sup>10/</sup> 7.70% is the rate of return used by CW&T in the last general rate case to establish revenues associated with interchanged multi-message toll service.

than the usual so-called "50-50 trunking responsibility" plan. In the "50-50 trunking responsibility" plan, one of the parties to an extended area agreement receives compensation from the other only to the extent the first party furnishes more than one-half of the total trunk miles or more than one-half of the tandem equipment used in the interchange of traffic; otherwise the expenses of each party are assumed to be recovered from its subscribers.

Plan B differs from Plan A only in that it includes a weighting of 50 percent to the total originating and terminating minutes of use for local exchange traffic, in contrast to 100 percent weighting in Plan A. For 6.25% rate of return, Plan B increased the CWST costs allocated to extended service 47 percent over that allocated by Plan A, and similarly increased General's allocated costs by 38 percent.

We note that the Separations Manual has by informal concurrence of the Bell System, representatives of the Federal Communications Commission, and representatives of various state regulatory agencies been developed for the specified purpose of allocating plant, revenue and expenses of telephone companies between intrastate and interstate communications services subject to the regulatory jurisdiction of the various State regulatory agencies and the Federal Communications Commission. Neither the FCC nor this Commission has ever passed on the reasonableness of the separation procedures or of the "relative use" factors employed. Of more moment, the reasonableness of applying the procedures of the Separations Manual and modifications thereof or of applying any other allocation procedure to the specific operations of a California utility for the purpose of effecting a settlement for interchanged traffic has not been demonstrated on this record.

The lack of an adequate demonstration by the independent telephone utilities on this record of the reasonableness and

effects of their suggestions, precludes the Commission from enunciating any general policy statements which may have widely varying effects when applied to specific operations for the purpose of settlement.

Based on the foregoing discussion and in order to allow independents time to prepare adequate showings, we find that it is unreasonable at this time to make any general or specific order relating to the methods or manner of the division of revenues or costs for traffic interchanged by the independent telephone corporations and Pacific.

### The Rate Spread Proposals

#### Interim Rates

In Decision No. 67369, this Commission ordered across-the-board rate reductions on an interim basis pending the determination of a final rate spread to effect a gross revenue reduction of \$40,722,000 annually, based on the test-year operations defined as 12 months ending September 30, 1962.

Pacific, initially, and the staff condemned the continuance of the interim rates. Pacific's witness, on rates, testified <sup>11/</sup> at length on the defects he perceived in the interim rates. The staff, in its brief, maintained that these alleged defects in the interim rates demonstrate without question that the interim rates should not be continued.

#### Pacific's Rate Presentation

Pacific presented its views in Exhibit 239 on the appropriate rate spread to effect a reduction of \$40,722,000 in annual revenues. The rate changes presented by Pacific would be put into effect in two steps: Step I would be made as soon as practicable and the changes included in Step II would be made to coincide with the introduction of expanded local service calling areas in the San Francisco-East Bay, Los Angeles and San Diego Extended Areas. As indicated below, Step II would increase annual revenues \$50,109,000.

---

<sup>11/</sup> Beginning at transcript page 12291.

Revenue Effect of  
Pacific Telephone's Rate Proposals

<u>Item</u>	<u>Annual Revenue Effect (x 1,000)</u>
<b>STEP I</b>	
<u>Exchange</u>	
1. San Francisco-East Bay Extended Area rates reduced to level of Los Angeles Extended Area rates .....	\$ (5,538)
2. New rate schedule for basic exchange service outside San Francisco-East Bay Extended Area, Los Angeles Extended Area, and San Diego Extended Area .....	36
<u>MMU</u>	
3. MU rate reduced from .0425 to .0390 .....	\$(11,600)
4. Message allowance increased to 85 in San Francisco-East Bay Extended Area, Los Angeles Extended Area, and San Diego Extended Area ....	(622)
<u>Other</u>	
5. Secretarial Line Service reduced from \$3.75 to \$3 .....	(709)
6. Toll Terminal Service intraexchange intercentral office mileage charges eliminated .....	(9)
7. Color Telephone nonrecurring charge reduced from \$10 to \$5 .....	(1,401)
8. Suburban Service withdrawn in San Francisco-East Bay Extended Area and Los Angeles Extended Area and individual and party-line service offered at commuted mileage charges .....	(90)
9. Special Deaf Telephone Set reduction .....	(133)
10. Foreign Exchange (FEX) mileage charge reduced from \$7 to \$6 per mile .....	(2,601)
<u>Toll</u>	
11. Message Toll Telephone rate reduction .....	(18,000)
Total .....	(40,667)
<b>STEP II</b>	
<u>Exchange</u>	
1. Expanded calling areas in San Francisco-East Bay Extended Area, Los Angeles Extended Area, and San Diego Extended Area .....	33,700
<u>Other</u>	
2. Service Connection charges .....	2,794
3. PBX and Miscellaneous Services <sup>12/</sup> .....	12,678
<u>Toll</u>	
4. Private Line Teletype Service (TWX) increased to interstate level .....	650
5. TWX Transfer Arrangements .....	224
6. Vertical - Horizontal (V-H) .....	63
Total .....	50,109

(Reduction)

12/ Revenue effect of 34 items delineated in Exhibit 239.

Thus Pacific's rate proposals not only would recover all of the annual revenue decrease resulting from the rates ordered in Decision No. 67369, but would add nearly \$10,000,000 to Pacific's annual revenue. Pacific's rate proposal was based on the assumption that both Step I and Step II would be effected. Although invited to do so, Pacific presented no recommendation premised on the assumption that expansion of calling areas in metropolitan extended areas would be delayed. As discussed later Pacific, after extensive representations to the public and many days of hearing in San Francisco, Los Angeles and San Diego, announced it would "defer further urging of its expanded local calling area prepared in this proceeding."

Pacific, after initially objecting to the interim rate structure now urges that interim rates be made permanent.

#### Expansion of Local Calling Areas

As an alternate to the request of the staff for Pacific to study the effects of the elimination of certain MMU routes in the Los Angeles and San Francisco areas and of the elimination of certain short-haul toll routes, Pacific presented detailed plans for expanded local calling areas in the San Francisco-East Bay Extended Area, the Los Angeles Extended Area and the San Diego Extended Area. Included in the studies were proposed rate schedules, reflected in the Step II proposal, which were alleged to be calculated to maintain Pacific's net earnings on a "break-even" basis.

At the hearings held in San Francisco members of the public generally spoke in favor of Pacific's proposal, but in Los Angeles and in San Diego the greater number of people opposed the plans for expanded calling. It can be generalized that those in favor of expanded calling represented commercial or industrial interests or had a special communication problem, the cost of which would be reduced by sharing costs through an expanded



calling area plan. Most of those opposed to Pacific's plans were in low or fixed-income groups, asserted their need for less expensive telephone service, and indicated lack of need for a wider calling range.

In response to the public opposition to its expanded calling plan, Pacific proposed a relatively low subscriber-cost one-party message rate residence service with an allowance of 20 calls per month and with additional calls being charged at the rate of \$0.085.

After reviewing in detail Pacific's expanded calling plans and making field inspections in all three areas, a staff witness concluded that Pacific's plans were too far reaching to be acted on at this time, that there had been no clear showing as to the full costs involved or that the proposals were in the public interest, and that no showing had been made of the effects of the expanded calling plan on independent telephone companies and their subscribers. The staff witness indicated that defects in Pacific's justification of its proposal included the revenue deficiency generated by the rates proposed for expanded calling not covering the fully separated cost of the service, there being no survey of public desire for nonoptional expanded calling involving not only substantial proposed increases in rates but rates which might be much higher if all costs were considered; and the lack of block-usage data which would indicate relative subscriber benefit or burden from the expansion.

The staff witness testified that Pacific's proposal for San Francisco-East Bay Extended Area local calling to be to contiguous exchanges plus noncontiguous exchanges with rate centers no greater than 6 miles apart did not result in equal treatment with the Los Angeles Extended Area. He recommended that Pacific further

study the problem of restricted local calling that results in the San Francisco-East Bay Extended Area due to the "bay peninsular" configuration to determine costs and feasibility of compensating for this restrictive effect and to further study other areas in the extended area.

Further, the staff witness pointed out that cost and usage change with time. More than three years having elapsed since the close of the test period and two to four years being required to install the expanded calling service, the basis for the setting of rates would be as much as seven years from actual dates on which the service would be established.

Without offering to present the studies suggested by the staff witness, Pacific announced that in view of the circumstances that have developed, and having heard the various testimony, including the testimony of the staff, "it eliminated from this proceeding any request for expansion of local calling areas in the three large metropolitan areas." Pacific indicated that it is of the opinion that it is still desirable that the expansion of the local calling areas be made at an appropriate time, that Pacific will give further study to the problem of expansion of local calling areas, and that Pacific continues to have the concept of expanding local calling areas.

Several individuals in the Los Angeles area made specific proposals for expanded calling areas. This record does not contain essential data needed to establish the effects and reasonableness of individual proposals. This Commission appreciates efforts of the individuals making the proposals and, while it will herein take no action on them, will anticipate that Pacific will study all worthy proposals contained in this record.

Inasmuch as Pacific chose to defer consideration of its proposal for expanded calling area and had no alternate rate proposal, the Commission has presently before it the consideration of the reasonableness of the interim rates, rates proposed by the staff, and modification of staff rates proposed by the City of Los Angeles. However, we will note the similarities and differences of the revenue effects, rate structure, and rate levels proposed by Pacific and the staff.

#### Toll Rate Proposals

##### Staff Toll Rate Proposals

The staff proposed, as did Pacific, toll rates which would increase the net toll revenue reduction from \$10,500,000 to \$18,000,000. The staff lowered the longer haul station rates and extended the present schedule of after 9 p.m. reduced rates to all messages from 6 p.m. to 6 a.m. and for all day Saturday and Sunday. The measurement of toll distances by a so-called vertical-horizontal (V-H) system was proposed. The V-H system overcomes projection and other errors which result from the presently used United States Post Office Route Map issued in 1914. The many stated advantages of the V-H system outweighed, in the view of the staff, the disadvantage of certain increases in charges for toll and MMU service which would result from the adoption of the system in California. The staff also recommended that collect, third number and credit card toll calls be increased by 10 to 20 cents above the station paid rate, depending on the level of the initial period station paid rate. The witness explained that there are inherent economies in the practice of customer dialing of toll calls in contrast with the expensive manual handling of collect, third number and credit card calls.

The Administrator of General Services (GSA), acting in behalf of the consumer interests of the executive agencies of the United States, objected to further decreases in message toll rates on the basis that a unit cost reduction in message toll service does not produce a revenue reduction. The staff, in its brief, conceded that since the 1962 test period the toll segment of Pacific's business has continued to show higher return but argued against the GSA position.

As will be discussed later, the staff recommended substantial rate increases in various "other than basic" exchange services. This, together with the proposals that interim toll rates be reduced an additional \$6,000,000 effectively transfers revenue requirements from toll to exchange operations without a showing of the reasonableness of separations. In Decision No. 67369, we discussed the difference in the adjustment presented by Pacific and by the staff for changes made in the Separations Manual on April 1, 1962. We reserved the right to review the reasonableness of any of the procedures set forth in the Separations Manual or to consider other factors when necessary to provide equitable results between intrastate and interstate rates should they become issues in any proceeding. We now make the same reservation with respect to the application of Separations Manual procedures for the purposes of allocating intrastate toll and exchange operations. Without a showing of the basic reasonableness of separation procedures presently being utilized to separate interstate toll, intrastate toll, exchange and other operations, we are reluctant to shift large amounts of revenue requirement from toll to exchange operations, or from exchange to toll operations.

The staff proposals for surcharges on collect, third number and credit card calls would increase toll revenue \$2,700,000, \$2,300,000 of which would be produced by collect and third number charges and \$400,000 by credit card calls. Pacific specifically opposed the staff proposal for a surcharge on credit cards on the basis that a 10-cent surcharge on credit card calls is not justified by additional handling costs as compared with collect and third number calls and that the effects of the surcharge acting as a business depressant and customer irritant would outweigh anticipated benefits. The record indicates that for credit card calls the operator handling is entirely at the originating end, while for collect calls additional handling at the terminating end is necessary, and for third number calls the operator also makes an effort to reach the charged number so as to verify the caller's right to charge the call. We find surcharges for collect and third number calls to be reasonably justified but will not authorize a surcharge on credit card calls without additional information on the cost and burden of credit card calls on the general subscriber.

Private Line Teletypewriter, TWX and Telpak Rates

The Western Union Proposal

Western Union recommended that rates for Pacific's Private Line Teletypewriter and TWX services be authorized at such levels that a 10 percent rate of return would be earned on the services and that Pacific's Telpak tariff be discontinued.

Pacific's Position

Pacific's position is that rates so increased could not meet the competition of unregulated private communications operators and suppliers and would result in losing the business of both Pacific and Western Union to the unregulated competitors. Further, Pacific

asserted that so long as competitive type services are returning their out-of-pocket costs, plus a reasonable return on the added investment required, they are not a burden on other services, regardless of what a fully allocated basis of cost determination might purport to show. Pacific further contended that the action of the Commission should be compatible with the action of the Federal Communications Commission which is presently investigating interstate rates and services of the Bell System Company because of the close interrelationship of interstate and intrastate usage of private line teletypewriter, TWX and Telpak services.

The Staff Proposal

The staff proposed increases in installation charges and monthly rates (Exhibit 279) for Teletypewriter Exchange Service which were identical with those proposed by Pacific in Exhibit 257, page 72. The staff witness testified that TWX revenues are deficient by at least \$600,000 per year after applying the rate-making adjustments of Decision No. 67369, making a revenue allowance for nonrevenue producing Pacific company stations and assuming that this type of business should provide earnings of the same general level as the overall business. The rate changes proposed by the staff were estimated to provide an approximate \$600,000 per year increase in TWX revenues for the test period.

However, since the time the staff made the proposal, by Advice Letter No. 9352, the intrastate TWX equipment rates of Pacific were increased, effective September 1, 1966, by an estimated \$680,000 at the 1965 level of business. These increased equipment rates are at the same level as ordered by the FCC in Docket No. 15011. As the magnitude of these increases approximates the \$600,000 increases recommended by the staff, no change in TWX rates will be ordered herein. However, the amount of \$600,000 for the September 1, 1966 increase is considered a reasonable estimate of the 1962 test period.

The Commission by Decision No. 71349 on October 4, 1966, authorized the requests of Pacific, Application No. 48250, dated February 11, 1966, and Western Union, Application No. 48293, dated March 8, 1966, to increase some of the private line service rates and charges.

The staff witness proposed no change in rates for private line telegraph or Telpak service in this proceeding. However, he did recommend, in Pacific's Application No. 47895 (September 14, 1965) that Pacific be authorized to increase its Telpak rates. By Decision No. 70248, dated January 18, 1966, Pacific was authorized to continue to November 7, 1966 its offering of Telpak service at increased rates, subject to possible revision meanwhile.

Considering the pendency of the FCC investigation into the reasonableness of charges for interstate and foreign communication service in Docket No. 16258 we will not, at this time, attempt to reconcile the competitive positions of Western Union and Pacific.

#### Proposed Exchange Rates, Metropolitan Areas

Appendix C compares the various proposed rates for the Los Angeles Extended Area with the rates in effect immediately prior to changes ordered by Decision No. 67369 (preinterim)<sup>13/</sup> and present interim rates. Appendix D likewise compares rates for the San Francisco-East Bay Extended Area.

#### The Pacific Proposal

Pacific's rate proposal would have (a) increased basic exchange service rates in the Los Angeles Extended Area to the levels existing before Decision No. 67369; (b) increased basic exchange service rates in the San Diego Extended Area to preinterim rate levels; (c) increased the monthly rates in the San Francisco-East Bay Extended Area to the preinterim level of rates in Los Angeles

<sup>13/</sup> In this proceeding the term "preinterim" has variously been used to designate rates effective during the test period and rates effective just prior to Decision No. 67369.

Extended Area; and (d) reduced the message unit rate to 3.9¢. Thus, Pacific proposed increases in monthly basic exchange rates which would have increased annual revenues by \$8,803,000 in the Los Angeles Extended Area, \$1,560,000 in the San Diego Extended Area (Exhibits 294 and 239) and \$887,000 in the San Francisco-East Bay Extended Area over interim levels. The proposed decrease in the message unit rates would have decreased annual revenues by \$6,414,000 in the Los Angeles Extended Area, \$5,100,000 in the San Francisco-East Bay Extended Area and \$49,000 in the San Diego Extended Area (Exhibit 260).

#### The Staff Proposal

The staff recommended a rate pattern (Exhibits 274 and 275) for basic exchange services in the three metropolitan areas which substantially departs from the present structure. Under the staff proposal the rate pattern is for all exchanges in metropolitan extended areas to have uniform rates except the central exchanges (San Francisco, East Bay, Los Angeles and San Diego exchanges) where rates lower than those in the outlying exchanges would apply. The present rates for each area are grouped into as many as six levels for the various services with the highest rates applying in the more central exchanges and with progressively lower rates applying in the outlying exchanges. Staff rates would further reduce basic exchange service revenues by about \$600,000 below interim rate levels in the Los Angeles Extended Area and \$4,500,000 in San Francisco-East Bay Extended Area and increase the revenues \$1,000,000 in San Diego Extended Area. In the Los Angeles Extended Area monthly individual message service business rates would be decreased 35¢ below interim rates in the Los Angeles exchange and increased above interim rates in all other exchanges to the level of the lowest pre-interim rates. The individual flat rates for residential service would be decreased 40¢ below



interim rates in Los Angeles and five other exchanges, and increased above interim rates in 18 exchanges. Two-party flat residential rates would be decreased 5¢ below interim rates in the Los Angeles exchange, increased above interim rates in five exchanges and increased above pre-interim rates in 18 exchanges. Two-party message service residential rates would be increased to a uniform level above interim rates in all exchanges.

In the San Francisco-East Bay Extended Area individual flat business service rates would be decreased below interim levels in four exchanges and increased above pre-interim levels in the 18 other exchanges where the service is offered. Individual message business service rates would be decreased 40¢ below interim rates in San Francisco and the East Bay exchanges but would be increased above interim rates in 20 exchanges. Residential service rates would be decreased below interim rates in all exchanges in amounts varying from 5 to 60 cents.

In the San Diego Extended Area, the staff would increase the individual flat business service rates in the San Diego exchange to the pre-interim levels and the individual message business service rates above the pre-interim levels. The rates for business service in all other exchanges would be increased above pre-interim rates. Residential service rates in the San Diego exchange would be equal or below interim rates, but residential service rates in all other exchanges would be increased above interim rates.

The staff also proposes the elimination of suburban 10-party services in the San Francisco-East Bay and the Los Angeles Extended Areas; Pacific made the same proposal.

The City of Los Angeles Proposal

The City of Los Angeles proposed uniform rates for each class of service throughout the Los Angeles Extended Area. The suggested rate levels would generally lower rates in the higher rate groups applying to the Los Angeles and other central exchanges and increase rates in the lower rate groups applying to outlying exchanges. None of the suggested rates exceeded pre-interim rates but the net effect of the City's proposal would make the revenue reduction in the Los Angeles Extended Area \$900,000 more than that proposed by the staff.

The staff and the City of Los Angeles concurred in Pacific's proposal to reduce the multmessage unit rate from 4.25¢ to 3.9¢. The revenue effect of this proposal would be to further reduce rates in Los Angeles by \$6,400,000. The General Service Administration's witness proposed a reduction in this rate to 3.75¢ but the position was not urged in the brief submitted.

The City of San Diego and the City and County of Sacramento recommended adoption of interim rates.

The positions of the parties on metropolitan area exchange rates will be discussed later in this opinion.

Proposed Basic Exchange Rates, Outside Areas

Present Structure

Outside of the three metropolitan extended areas (San Francisco-East Bay, Los Angeles, San Diego), the rate structure presently provides a variety of rates for specified extended areas, for specified multicentral office exchanges, and for the remaining exchanges which are classified into five specified rate groups: A, B, C, D, according to the number of stations in the exchange and S, which is the seasonal service group. The rate levels progressively increase from A to D with the progressive increase in the group range of exchange stations.

Pacific's Proposal

Pacific proposed in Exhibit 239 at pages 3 and 4 a simplification of the present exchange rate structure in these so-called outside areas. Pacific's plan would have provided four groups of basic exchange rates according to the number of main stations in the local service area. The following tabulation compares present and proposed groupings:

<u>Group</u>	<u>Present Grouping</u> <u>Number of Stations</u> <u>in Exchange</u>	
A	1 to	501
B	501 to	4,001
C	4,001 to	8,001
D	8,001 and	over

  

	<u>Proposed Grouping</u> <u>Number of Main Stations</u> <u>in Local Area</u>	
1	1 to	8,001
2	8,001 to	20,001
3	20,001 to	120,001
4	120,001 and	over

Pacific proposed that exchange rates for outside extended areas would be the appropriate basic exchange rate determined by the above grouping for "core" exchanges plus the sum of the appropriate group rate and periphery differentials for those exchanges having 40 percent fewer main stations in the local calling area than any other exchange in the extended area, these exchanges being designated as periphery exchanges. Exchanges other than periphery exchanges are defined as "core" exchanges. Periphery exchange differentials would vary with the distance between rate centers of core and periphery exchanges, the class of service and whether the periphery exchange is contiguous or noncontiguous with a core exchange. Pacific's proposal would increase revenues from outside exchanges \$36,000 above preinterim rates or about \$7,200,000 above interim rates.

Staff's Proposal

For such outside areas, the staff proposed (Exhibits 274 and 275) that group rates be adopted based on the number of main stations in the exchange. The three groups in the staff proposal would be the same size as the first three proposed by Pacific; the fourth group would not be required under the staff proposal since the Sacramento Extended Area was treated as a special case. Although the staff's and Pacific's proposals would both use the same grouping and both would increase the rates as the numbers of exchange main stations increased, the staff rates differ in that they are at levels below those of Pacific and maintain existing business-residential rate relationships, while Pacific would have changed the relationship by increasing business rates above pre-interim levels and fixing the residential rates below such levels.

Exhibit 274 sets forth the staff proposal for exchange rates for extended areas outside of metropolitan extended areas. Like Pacific's proposal, the staff rate for an extended area would be made up of two parts. For each exchange in an extended area the basic exchange rate would be determined by three groups of main stations (the same grouping as Pacific's first three groups) to which is added a portion of the extended area service (EAS) increment for each EAS route serving each exchange. The EAS increment varies with the toll rate distance between exchanges and the class of service. The exchange increment portion is in inverse proportion to the number of main stations in the exchanges interconnected by an EAS route.

The following tabulation shows these EAS rate increments.

<u>Toll Rate Distance</u>	<u>EAS Rate Increment</u>	
	<u>Bus.</u>	<u>Res.</u>
0 - 8 mi.	\$0.85	\$0.40
9 - 12 mi.	1.25	.60
13 - 16 mi.	2.00	.90
17 - 20 mi.	3.25	1.50

The staff would not apply its outside EAS rate proposal to Sacramento County EAS and Orange County EAS, except for Dana Point, San Clemente and San Juan Capistrano exchanges. Rates proposed by the staff for Sacramento EAS and uniform rates proposed for Orange County EAS are higher than interim rates. The position of the parties on exchange rates for outside areas will be discussed later in this opinion.

The staff recommended that business foreign exchange (FEX) rates be made uniform throughout the State, with the exception of Los Angeles Extended Area and FEX service involving independent telephone companies. Accordingly the staff recommended FEX exchange rates approximating pre-interim levels. Both the staff and Pacific recommended that the FEX mileage rate be reduced from the present \$7 to \$6 per mile.

With respect to Pacific's program to convert its outside plant to so-called dedicated plant by which a direct wire pair would be provided in advance of need to connect each potential dwelling unit with a central office, the staff recommended the following:

1. That Pacific proceed to convert all residence 2-party message rate services in the San Francisco-East Bay, Los Angeles, San Diego and Orange County extended areas to 1-party message rate service, on a progressive basis, exchange by exchange, over the next 10 years.

2. That the rate for 1-party message service be increased to 25 cents more than that for 2-party message service.

3. That offerings to new applicants of 2-party flat rate residence service be discontinued at this time and withdrawn at the time residence 1-party message rate service is introduced. This record, other than a description of Pacific's dedicated plant program, contains no study on which this Commission can evaluate the economic costs and savings of such a program, the need and desires of subscribers for 1-party message rate service in lieu of 2-party message rate and flat rate services, nor the revenue effects of such a program and the many other factors which the Commission would want to consider before appearing to be approving such a program, even indirectly, by implementing the staff recommendations. We find that no convincing showing has been made that Pacific's dedicated plant program is in the public interest. We will not indirectly appear to approve it without such a showing by adopting the foregoing staff recommendations on residence service.

Business service in the three metropolitan areas and Orange County and Sacramento Extended Areas is offered on various bases. In the Los Angeles Extended Area only message rate service is offered; in the San Francisco-East Bay Extended Area, depending on the exchange, only message rate, optional message or flat rate, and flat rate are offered; while in San Diego, Orange and Sacramento Extended Areas optional message or flat rate service is offered.

The staff recommended that Pacific be directed to offer business message rate service and withdraw the offering of business flat rate service in said areas on the basis of a 10-year program. We find that this record does not contain a convincing showing which would permit the Commission to determine that the foregoing recommendation is in the public interest.

Miscellaneous Exchange RatesExchange Service Connection, Move and Change Charges

Both Pacific and the staff in this proceeding proposed increases in service connection charges. Pacific proposed increases in service connection charges (Exhibit 257) which would increase revenues \$2,794,000. The staff, in Exhibit 276, sets forth its recommendation for increasing exchange service connection and move and change charges. During the test period Pacific placed 2,400,000 telephones into service and removed 2,000,000 telephones. Expenses of this operation are estimated to be \$51,000,000 and revenues produced by service connection charges were \$11,400,000. The staff-recommended charges would produce an annual revenue increase of \$4,700,000 from service connection charges and \$300,000 from move and change charges, an increase of 40 percent. The direct operating expense of service connection charges appears to have increased about 4 percent per year between 1957 and 1963. To the extent that revenues are less than the expenses of service connection and move and change charges, other exchange revenue sources must make up the deficiency. With expenses exceeding revenues, subscribers who change location frequently create burdens on those who change location infrequently. On the other hand, present levels should be considered so that the amount of an increase will not restrict future telephone development.

On July 20, 1966 Pacific filed Application No. 48643 for increases in certain service connection and move and change charges, in addition to establishment of installation charges for seven key telephone service features. The requested increases were granted by Decision No. 71350, signed October 4, 1966, and the higher levels of charges are now in effect. This revenue increase amounted

to \$6,101,000 at the year ended April 30, 1966 level of business. Of this amount, \$3,059,000 was for business and residence service connection and move and change charges, most of which increases resulted from increasing the reconnection charge to the same level as the charge applicable when instruments are not in place. As a result of this change, the instrument-in-place reconnection charge was increased from \$4 to \$7 for residence service and from \$4 to \$10 for business service. In addition, the extension service connection and move and change charges were increased from \$4 to \$5. By Decision No. 71350, a number of rates recommended for increase by the staff in Exhibit No. 276 are presently higher than they were at the time the staff made its recommendation in Case No. 7409. However, in this proceeding the staff recommended that the instrument-not-in-place connection charge be \$10 for residence service and \$15 for business service. The decision herein will provide for an increase in the residence service connection charge from the present \$7 to \$8.50 and an increase in the business service connection charge from \$10 to \$15, so that there will be no difference in the service connection charges for instruments in place and not in place. In other respects we find reasonable the rates proposed by the staff in Exhibit 276 for service connection and move and change charges. The increases in these charges authorized herein aggregate \$3,600,000.

Nonrecurring Charge for Colored Telephones

Both Pacific and the staff proposed that the nonrecurring charge for colored telephone sets be decreased from \$10 to \$5. The charge has been in effect for 12 years even though the cost to Pacific for colored sets is the same at present as for black sets. We find that since approximately half of Pacific's telephone sets



are now black, the reduction of this nonrecurring charge to \$5 would not result in the uneconomic displacement of a large number of black sets and that the nonrecurring charge for colored telephone sets should be reduced to \$5. This proposal would reduce exchange revenues \$1,400,000.

Private Branch Exchange Service, Supplemental  
Equipment, Special Assemblies of Equipment, and  
Other Related Services

Both Pacific and the staff proposed increases in the installation charges and monthly rates for exchange private branch exchange (PBX) service, supplemental equipment, special assemblies of equipment, and other related services. Pacific proposed rate charges which would have increased revenues \$12,678,000 in the test period. The staff rate proposals varied from those of Pacific somewhat in amounts and items and would have increased revenues \$10,700,000 in the test period.

The staff based its recommendations on special studies prepared by Pacific of the cost of providing these services. It is estimated that the gross revenue produced from these items of service and equipment during the test period, \$29,700,000, was less than half of the cost of providing the services, \$65,700,000.

The City of Los Angeles generally approved the staff's proposed changes for items here being considered with the exception of the rate proposed for the 6051-key, 12-button, separately mounted key strip. Exhibit 298 indicates that staff proposed rates for the 6051-key would increase revenues 250 percent above revenues produced by present rates as compared with 31 percent for all other items. Also, the revenues from the 6051-key would be under the staff rates 106.1 percent of cost as compared with 59.9 percent for all other items. Present and proposed rates for the 6051-key are:

	<u>Installation Charge</u>	<u>Rate Per Month</u>
Present .....	\$ -	\$4.00*
Staff Proposed .....	50.00	6.00
City of Los Angeles Proposed	20.00	4.60

\*Equivalent of 10 buttons in use, priced at individual pickup, hold and key illumination rates.

In order to minimize the economic impact of such a rate change on existing subscribers, we find it reasonable to prescribe \$5 as the rate per month for the 6051-key. We also find it reasonable to prescribe the staff's proposed \$50.00 installation charge.

The General Services Administrator was supported by the City of Los Angeles in the recommendation that the standard of service to be offered be specified if the Commission accepts the staff revisions of the basis of ordering and charging for PBX mechanical equipment. The staff rate proposal initiates an installation charge based upon the installed station line capacity and would charge a monthly rental for the basic dial PBX switching service and for each working station line. This differs from current tariff schedules which permit a subscriber to utilize the quantities of mechanical equipment such as line finders, selectors and other equipment that the subscriber considers necessary to meet his service requirements by offering each item of equipment individually at a specified monthly rental. It is anticipated that the proposal to "package" PBX charges on a line basis would result in the subscriber losing managerial control over the grade of service within his PBX for interconnection among the PBX extension stations and for outgoing calls.

Comparison of page 6 of the staff's Exhibit 277 and page 52 of Pacific's Exhibit 257 indicates that the staff and Pacific concur on the change in the structure of the charges for basic dial

PBX switching service and that neither specifies minimum standards of service to be offered. This record does not contain any specification of such standards nor the data required to establish them at this time. If it should develop that Pacific and subscribers cannot agree on the adequacy of service or that specific standards cannot be established, the Commission will consider changing the rate form for PBX service.

The General Services Administration presented Exhibit 286, an illustration of the adjustments which should be made to the cost studies (GE 100) basic to staff and Pacific rate recommendations for the PBX and miscellaneous equipment service categories. GSA's witness pointed out that the cost study investment amounts reflect reproduction cost new and not original cost, were not adjusted for the Western Electric tax credit and did not reflect the Western Electric rate adjustments set forth in Decision No. 67369. The annual maintenance expense, depreciation expense, administration carrying charge, return and income taxes used in Pacific's cost study were considered to be excessive. Further, the witness recommended that part of the annual charge be allocated to message toll. No showing was made of the overall effect on revenues and resulting rates of the proposed cost study adjustments. It appears that the staff, in formulating its rate proposals, considered, in addition to the cost studies, the impact on subscribers of increased rates and charges and the effect on the cost studies of the rate making adjustment adopted by the Commission in Decision No. 67369. Table I of Exhibit 302 indicates that the staff proposed revenue increase is only 30 percent of the revenue increase indicated by the total of the unrecovered cost. However, it is desirable that the staff continue to review and improve on cost studies of existing services as well as on cost studies for new services.

Except for the 6051-key, we find reasonable the staff proposed rates for exchange private branch exchange service, supplemental equipment, special assemblies of equipment and other related services set forth in Exhibit 277.

#### Secretarial Line Rate

The Telephone Answering Services of California recommended that the rate for secretarial lines be reduced from \$3.75 to \$2.35 per month based on its cost study, Exhibit 188, which estimated the cable pair costs per month to be \$1.35. Pacific's study of costs of the service indicate an average cost of \$2.34 without considering all costs involved. The staff recommended that the secretarial line rate be reduced to \$3 per month and estimated the revenue effect to be a \$700,000 reduction. We find such a reduction reasonable.

#### Billing of Message Units

This record demonstrates that the bulk billing of message units is the cause of considerable customer dissatisfaction and results in a large volume of complaints to the Commission and to Pacific, particularly from residential customers. Pacific stated that acceptance of its plan for expansion of local calling areas would eliminate the problem of bulk billing of multmessage unit calls. Exhibit 270, a study of the cost of providing detailed billing of message units in San Francisco-East Bay Extended Area and Los Angeles Extended Area, indicates the following annual revenue requirements:

#### San Francisco-East Bay Extended Area

Business service	\$1,032,446
Residence service	237,743
Total Area	<u>1,270,189</u>

#### Los Angeles Extended Area

Business service	421,901
Residence service	480,517
Total Area	<u>902,418</u>
Total	2,172,607

The institution of electronic data processing of customer bills, now under way and which will permit economic detailed billing, will be completed early in 1967; however, three years will be required to install necessary switching equipment for business subscribers in the San Francisco and East Bay exchanges. The staff recommended that detailed billing of multmessage units for residence customers be introduced as soon as possible in the San Francisco-East Bay Extended Area and Los Angeles Extended Area and that a charge of 5 cents be added to the residence individual flat rate in these two areas when detailed billing is actually furnished.

Pacific's position is that if the Commission finds that the public interest requires the general provision of detailed billing, then for the sake of customer understandability and for uniformity in rate treatment, the service should be extended to both residence and business subscribers. Pacific estimated that additional revenues needed to cover the costs of detailed billing would be:

	<u>Per Subscriber Per Month</u>
Business and PBX service, including foreign exchange	18 cents
Residence service, includ- ing foreign exchange	5 cents

Exhibit 305 shows the increases in the MMU rate which would produce the foregoing required revenue, as follows:

	<u>Increase Per Message Unit</u>
<u>San Francisco-East Bay Extended Area</u>	
Business service	.0012 cents
Residence service	.00039 cents
Total Area	.0009 cents
<u>Los Angeles Extended Area</u>	
Business service	.0004 cents
Residence service	.0006 cents
Total Area	.0005 cents
Total	.0007 cents

Pacific would propose a statewide message unit rate, including San Diego, if the message unit rate were increased to compensate for detailed billing of message units.

The City of Los Angeles supported the staff recommendation of nonoptional detailed billing of multmessage unit charges, pointing out that substantial reductions have been made since 1958 in the estimates of cost of detailed billing and that the General Telephone Company of California recently began providing itemized MMU billing to all of its customers at no additional charge.

We find reasonable that Pacific should provide detailed billing of message units for business and residential service. However, due to the remoteness of the test period from the availability of service we will not authorize an increase in rates at this time. The order herein will require respondent to provide nonoptional detailed billing in the manner set forth therein.

Future Rate Treatment for Orange and Sacramento Extended Areas

At present Pacific is required to make periodic reports to this Commission of its California exchange results of operations separated to Los Angeles Extended Area, San Francisco-East Bay Extended Area, San Diego Extended Area, "Other Southern California" and "Other Northern California", as set forth in Exhibit 175. In addition, Pacific maintains detailed basic information to provide individual exchange data upon request.

Since the Orange County and Sacramento areas are assuming the characteristics of major metropolitan areas with the continued growth and urbanization of the State, the staff recommended that for the future these extended areas be considered as separate rate making areas and that in future separation studies by areas, for the year 1966 and later, such areas be reported separately from the present "other" categories.

It is and has been Pacific's position that the ascertainment of operating results by segments is unsound because:

1. Separations of plant and expense for this purpose are arbitrary and dependent upon insupportable assumptions, and
2. The consideration of separate areas for rate making is inappropriate and unsound because revenue requirements and provision of capital are not and cannot be separately determined for such segments and because rates determined upon area cost of operations are discriminatory as respects the relative value of service and tend to set one area of the state against another. Pacific estimates that the staff recommendation would increase expenses approximately \$50,000 annually, plus a starting-up cost of \$61,000.

It is important to effective public utility regulation that there be available adequate and accurate accounts and records of utility operations from which factual data may be derived. The availability of records which would show results of operations for Orange County and Sacramento would be in the public interest. While we are aware that much information developed for regulatory purposes may be of little significance to management, it should be remembered that the subscribers, not Pacific's stockholders, provide funds for the costs of regulation since this Commission has not disallowed any actual accounting expense in the determination of rates. We find reasonable that separation studies should be reported for the Orange County and Sacramento Extended Areas.

#### Miscellaneous Rate Proposals

Various subscribers made the following rate suggestions or motions on rate matters:

1. That the message unit allowance for churches be increased.
2. That California utilities be required to furnish a "life line" service of limited station availability and at low monthly cost.

3. That the Commission require certain specified characteristics of numbering plan areas.

4. That utilities be required to furnish equal service for equal charges to all individual ratepayers in the same community or marketing area without regard to the franchise lines of the utilities serving such area.

5. That all telephone utility revenue in the Los Angeles Marketing Area be pooled and paid out to the utilities as directed by this Commission.

6. That each ratepayer be entitled to local service equal to 50 percent of the active central office codes of the area.

7. That central office codes be rearranged.

8. That Pacific be required to cease and desist false listings in classified directories.

9. That Pacific be required to establish an alphabetical directory for an entire numbering plan area.

10. That a "denied field service" be made available to all customers.

The Commission has considered all such proposals and finds that the public interest does not require the adoption of any of them. In some instances the rate suggestions may, in some degree, be incorporated in the adopted rate spread herein; however, to the extent they are not so incorporated, we find them not to be justified on this record.

#### Discussion of the Various Rate Spread Proposals

##### Objectives of the Staff Proposal

The principal objectives of the staff in the design of a rate spread for basic exchange services were stated to be:

- a. Reduce rates in the San Francisco-East Bay Extended Area



and Los Angeles Extended Area so as to make the rates of return of these areas closer to those of other exchange rate-making areas in the state.

- b. Simplify rate design where justified and feasible.
- c. Recognize the revenue deficiencies of small exchanges.

The staff rate pattern for metropolitan areas was selected to give recognition to the generally greater telephone density in the central areas which the staff accepted as tending toward reduced operating costs; also it recognizes the rate disparity between the rates of Pacific and independent telephone companies, particularly in the Los Angeles Extended Area. The rate levels were selected by the staff so as to reduce the exchange earnings in San Francisco-East Bay Extended Area and Los Angeles Extended Area and to maintain exchange earnings in San Diego Extended Area at approximately the same level.

The staff proposed the grouping of exchanges outside the extended areas to effect rate simplification and to place in one rate group the exchanges ranging in size from the very small to 8001 main stations. The specific group rates proposed were stated to have been designed to maintain exchange earnings for this category of exchanges at approximately the same level and to minimize, insofar as possible, rate change impact on subscribers. This averaging of exchanges was proposed to counter the situation of the smallest exchanges having the lowest rates and the greatest exchange revenue requirements per station.

The staff rate plan for extended areas other than the metropolitan extended areas was designed to conform to the staff's view that the relationship between exchange rates in the principal exchange and rates in the smaller fringe exchanges of an extended

area should reflect the relative size of exchanges and the distance between them. Because of the size, growth and density of telephone development in the Sacramento and Orange County extended areas, the staff proposed different treatment for these areas.

Due to the rapid growth in recent years in Orange County, resulting in relatively uniform development throughout the area, the staff proposed uniform rates throughout the area except for Dana Point, San Clemente and San Juan Capistrano exchanges. Since these three exchanges are removed from the principal development in Orange County, the staff proposed rates for them in accordance with the foregoing plan for "outside" extended areas.

Only minor changes from the pre-interim rates of the Sacramento Extended Area were proposed by the staff since it had a distinct central district development and the pre-interim rates conformed to staff views.

#### Position of Pacific

In contrast to the staff proposed exchange rates, Pacific's proposal was designed to effectuate the \$40,700,000 revenue reduction without lowering the basic exchange rates, deeming these rates to be at the floor level with the exception of basic exchange rates in San Francisco. Pacific's proposals for basic exchange rates outside of metropolitan areas would have resulted in a schedule of uniform rates for comparable services. The principal components of Pacific's proposal were toll rate and message unit charge reductions. However, Pacific's present position is that all of the interim rates should be made permanent.

Pacific argued that the staff proposal for exchange rates, since it would lower rates substantially in Los Angeles and San Francisco-East Bay and raise many of the exchange rates in the smaller and rural exchanges, would create discrimination.

It was emphasized that 93 percent of the staff rate reductions would be applicable to basic exchange service in the Los Angeles and San Francisco Extended Areas and that staff proposals would increase basic exchange rates above the pre-interim rates in practically every exchange outside of the Los Angeles and San Francisco Extended Areas.

Pacific relied on the following to support its argument that the staff proposal is discriminatory:

1. Telephone subscribers in Los Angeles can talk "toll free" with about five times the number of subscribers as can the subscribers in the exchanges where the staff proposes basic rate increases.

2. Residential subscribers in Los Angeles use the telephone more in local calling than do subscribers in the outside exchanges, the average total day calling rate being shown by Exhibit 99 as increasing from six calls a day in the smallest group of exchanges to 14 calls a day in Los Angeles.

3. Residential subscribers in Los Angeles satisfy more of their total telephone requirement through the basic exchange service and need to make less use of toll service in order to fulfill that total requirement; while subscribers in the smaller outside exchanges have to resort more to toll service in order to fulfill their telephone needs. <sup>14/</sup> Relative to the staff emphasis on the cost of service concept, Pacific maintained that the concept has significant place in determining the overall revenue needs of the utility, but the concept is self-defeating when carried to the extreme application of determining individual rates based on costs of the individual subscriber and the cost allocations themselves are necessarily artificial, unstable and unreliable.

---

<sup>14/</sup> Exhibit 98 shows that the total of average MMU and toll charges amounts to \$6.42 in the group of smallest exchanges, decreases to \$4.59 in the middle-sized exchanges, and then increases to \$5.77 in the group of largest exchanges.

Pacific stated that while it has never taken the position that cost of service considerations, insofar as costs may reasonably be estimated, are irrelevant to the rate-fixing process, they are only one factor to be considered with others. <sup>15/</sup> It appears, however, that Pacific considers value of service to be the primary guide.

Pacific considers value of service to be comprised of two elements: (1) the use which is actually made of the service, and (2) the availability for potential use. Both elements are claimed to be measureable by the availability of stations. Exhibit 99 was presented to demonstrate that the larger the station availability provided at the basic exchange rate, the greater is the actual usage as measured by the number of calls generated.

Finally, Pacific argues that regionalism in rate making as between customers of the same utility, cannot but stir up controversies and bickering which divide north from south and rural from urban.

#### Position of the California Farm Bureau Federation

The California Farm Bureau Federation opposed the staff's proposals as well as those of Los Angeles and San Francisco, and favored the interim rates now in effect.

The Bureau argued that the evidence in the proceeding presented during the four hearings held in Redding, Sacramento, Fresno and Bakersfield supports the following conclusions:

15/ Among the factors considered by Pacific to be appropriate in devising a rate schedule are cost of service, relative value of service, customer understanding, reducing or alleviating disparities, avoiding over-encouragement of one service at the expense of the value of service of other customers, and encouraging future development of such service to meet changes in customer service requirements.

1. The so-called same class of service when rendered to customers in the rural parts of California is not the same as that rendered to the same classification of customers living in the urban centers;

2. Even for the same level of service, the customer's ability to pay for such service is much greater in the urban areas than it is in the rural areas;

3. Telephone subscribers in rural areas must use toll service to a greater extent than users in urban areas, with accompanying higher charges for that service;

4. Telephone users in rural areas do not recognize in their daily activities the arbitrary and artificial boundaries of telephone exchanges, except insofar as they have to pay toll charges for their calls. The boundaries of their economic, social and political interests do not coincide with the telephone company's exchange boundaries.

5. The daily activities of those who live in the rural areas of the state support not only their own local economies, but provide for the existence and prosperity of metropolitan areas.

Further, the Bureau pointed out what it considered inconsistencies in the staff's position as follows: the staff's proposal that for toll telephone business, the state be treated as a single entity is at variance with its position that in the case of exchange business, to the extent possible, each exchange should be required to be self-supporting. Moreover, the Bureau contends, the latter proposal does not square with the staff's proposal regarding the exchange operations of the independents for which the staff proposed certain accounting procedures intended to result in Pacific making up the revenue deficiencies of independent exchanges. These accounting procedures would produce what might be termed a subsidy from Pacific to the independents.

Position of Los Angeles and San Francisco

The Cities of Los Angeles and San Francisco advocated that:

1. The Commission continue the practice of fixing Pacific's rates by separated toll and exchange categories and continue to treat the metropolitan areas as individual entities for rate-making purposes.

2. The staff's proposed spread of basic exchange rates, as modified by the City of Los Angeles, be found sound, fair and reasonable.

3. Basic exchange rates should be uniform throughout the Los Angeles Extended Area, except Mount Wilson exchange. In order to effect uniform exchange rates, the following rates were proposed.

Business Service

Individual Message                      \$4.30 (85)

Residence Service

Individual Flat                              3.80  
Two-Party Flat                                3.05  
Two-Party Message                            2.50 (60).

Los Angeles and San Francisco contend that "station availability" bears no reasonable relationship to "value of service." The point at which station availability ceases to be of value and constitutes an unwarranted surcharge is not capable of being defined with any degree of certainty. Further, there is little importance to being able to call a large number of stations if only a very small proportion are located within the subscriber's natural economic and social area of interest. Finally, the two cities pointed out that Pacific could, merely by altering the size of any given exchange or by increasing the number of stations located therein, effectively regulate telephone exchange rates by increasing or decreasing the station availability factor.

### Position of San Diego

The City of San Diego recommended adoption of interim rates based on the value of service concept. The City considered inequitable the staff proposed rates, which would increase rates in San Diego above those in effect prior to the beginning of the case.

More specifically, San Diego argued that:

1. The cost of service of an extended area depends to a large extent upon the boundaries of the area, showing lower rates of return with the expansion of the boundaries to include sparsely settled regions; accordingly, it is unfair to reduce the rates of subscribers in a rural area within the Los Angeles Extended Area and at the same time increase the rates of subscribers located in a highly dense urban section of San Diego.

2. The cost of service study for San Diego was not based on operating conditions in San Diego since the remaining life for station connections was determined as 6.8 years in Northern California and 5.7 years in Southern California, the lower figure being based on extensive redevelopment activity occurring within Los Angeles and applied to San Diego without study.

3. Calls originating in San Diego to outside the local calling areas, which would be MMU in Los Angeles and San Francisco, are allocated to toll in the San Diego extended area. This results in lower apparent earnings in the San Diego area.

### Position of Others

Various Senators, Assemblymen, Cities, Boards of Supervisors, Chambers of Commerce and County Farm Bureaus and the California State Grange, representing subscribers in the Central Valley Area, opposed the staff proposals and were in favor of the interim rates, or protested cross-boundary rate disparities.

Adopted Rate Spread

We have considered all of the factors of rate making which have been enumerated many times. For instance, with all the admitted difficulties of definition and determination, cost of service is most susceptible of all rate factors to objective measurement, the accuracy of which is limited only by the means utilized to measure. Even with the most reasonable determination of cost of service, rates dictated by pure cost considerations must be modified by and weighed with each of the other factors. Even value of service, which Pacific would measure by station availability, seems in the minds of many to be related to the necessity of telephone service, or to the quality of service, or to the ease, economy or convenience of alternate means of communication. Certainly the value of service concept has to be considered carefully to avoid unreasonable rate discrimination.



The history of the telephone rate structure in California is such that an unbalanced rate structure appears to have developed by which the rates of most of the smaller exchanges throughout the state may not recover all expenses. Such a history, regardless of cost, has an understandable impact on the public acceptance of rate increases. Despite the presentations, it is not clear that exchange earnings under pre-interim rates increased with the size of exchanges. It is not possible, for example, to draw firm conclusions from a comparison of exchange earnings of metropolitan extended areas, which includes MMU service that has many of the characteristics of toll, with the earnings of smaller exchanges which do not include toll effects.

With this record before us, we will adopt various modifications of the staff rate proposal which we find will simplify the rate structure, provide a pattern for nonmetropolitan extended area rates, promote the development of future rates more proportional to the cost of use. The adopted rates will not at this time increase basic primary station extended area exchange rates above pre-interim rates. Interim rates for non-extended exchanges are not exceeded except where there has been growth in the size of exchanges resulting in reclassification. Unlike rate changes in gas and electric utilities which are adjusted as the result of periodic reviews of zone density characteristics, telephone exchange rates which may be influenced by growth in exchange main stations have typically been changed only at the time of general rate adjustments. We find it reasonable to make such adjustments in this proceeding.

On February 14, 1947, in Application No. 28211, Pacific first advocated the statewide approach to rate making. This followed a long history since World War I of requesting rate increases in the Los Angeles and San Francisco areas without seeking statewide rate

changes; Pacific has continued to so advocate after many subsequent rejections of such proposals. Decision No. 41416, dated April 6, 1948, in Application No. 28211, indicates the lack of precedent for the statewide approach and cites Case No. 3800 (39 CRC 739) decided April 27, 1936, in which the Commission very clearly indicated that the rate-making unit was the exchange and noted that approval of the broad statewide approach would foreclose consideration of complaints by municipalities or other parties, or by the Commission on its own motion, as to parts of Pacific's operations within the state.

We find reasonable to continue to consider the cost of service by exchanges and groups of exchanges now called extended areas. However, we note that an exchange is a relatively arbitrary territory defined for the purpose of rate application with little present day relationship to efficiency of operation, location of central offices, or measurement of toll distances. Where once the exchange served, among other functions, the purpose of delineating areas of service for a flat monthly charge, as contrasted with toll service for which the charges varied with time and distance factors, now the exchange, due to technological progress, is expanding in effect to multiples of exchanges and super-exchanges encompassing many states as in Wide Area Telephone Service (WATS). There is no question that a new look at rate making is long overdue to remove archaic concepts.

In the rates which we adopt herein a major consideration is simplification of the rate structure to encourage the study of future improvements and elimination of inequities. With the advent of direct distance dialing, V-H measurement, automatic

billing and accounting, and electronic switching, the future rate structure may well change from the present exchange-toll concepts to a pattern of minimum fixed charges plus variable metered charges based on the incremental cost of subscriber actual time and distance usage, tempered by humanitarian considerations.

Rates for Exchanges Outside Extended Areas

The present and adopted rates for exchanges outside of extended areas are summarized as follows:

Exchanges Outside Extended Areas  
Multi and Single Office Exchanges  
Monthly Rate

Exchange:	Residence Service					Business Service			
Company	1-Party	2-Party	1-Party	Subur	1-Party	2-Party	Subur	PBX	
Group:	Stations	Flat	Flat	Flat	ban	Flat	Flat	ban	Trunk

(Interim Single Office Rates)

A	0- 500	\$3.70	\$3.00	\$2.45	\$2.95	\$5.80	\$4.50	\$4.45	\$ 8.50
B	501-4000	3.95	3.25	2.70	3.20	6.30	5.00	4.70	9.25
C	4001-8000	4.20	3.25	2.70	3.20	7.05	5.50	4.95	10.50
D	Over 8000	4.20	3.25	2.70	3.20	8.05	6.25	4.95	12.00

(Adopted Multi and Single Office Rates)

A	0- 4000	\$3.70	\$3.00	\$2.45	\$2.95	\$5.80	\$4.50	\$4.45	\$ 8.50
B	4001-40000	4.20	3.25	2.70	3.20	7.00	5.50	4.95	10.50
C	Over 40000	4.70	3.50	2.95	3.45	9.55	7.25	5.45	11.25

These adopted rates simplify the rate structure by essentially combining the present five rate groups into two groups at the rate level of present Group A and Group C, modified so that no rate will exceed pre-interim rates. The adopted Group C encompasses the larger multioffice exchanges not in extended areas, Bakersfield, Riverside and Stockton, at or below interim rates.

The rates of all exchanges outside of extended service will be at or below interim rates except for the following 20 single office exchanges which, because of growth, would have been reclassified from Group B to C at the time of a major rate revision:

Exchanges With Increases  
Due to Reclassification of Exchanges

Brawley	Hollister	Paradise	
Davis	Lemoore	Paso Robles	
Delano	Los Banos	Placerville	Sonoma
Dinuba	Nawhall	Red Bluff	Vista
Fallbrook	Oakdale	Simi	Willows
	Palmdale	Selma	

Under either the present grouping or the adopted grouping the individual residence rate would increase from \$3.95 to \$4.20 and the individual business rate would increase from \$6.30 to \$7.00.

Extended Service Rates (Other than Metropolitan)

The Commission has recently, in response to applications of Pacific generally supported by the subscribers, authorized a number of extended areas which in effect enlarge the available local calling areas of exchanges outside of metropolitan areas. Rates authorized for such extended area service have generally been based on incremental studies of cost and the revenue effect of expanding local calling and displacing toll routes. Authorized rates have not been designed to recover the total revenue requirement which could result from the consideration of the all costs of extended area service.

The exchange rates which we adopt for exchanges of extended areas outside of San Francisco-East Bay Extended Area, Los Angeles Extended Area, San Diego Extended Area, Orange County Extended Area and Sacramento Extended Area will be determined in accordance with the following extended service rate plan:

EXTENDED SERVICE RATE PLAN

1. For each exchange the base EAS rate is the highest group rate within its local calling area. Such group rates are as follows:

Service	Monthly Rate			
	Group 1 0 - 8,000 M.S.	Group 2 8,000 - 20,000 M.S.	Group 3 20,000 - 120,000 M.S.	Group 4 120,000 - 300,000 M.S.
<b>Business Service</b>				
Ind. Line Flat Rate	\$ 6.75	\$ 7.75	\$ 9.00	\$11.00
Ind. Line Msg. Rate*	-	-	-	4.75(80)
2-Pty. Line Flat Rate	5.25	6.00	7.00	-
Suburban	4.70	5.00	5.50	6.00
Farmer Line*	1.75	2.00	2.50	3.00
PBX Trunk				
Flat Rate	10.00	11.00	13.50	16.50
Msg. Rate-Commercial*				
1st 2 trunks	-	-	-	4.75
Ea. addl. trunk	-	-	-	2.25
<b>Residence Service</b>				
Ind. Line Flat Rate	3.95	4.20	4.50	4.75
2-Pty. Line Flat Rate	3.25	3.40	3.60	3.75
4-Pty. Line Flat Rate	2.70	2.85	2.95	3.05
Suburban	3.20	3.35	3.45	3.55
Farmer Line*	1.00	1.10	1.25	1.50

\* Exchanges where offered.

2. To the base EAS rate add the apportioned EAS rate increment determined as follows:

For each EAS route apportion the following EAS rate increments in inverse proportion to the number of main stations in the two exchanges of that route (rounded to nearest 5¢):

Toll Rate Distance	EAS Rate Increment	
	Bus.	Res.
0 - 8 mi.	\$0.75	\$0.35
9 - 12	1.00	.50
13 - 16	1.50	.75
17 - 20	2.50	1.25
21 - 25	4.00	2.00

3. EAS rate is the sum of the base EAS rate plus the sum of the apportioned EAS rate increments. (Note: Each exchange has as many apportioned EAS rate increments as it has EAS routes.)
4. Exceptions - for 1 MB the EAS rate increase equals one-half of apportioned business EAS rate increment determined in 2. above (rounded to higher 5¢ multiple). Coin semipublic service rates defined elsewhere.
5. Exception - no rate for EAS service determined in accordance with this plan shall exceed the rate for the same service in effect prior to July 20, 1964.

The adopted extended service rate plan has the same structure as that proposed by the staff but at substantially lower rate levels than those proposed by the staff. Inasmuch as staff proposed rates were substantially lower than those which would be dictated by full cost considerations, it follows that the adopted rates are not to be interpreted as being fully compensatory for extended service. We have considered the economic impact on existing subscribers of full cost extended area service and the need for rate simplification and order. These adopted rates are not to be interpreted as the rates which will be authorized in the future for proposed new extended areas where full costs would indicate revenue requirements substantially in excess of that which would be produced by the adopted rates. Also, subscribers receiving the benefits of the adopted extended service rate plan should not anticipate the revenue-cost relationships of the plan will be continued indefinitely. We shall continue to study the problems of expansion of calling areas and the cost of rendering such service. Appendix "E" to this order compares the major classes of present exchange rates and adopted exchange rates for all extended areas in service and presently authorized outside of the five designated metropolitan areas. All extended areas shown are presently in operation except King City and Newman-Gustine.

Basic Exchange Rates for Metropolitan Extended Areas

The basic exchange rates which we adopt for metropolitan extended areas will generally be uniform for all exchanges in an extended area, except for the Los Angeles Extended Area in which the adopted rates for two-party residence service will be at interim rate levels and one-party service will be at the two lowest interim rate levels for said exchange classes of service in the Los Angeles Extended Area and except for the Sacramento Extended Area for which the adopted rates will be the interim rates of the exchanges. In arriving at the adopted rates we have considered the various rate structures proposed, characteristics of the areas, indicated area earnings, the problem of cross-boundary rate disparity and other factors.

Los Angeles Extended Area

We adopt for all exchanges in the Los Angeles Extended Area the present interim rates by exchanges, except that the present interim rate of \$4.10 for one-party residence flat rate service shall be reduced to \$3.85 where applicable, except that the present interim rates of \$4.55 (85) and \$4.30 (80) for one-party business message rate service shall be reduced to \$4.05 (75) where applicable and except that suburban service shall be withdrawn. The following compares the principal interim and adopted basic exchange rates in Los Angeles Extended Area:

LOS ANGELES EXTENDED AREA  
 PRINCIPAL BASIC MONTHLY EXTENDED SERVICE EXCHANGE RATES  
 INTERIM AND ADOPTED

Exchange, District Area (D.A.)	Residence Service		Business Service	
	: Message		: Message	
	Flat Rate	Rate	Flat Rate	Rate
	1-Party	2-Party	1-Party	1-Party

Interim Rates

Los Angeles***	\$4.10	\$3.15	\$2.35(60)	\$ -	\$4.55(85)
Alhambra**	4.10	3.15	2.35(60)	-	4.30(80)
Beverly Hills**	4.10	3.15	2.35(60)	-	4.30(80)
Compton-Compton D.A.**	4.10	3.15	2.35(60)	-	4.30(80)
Culver City**	4.10	3.15	2.35(60)	-	4.30(80)
Glendale**	4.10	3.15	2.35(60)	-	4.30(80)
Arcadia*	3.85	2.90	2.35(60)	-	4.05(75)
Burbank-Burbank D.A.*	3.85	2.90	2.35(60)	-	4.05(75)
Compton-Gardena D.A.*	3.85	2.90	2.35(60)	-	4.05(75)
Inglewood*	3.85	2.90	2.35(60)	-	4.05(75)
Montebello*	3.85	2.90	2.35(60)	-	4.05(75)
North Hollywood*	3.85	2.90	2.35(60)	-	4.05(75)
Pasadena*	3.85	2.90	2.35(60)	-	4.05(75)
San Pedro*	3.85	2.90	2.35(60)	-	4.05(75)
Van Nuys*	3.85	2.90	2.35(60)	-	4.05(75)
Burbank-Sun Valley D.A.#	3.60	2.90	2.35(60)	-	3.80(70)
Canoga Park#	3.60	2.90	2.35(60)	-	3.80(70)
Crescenta#	3.60	2.90	2.35(60)	-	3.80(70)
El Monte#	3.60	2.90	2.35(60)	-	3.80(70)
El Segundo#	3.60	2.90	2.35(60)	-	3.80(70)
Hawthorne#	3.60	2.90	2.35(60)	-	3.80(70)
Lomita#	3.60	2.90	2.35(60)	-	3.80(70)
Reseda#	3.60	2.90	2.35(60)	-	3.80(70)
Torrance#	3.60	2.90	2.35(60)	-	3.80(70)
Mount Wilson	7.55	-	-	14.80	-

Adopted Rates

Exchanges above marked***	\$3.85	\$3.15	\$2.35(60)	\$ -	\$4.05(85)
" " * **	3.85	3.15	2.35(60)	-	4.05(80)
" " * *	3.85	2.90	2.35(60)	-	4.05(75)
" " #	3.60	2.90	2.35(60)	-	3.80(70)
Mount Wilson	7.55	-	-	14.80	-

Note: The number following a rate in ( ) designates the message unit allowance.



San Francisco-East Bay Extended Area

We adopt for all exchanges, in the San Francisco-East Bay Extended Area uniform basic monthly exchange rates which are 30¢ below the level of the lowest interim exchange rates in the extended area except those for individual business flat rate, coin semi-public, suburban, PBX trunk flat rate, and farmer line services. The adopted rates for individual business flat rate, PBX trunk flat rate, and farmer line services shall be at the interim rates by exchanges; and suburban service will be withdrawn. On the following page is a comparison of the principal interim and adopted basic exchange rates in San Francisco-East Bay Extended Area.

San Diego Extended Area

We adopt for all exchanges, except for the Chula Vista-Dulzura district area, in the San Diego Extended Area uniform basic monthly exchange rates which are at the level of the lowest interim exchange rates in the extended area except those for individual business flat rate, coin semi-public, PBX trunk flat rate and farmer line services. The adopted rates for individual business flat rate, PBX trunk flat rate, and farmer line services shall be at the interim rates by exchanges. The adopted rate for the Chula Vista-Dulzura district area shall be the interim rates. The second tabulation following compares the principal interim and adopted basic exchange rates in San Diego Extended Area.

SAN FRANCISCO-EAST BAY EXTENDED AREA  
PRINCIPAL BASIC MONTHLY EXTENDED SERVICE EXCHANGE RATES  
INTERIM AND ADOPTED

Exchange or District Area (D.A.)	Residence Service			Business Service		
	Flat Rate	Message Rate		Flat Rate	Message Rate	
	1-Party:2-Party	2-Party		1-Party:2-Party	1-Party	
<u>Interim Rates</u>						
East Bay	\$4.60	\$3.55	\$2.65(60)	\$ -	\$ -	\$4.80(85)
San Francisco	4.60	3.55	2.65(60)	-	-	4.80(85)
Orinda	4.60	3.55	2.65(60)	-	-	4.80(85)
Moraga	4.60	3.55	2.65(60)	-	-	4.80(85)
Hayward	4.60	3.55	2.65(60)	-	-	4.55(80)
Richmond	4.60	3.55	2.65(60)	-	-	4.55(80)
Pacifica	4.60	3.55	2.65(60)	-	-	4.55(80)
South San Francisco	4.60	3.55	2.65(60)	-	-	4.55(80)
Campbell	4.60	3.55	2.65(60)	12.30	-	4.55(80)
San Jose	4.60	3.55	2.65(60)	12.30	-	4.55(80)
Saratoga	4.60	3.55	2.65(60)	12.30	-	4.55(80)
Sunnyvale	4.60	3.55	2.65(60)	12.30	-	4.55(80)
Danville - Valley D.A.	4.55	3.65	2.65(60)	10.05	-	4.30(75)
Concord	4.45	3.45	2.65(60)	9.80	-	4.30(75)
Walnut Creek	4.45	3.45	2.65(60)	9.80	-	4.30(75)
Los Altos	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Millbrae	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Mountain View	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Palo Alto	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Redwood City	4.35	3.40	2.65(60)	11.05	-	4.30(75)
San Carlos-Belmont	4.35	3.40	2.65(60)	11.05	-	4.30(75)
San Mateo	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Woodside	4.35	3.40	2.65(60)	11.05	-	4.30(75)
Corte Madera	4.35	3.40	2.65(60)	9.55	-	4.30(75)
Dumbarton-Greenleaf D.A.	4.35	3.40	2.65(60)	9.55	-	4.30(75)
Mill Valley	4.35	3.40	2.65(60)	9.55	-	4.30(75)
San Rafael	4.35	3.40	2.65(60)	9.55	-	4.30(75)
Belvedere	4.10	3.40	2.65(60)	8.55	-	4.30(75)
Danville-Main D.A.	4.10	3.40	2.65(60)	8.55	-	4.30(75)
Lafayette	4.10	3.40	2.65(60)	8.55	-	4.30(75)
Sausalito	4.10	3.40	2.65(60)	8.55	-	4.30(75)
Dumbarton-Main D.A. ) -Oliver D.A.)	4.10	3.40	2.65(60)	7.55	-	4.30(75)

Adopted Rates

All exchanges	\$3.90	\$3.20	\$2.45(60)	Interim	-	\$4.10(85)
---------------	--------	--------	------------	---------	---	------------

Note: The number following a rate in ( ) designates the message unit allowance.

SAN DIEGO EXTENDED AREA  
 PRINCIPAL BASIC MONTHLY EXTENDED SERVICE EXCHANGE RATES  
 INTERIM AND ADOPTED

Exchange or District Area (D.A.)	Residence Flat Tpd.	Business		
		Flat	2-Party	Message Ind.

Interim Rates

San Diego	\$4.45	\$3.25 <sup>a</sup>	\$13.30	\$ -	\$4.40(75)
Chula Vista- Chula Vista D.A.	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
Chula Vista-Dulzura D.A.	4.20	3.00 <sup>a</sup>	12.30	8.75	-
Coronado	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
El Cajon	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
La Jolla	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
La Mesa	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
National City	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
Pacific Beach	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)
San Ysidro	4.20	3.00 <sup>a</sup>	12.80	-	3.90(65)

Adopted Rates

All exchanges except Chula Vista-Dulzura D.A.	\$4.20	\$3.00 <sup>a</sup>	Interim	\$ -	\$3.90(65)
Chula Vista-Dulzura D.A.	4.20	3.00 <sup>a</sup>	Interim	8.75	-

a. \$2.65(60) also offered.

Note: The number following a rate in ( )  
 designates the message unit allowance.

Orange County Extended Area

We adopt for all exchanges in the Orange County Extended Area except the Capistrano Valley and San Clemente exchanges uniform basic monthly exchange rates which are at the level of the lowest interim exchange rates in the extended area, except those for individual business flat rate, coin semipublic, PBX trunk flat rate, and farmer line services which shall be at the exchange interim rates with the exception of coin semipublic rates. The adopted rates for the Capistrano Valley and San Clemente exchanges shall be determined by the extended area rate plan. The following tabulation compares the principal interim and adopted basic exchange rates in Orange County Extended Area:

ORANGE COUNTY EXTENDED AREA  
 PRINCIPAL BASIC MONTHLY EXTENDED SERVICE EXCHANGE RATES  
 INTERIM AND ADOPTED

Exchange or District Area (D.A.)	Residence			Business		
	Flat	:Message:		Flat	:Message:	
	1-Party	2-Party	2-Party	1-Party	2-Party	1-Party

Interim Rates

Anaheim-Anaheim D.A.	\$4.90	\$3.70	\$3.05(60)	\$11.30	\$ -	\$4.55(65)
Orange	4.90	3.70	3.05(60)	11.30	-	4.55(65)
Placentia	4.90	3.70	3.05(60)	11.30	-	4.55(65)
Newport Beach	4.95	3.75	3.10(60)	11.70	-	4.95(70)
Brea	5.00	3.75	3.10(60)	11.75	-	5.00(70)
Fullerton	5.00	3.75	3.10(60)	11.75	-	5.00(70)
Anaheim-Cypress D.A.	5.15	3.90	3.20(60)	12.05	-	5.30(75)
Buena Park	5.15	3.90	3.20(60)	12.05	-	5.30(75)
Garden Grove	5.15	3.95	3.30(60)	12.05	-	5.30(75)
Santa Ana	5.15	3.95	3.30(60)	12.05	-	5.30(75)

Adopted Rates

All exchanges	\$4.90	\$3.70	\$3.05(60)	Interim	-	\$4.55(70)
---------------	--------	--------	------------	---------	---	------------

Note: The number following a rate in ( )  
 designates the message allowance.

Sacramento Extended Area

We adopt for all exchanges in the Sacramento Extended Area the present interim exchange rates pending further study of costs of service and characteristics of the area. The following tabulation sets forth these rates in the Sacramento Extended Area.

SACRAMENTO EXTENDED AREA  
 PRINCIPAL BASIC MONTHLY EXTENDED SERVICE EXCHANGE RATES  
 INTERIM AND ADOPTED

Exchange	Residence Flat			Business				
	Ind.	2-Party	4-Party	Sub.	Flat	Message	Flat	Sub.
	<u>Interim and Adopted</u>							
Folsom	\$6.80	\$5.40	\$4.60	\$5.10	\$16.25	\$ -	\$7.00(80)	\$8.40
Fair Oaks	6.05	4.65	3.95	-	12.75	-	5.50(80)	-
Rio Linda	5.45	4.10	3.45	3.95	12.00	-	5.25(80)	6.40
Sacramento Main D.A.	4.75	3.55	3.00	3.50	11.05	-	4.80(80)	5.60
North D.A.	4.85	3.65	3.10	3.60	11.30	-	5.05(80)	5.85

Note: The number following a rate in ( ) designates the message unit allowance.

Miscellaneous Rates

We adopt, in addition to the foregoing, the following which affect the structure or level of basic exchange rates:

1. The staff proposed service connection, move and change charges, and charge for colored telephones as set forth in Exhibit 276, except the connection and reconnection charges for residence service shall be \$8.50 and for business service shall be \$15, as previously discussed.

2. The staff proposed rates and charges for private branch exchange service, supplemental equipment, special assemblies of equipment, and other related services as set forth in Exhibit 277, except the lesser increase previously discussed for the 6051-key strip.

3. The withdrawal of suburban service in the San Francisco-East Bay Extended Area and the Los Angeles Extended Area.

4. The staff proposed secretarial line rate of \$3.00.

5. The foreign exchange mileage rate of \$6.40.

6. Rates for all classes of business foreign exchange service at the interim levels.

7. Rates in all exchanges for coin semi-public service which shall be determined as follows:

a. Where business individual line message rate service is offered the coin semi-public service rate shall be equal to the business individual line message rate with zero message allowance.

b. Where only business individual line flat rate service is offered the coin semi-public service rate shall be equal to one-half the business individual line flat rate rounded to the next higher 25¢ multiple.

8. Farmer line service as follows:

<u>Group</u>	<u>Rate per Month</u>	
	<u>Residence Service</u>	<u>Business Service</u>
A	\$0.70	\$1.15
B	0.95	1.65
C	1.20	2.40

9. Commuted suburban mileage charges for the San Francisco-East Bay and Los Angeles Extended Areas as follows:

<u>Suburban Quarter Miles</u>	<u>Rate per Month</u>
1 to 9	Present suburban mileage charge for 1/4 mile
10 to 24	" " " " 2/4 "
25 to 39	" " " " 3/4 "
40 to 54	" " " " 4/4 "
55 and over	" " " " 5/4 "

Further, we adopt the following:

1. The present message unit rates.
2. The V-H measurement for toll, TWX, MMU, and exchange mileage measurement.
3. Message toll telephone rates as set forth in Appendix A which provides for:
  - (a) Day station and person rates applicable from 6 a.m. to 6 p.m. on all days except Sunday and holidays.
  - (b) Night, Sunday and holiday station and person rates applicable from 6 p.m. to 6 a.m. daily and all day on Sunday and holidays.
  - (c) Elimination of the surcharges for the first 3 minutes of the person additional period, and



(d) Collect and third-number surcharges on the station paid rates changed as follows:

<u>Where the Initial Period Station-Paid Rate is:</u>	<u>The Additional Charge for Each Collect or Third- Number Call is:</u>
\$.10	\$.20
.15	.15
.20 or over	.10

Comparison of Revenue Effects - Interim, Staff Proposed and Adopted

The following table compares by categories the revenue changes effected by the rates ordered in Decision No. 67369, those proposed by the staff, and those adopted herein based on the test period:

## COMPARISON OF REVENUE CHANGES BY CATEGORIES

Annual Revenue Effect x 1000

	<u>Interim</u> <u>D-67369</u>	<u>Staff</u> <u>Proposed</u>	<u>Adopted</u>
<u>Exchange</u>			
<u>Basic Rates</u>			
SFEBEA	\$ (6,425)	\$ (11,000)	\$ (12,600)
LAEA	(8,803)	(9,400)	(11,200)
SDEA	(1,560)	(600)	(1,900)
Other N.C.			
EAS	(2,233)	(500)	(1,900)
Non-EAS	(2,834)	(500)	(2,700)
S-T Other N.C.	(5,067)	(1,000)	(4,600)
Other S.C.			
Orange Co. EAS	(1,100)	(500)	(1,400)
Other EAS	(400)	200	-
Non-EAS	(601)	(200)	(1,300)
S-T Other S.C.	(2,101)	(500)	(2,700)
S-T Basic	(23,956)	(22,500)	(33,000)
<u>MMJ</u>			
SFEBEA	(2,576)	(5,100)	(2,600)
LAEA	(3,608)	(6,400)	(3,600)
SDEA	(48)	(100)	(100)
Other N.C.	(16)	-	-
Other S.C.	(32)	-	-
S-T	(6,280)	(11,600)	(6,300)
<u>Other</u>			
Service Connection	-	5,000	3,600
Color Set	-	(1,400)	(1,400)
PBX, Supp. Eqpt.	-	10,700	10,600
Sec. Line	-	(700)	(700)
FEX Mileage	-	(2,100)	(1,300)
V-H Measurement	-	400	400
S-T	-	11,900	11,200
S-T Exchange	(30,236)	(22,200)	(28,100)
<u>Toll</u>			
Message Toll	(10,486)	(20,500)	(15,400)
Collect, 3rd Party	-	2,700	2,300
V-H Measurement	-	200	200
TWX	-	600	500
I-I	-	(1,000)	-
FEX Mileage	-	(500)	(300)
S-T Toll	(10,486)	(18,500)	(12,600)
TOTAL	(40,722)	(40,700)	(40,700)
(Decrease)			

Comparison of Annual Exchange Revenue Changes

The following table compares the annual exchange revenue charges effected by the rates ordered in Decision No. 67369, those proposed by the staff, and those adopted herein based on the test period.

**COMPARISON OF ANNUAL EXCHANGE REVENUE CHANGES  
BY AREAS**

Category	Area					Total
	SFBEEA	LAEA	SDEA	Other N.C.	Other S.C.	
(Thousands)						
<b>Exchange Rate</b>						
D-67369	\$(6,425)	\$(8,803)	\$(1,560)	\$(5,067)	\$(2,101)	\$(23,956)
Staff	(11,000)	(9,400)	(600)	(1,000)	(500)	(22,500)
Adopted	(12,600)	(11,200)	(1,900)	(4,600)	(2,700)	(33,000)
<b>Service Connection and Color</b>						
D-67369	-	-	-	-	-	-
Staff	800	1,300	300	800	400	3,600
Adopted	500	800	200	400	300	2,200
<b>PBX, etc.</b>						
D-67369	-	-	-	-	-	-
Staff	2,800	5,200	500	1,300	900	10,700
Adopted	2,800	5,100	500	1,300	900	10,600
<b>MMU Rate</b>						
D-67369	(2,576)	(3,608)	(48)	(16)	(32)	(6,280)
Staff	(5,100)	(6,400)	(100)	-	-	(11,600)
Adopted	(2,600)	(3,600)	(100)	-	-	(6,300)
<b>Sec. Line Rate</b>						
D-67369	-	-	-	-	-	-
Staff	(200)	(300)	-	(100)	(100)	(700)
Adopted	(200)	(300)	-	(100)	(100)	(700)
<b>FEX Mileage</b>						
D-67369	-	-	-	-	-	-
Staff	(200)	(1,700)	-	(100)	(100)	(2,100)
Adopted	(100)	(1,000)	-	(100)	(100)	(1,300)
<b>V-H, MMU</b>						
D-67369	-	-	-	-	-	-
Staff	700	(300)	-	-	-	400
Adopted	700	(300)	-	-	-	400
<b>Subtotal</b>						
D-67369	(9,001)	(12,111)	(1,608)	(5,083)	(2,133)	(30,236)
Staff	(12,200)	(11,600)	100	900	600	(22,200)
Adopted	(11,500)	(10,500)	(1,300)	(3,100)	(1,700)	(18,100)
<b>Full</b>						
D-67369						(10,186)
Staff						(18,500)
Adopted						(12,600)
<b>Total</b>						
D-67369						(40,722)
Staff						(40,700)
Adopted	(Decrease)					(40,700)

Revenue Changes for Non-Extended Area Service

The total California revenue changes for non-extended area service exchange rate charges are approximately as follows for adopted rates:

<u>Item</u>	<u>Revenue Effect</u>
Decision No. 57369	\$ (3,440,000)
Regrouping of single office exchanges by company stations	(1,000,000)
Regrouping of multioffice exchanges by company stations	(300,000)
Classification of exchanges	600,000
Coin semi-public service	140,000
<b>TOTAL</b>	<b>\$ (4,000,000)</b>

(Decrease)

Separated Results

A comparison of rates of return at interim and adopted rates is shown in the following tabulation:

SEPARATED RESULTS OF INTRASTATE OPERATIONS  
12 Months Ended September 30, 1962

<u>Item</u>	<u>Rates of Return</u>	
	<u>At Interim Rates</u> <u>(Exh. No. 293)</u>	<u>At Adopted Rates</u>
SF-EB Extended Area	7.41%	7.15%
Other No. Calif. Exchanges	2.74	3.01
Total No. Calif. Exchanges	<u>5.34</u>	<u>5.31</u>
Los Angeles Extended Area	7.08	7.22
San Diego Extended Area	4.16	4.31
Other So. Calif. Exchanges	4.58	4.73
Total So. Calif. Exchanges	<u>6.40</u>	<u>6.54</u>
Total Other Exchanges	3.24	3.48
Total Exchange Operations	5.90	5.96
Intrastate Message Toll	7.91	7.64
Intrastate Private Line	9.29	9.29
Total Intrastate Toll	<u>8.02</u>	<u>7.77</u>
Total Intrastate Operations	6.30	6.30

Findings and Conclusions

The Commission finds that:

1. The rate revisions set forth in Appendix A will produce for Pacific fair and reasonable intrastate test year operating revenues of \$829,335,000, previously found reasonable in Decision No. 67369 of this Commission.

2. Under the rates herein prescribed Pacific will have as reasonable an opportunity as it had under the rates ordered in Decision No. 67369 to earn a fair and reasonable return on its fair and reasonable intrastate rate base and will be afforded as reasonable an opportunity to attract additional capital as reasonably may be required on reasonable terms in order to enable it lawfully to discharge its duty to the public.

3. The increases in rates and charges authorized herein are reasonable and the present rates, charges and practices of Pacific are and each of them is unreasonable to the extent they differ from the rates, charges and practices herein prescribed which are and each of them is, found to be just and reasonable rates, charges and practices on and after January 1, 1967.

4. Pacific should provide nonoptional detailed billing of multimessage unit charges for business and residential service as hereinafter prescribed.

5. Pacific should prepare earning and rate studies for the Orange County and Sacramento Metropolitan Extended Areas, and file same, together with recommendations, with this Commission on or before June 30, 1967.

6. Pacific should prepare earning and rate studies for each of the grouping of exchanges outside of the extended areas herein prescribed, and file same, together with recommendations, with this Commission on a programmed basis.

7. Pacific should prepare earning and rate studies for each of the extended areas outside of the five metropolitan areas, and file same, together with recommendations, with this Commission on a programmed basis.

Based on the findings herein, we conclude that Pacific's rates and service should be prescribed in accordance with the following order and that Pacific should make such studies and reports as are prescribed in the following order.

O R D E R

IT IS ORDERED that:

1. Respondent is directed to file in quadruplicate with this Commission, within fifteen days after the effective date of this order and in conformity with the provisions of General Order No. 96-A, revised tariff schedules with rates, charges and conditions modified as set forth in Appendix A attached to this order and, on not less than five days' notice to the public and to the Commission, to make said revised tariffs effective for all service rendered on and after January 1, 1967. No primary station exchange rate shall exceed the rate for the same service in effect prior to July 20, 1964.

2. Respondent shall provide nonoptional detailed billing of multmessage unit charges for business and residential service progressively by exchanges as soon as the necessary equipment can be installed, shall within sixty days after the effective date of this order tender this Commission the schedule by which it proposes to effect compliance with this paragraph and shall thereafter on January 1, March 1, June 1 and September 1 of each year report to this Commission the progress and status of its compliance with this paragraph.

3. Respondent shall prepare a study of separated costs and a rate study for the Orange County and Sacramento Extended Areas,

and shall file same, together with its rate recommendations, with this Commission on or before June 30, 1967, and annually thereafter.

4. Pacific shall prepare a study of separated costs and a rate study for each of the groupings of exchanges outside of extended areas, and file same, together with its rate recommendations, with this Commission on or before June 30, 1968, and not less than once every five years thereafter.

5. Pacific shall prepare a study of separated costs and a rate study for each of the extended areas outside of the five metropolitan areas, and file same, together with its rate recommendations, with this Commission on or before June 30, 1968, and not less than once every five years thereafter.

6. All motions consistent with the findings and conclusions of this opinion and order are granted; those not consistent therewith are denied.

7. This investigation is discontinued.

The Secretary of the Commission is directed to cause a certified copy of this order to be served forthwith upon The Pacific Telephone and Telegraph Company and to cause a copy to be mailed to each appearance of record.

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

Dated at San Francisco, California, this 23rd day of November, 1966.

*Ed Mitchell* President  
*George T. Dwyer*  
*Fredrick B. Holstiff*  
*Augusta*  
*William B. Bennett* Commissioners

APPENDIX A  
Page 1 of 21

RATES

Respondent's rates, charges and conditions are changed as set forth in this appendix.

Schedules Nos. 4-T and 5-T  
Individual and Party Line Service

RATES

EACH PRIMARY STATION:	Individual and Party Line Service								Semipub.	
	Business				Residence				Suburban Service	Service
	Indiv.	2-Party	Indiv.	2-Party	4-Party	10-Party	10-Party	Rate per	Indiv.	
Line	Line	Line	Line	Line	Line	Line	Line	Month	Line	
(Group A)	\$5.80	\$4.50	\$3.70	\$3.00	\$2.45	\$4.45	\$2.95	\$3.00		
Alleghany	Chowchilla	Gonzales	Live Oak							
Alta	Chualar	Greenfield	Los Molinos							
Anderson	Clear Lake Oaks	Grenada	Lower Lake							
Angels Camp	Cloverdale	Gridley	Loyalton							
Annapolis	Coalinga	Groveland	Mendota							
Arvin	Cobb Mountain	Gualala	Meridian							
Atascadero	Corning	Guerneville	Mesa Grande							
Avalon	Cottonwood	Hamilton	Michigan Bar							
Avenal	Coulterville	Hilt	Middletown							
Baker	Crockett	Holtville	Milton							
Bangor	Dixon	Hopland	Miranda							
Biggs	Downieville	Hornbrook	Moccasin							
Big Sur	Dunnigan	Huron	Mojave							
Clairsdon	Dunsmuir	Imperial	Mokelumne Hill							
Bodega Bay	Earlimart	Ione	Montague							
Boonville	Edwards	Jackson	Monte Rio							
Borrego	Elk	Jacumba	Moorpark							
Bradley	Elk Creek	Julian	Mount Shasta							
Bridgeville	Emigrant Gap	Kelseyville	Nicasio							
Burrel	Emmet	Keystone	Nice							
Butte City	Escalon	Kingsburg	Nicolaus							
Calxico	Esparto	Knights Ferry	Nipomo							
Calipatria	Feather Falls	La Honda	North San Juan							
Cambria	Fillmore	Lake Berryessa	North Yuba							
Campo	Firebaugh	Lakeport	Occidental							
Camptonville	French Gulch	Laton	Orange Cove							
Carrisa Plains	Gazelle	Lebec	Orland							
Challenge	Georgetown	Lewiston	Panoche							
	Gerber	Lincoln	Parlier							



APPENDIX A  
Page 2 of 21

RATES

(Group A - Continued)

Paskenta	Richvale	Soda Springs	Vina
Pauma Valley	Riverdale	Soledad	Walker Basin
Pepperwood	Rodeo	Stinson Beach-Bolinas	Wallace
Pescadero	Rosamond	Stonyford	Warner Springs
Pinecrest	San Andreas	Stratford	Wasco
Pine Valley	San Juan	Sutter Creek	Waterford
Piru	San Martin	Tehachapi	Weed
Pixley	Sequoia	Templeton	Weott
Pleasant Grove	Santa Margarita	Three Rivers	Wheatland
Plymouth	Shafter	Tipton	Willits
Point Arena	Shasta Lake	Tomaes	Winters
Portola	Shingle Springs	Tres Pinos	Woodlake
Potter Valley	Shoshone	Upper Lake	Yosemite
Quincy	Sierraville	Valley Ford	Yreka
Ramona	Smartsville	Valley Springs	

EACH PRIMARY STATION:

:	:	:	:	:	:	:	:	:	:
:	Individual and Party Line Service	:	Suburban Service	:	Semipub. Service	:	:	:	:
:	Rate per Month	:	Rate per Month	:	Indiv. Line	:	:	:	:
:	Business	:	Residence	:	Business Res. Line	:	:	:	:
:	Indiv. : 2-Party	:	Indiv. : 2-Party	:	4-Party	:	10-Party	:	10-Party
:	Line	:	Line	:	Line	:	Line	:	Line
:		:		:		:		:	

(Group B)

\$7.00	\$5.50	\$4.20	\$3.25	\$2.70	\$4.95	\$3.20	\$3.75
--------	--------	--------	--------	--------	--------	--------	--------

Brawley  
Chico  
Corona  
Davis  
Delano  
Dinuba  
El Centro  
Fallbrook  
Fontana  
Hanford  
Hollister  
Lemoore  
Los Banos  
Madera

Marysville  
Newhall  
Oakdale  
Oroville  
Palmdale  
Paradise  
Paso Robles  
Petaluma - Main D.A.  
Pittsburg - Gladstone D.A.  
Placerville  
Red Bluff  
Redding  
San Luis Obispo

Selma  
Simi  
Sonoma  
Sonora - Juno D.A.  
Suisun - Main D.A.  
Tracy  
Tulare  
Turlock  
Ukiah  
Vista  
Willows  
Woodland

(Group C)

\$9.55	\$7.25	\$4.70	\$3.50	\$2.95	\$5.45	\$3.45	\$5.00
--------	--------	--------	--------	--------	--------	--------	--------

Riverside  
Stockton  
Bakersfield

APPENDIX A  
Page 3 of 21

RATES

EACH PRIMARY STATION:	Individual and Party Line Service		Suburban Service		Semipub. Service			
	Rate per Month		Rate per Month		Rate per Month			
	Business	Residence	Business	Res.	Business	Res.		
	Indiv.	2-Party	Indiv.	2-Party	4-Party	10-Party	10-Party	Rate per Line
	Line	Line	Line	Line	Line	Line	Line	Month

(Within Extended Areas Outside of Metropolitan Areas)

Antioch	\$ 8.40	\$6.65	\$4.50	\$3.70	\$3.15	\$5.65	\$3.60	\$4.25
Aptos	10.45	8.20	5.20	4.10	3.50	6.60	4.00	5.25
Arcata	8.45	6.70	4.45	3.65	3.05	5.70	3.60	4.25
Arroyo Grande	6.90	5.40	4.05	3.35	2.80	4.85	3.30	3.50
Atwater	8.45	6.70	4.55	3.75	3.20	5.70	3.70	4.25
Auburn	7.00	5.50	4.10	3.40	2.85	4.95	3.35	3.50
Benicia	9.70	7.70	4.80	3.90	3.25	6.15	3.75	5.00
Ben Lomond	9.65	7.35	4.80	3.60	3.00	5.60	3.50	5.00
Blue Lake	10.20	8.45	5.25	4.00	3.30	7.00	3.80	5.25
Boulder Creek	9.65	7.35	4.80	3.60	3.00	5.60	3.50	5.00
Calistoga	7.30	5.80	4.20	3.50	2.95	5.25	3.45	3.75
Capistrano Valley	7.25	5.75	4.15	3.45*	-	5.20	3.40	3.75
Castroville	9.95	7.60	4.90	3.75	3.15	5.80	3.60	5.00
Cayucos	7.30	5.75	4.20	3.50	2.95	5.25	3.45	3.75
Caruthers	10.50	8.50	5.25	4.35	3.70	7.00	4.20	5.25
Carmel	9.75	7.60	4.85	3.85	3.25	5.60	3.75	5.00
Carmel Valley	9.75	7.60	4.90	3.85	3.25	5.60	3.75	5.00
Clovis	9.70	7.70	4.85	3.95	3.30	6.00	3.80	5.00
Colton	9.50	7.35	4.90	3.85	3.15	5.45	3.55	5.00
Crows Landing #	7.40	5.90	4.25	3.55	3.00	5.35	3.50	3.75
Del Mar	7.75	6.10	4.65	3.60	3.00	5.35	3.50	4.00
Del Rey	10.00	8.00	5.00	4.10	3.45	6.50	3.95	5.00
East Contra Costa								
Zone 1	7.45	5.95	4.30	3.60	3.05	5.40	3.55	3.75
Zone 2	7.45	5.95	4.30	3.60	3.05	5.40	3.55	3.75
Encinitas	7.75	6.10	4.65	3.60	3.00	5.35	3.50	4.00
Escondido	7.95	6.20	4.30	3.50	2.95	5.20	3.45	4.00
Eureka	8.60	6.85	4.55	3.75	3.20	5.85	3.70	4.50
Felton	9.65	7.35	4.80	3.60	3.00	5.60	3.50	5.00
Forestville	10.65	8.40	5.30	4.40	3.65	6.85	4.15	5.50
Fort Bragg	6.90	5.40	4.05	3.35	2.80	4.85	3.30	3.50
Fortuna	9.45	7.70	5.05	4.25	3.70	6.70	4.20	4.75
Fresno	9.05	7.05	4.50	3.60	2.95	5.55	3.45	4.75

# Rates prior to establishment of extended service shall be at Group A rates above.

\* Two-party message rate service also offered at \$2.85-60.

APPENDIX A  
Page 4 of 21

RATES

EACH PRIMARY STATION:	Individual and Party Line Service		Suburban Service				Semipub. Service	
	Rate per Month		Rate per Month				Indiv. Line	
	Business	Residence	Business	Res.	Business	Res.	Business	Res.
	Indiv. Line	2-Party Line	Indiv. Line	2-Party Line	4-Party Line	10-Party Line	10-Party Line	Rate per Month

(Within Extended Areas  
Outside of Metropolitan  
Areas - Continued)

Galt	\$ 8.70	\$6.95	\$4.65	\$3.85	\$3.30	\$5.95	\$3.80	\$4.50
Geyserville	7.45	5.95	4.30	3.60	3.05	5.40	3.55	3.75
Custine#	7.10	5.60	4.10	3.40	2.85	5.05	3.35	3.75
Grass Valley	6.95	5.45	4.05	3.35	2.80	4.90	3.30	3.50
Half Moon Bay	6.95	5.45	4.05	3.35	2.80	4.90	3.30	3.50
Healdsburg	10.50	8.50	5.20	4.30	3.65	7.00	4.15	5.25
Highland	9.50	7.35	4.80	3.85	3.15	5.45	3.55	4.75 ✓
Herald	7.45	5.95	4.30	3.60	3.05	5.40	3.55	3.75 ✓
Homewood	7.30	5.80	4.20	3.50	2.95	5.25	3.45	3.75 ✓
Hughson	9.75	7.45	4.85	3.60	3.00	5.60	3.50	5.00 ✓
Hydesville	11.95	10.20	6.25	5.45	4.60	9.20	5.10	6.00 ✓
Ignacio	7.35	5.85	4.25	3.55	3.00	-	-	3.75 ✓
Inverness	6.50	5.10	4.15	3.35	2.75	4.85	3.25	3.75 ✓
Jamestown	7.40	5.85	4.25	3.55	3.00	5.35	3.50	3.75 ✓
King City#	7.00	5.50	4.05	3.35	2.80	4.95	3.30	3.50 ✓
Livermore	8.15	6.40	4.40	3.60	3.05	5.40	3.55	4.25 ✓
Lockeford	8.50	6.75	4.55	3.75	3.20	5.75	3.70	4.25 ✓
Lodi	7.85	6.10	4.25	3.45	2.90	5.10	3.40	4.00 ✓
Le Grand	9.20	7.45	4.95	4.15	3.60	6.45	4.10	4.75 ✓
Loleta	10.65	8.90	5.65	4.85	4.10	7.90	4.60	5.50 ✓
Martinez	10.35	8.00	5.15	4.05	3.45	6.35	3.95	5.25 ✓
Mendocino	7.60	6.10	4.35	3.65	3.10	5.55	3.60	4.00 ✓
Merced	8.10	6.35	4.35	3.55	3.00	5.35	3.50	4.25 ✓
Modesto	9.05	7.05	4.50	3.60	2.95	5.55	3.45	4.75 ✓
Monterey	9.25	7.25	4.65	3.75	3.10	5.60	3.60	4.75 ✓
Morro Bay	6.95	5.45	4.05	3.35	2.80	4.90	3.30	3.50 ✓
Moss Beach	7.00	5.50	4.20	3.50	2.95	5.10	3.45	3.50 ✓
Napa	7.75	6.00	4.20	3.40	2.85	5.00	3.35	4.00 ✓
Nevada City	7.30	5.80	4.20	3.50	2.95	5.20	3.45	3.75 ✓
Newman#	7.25	5.75	4.20	3.50	2.95	5.20	3.45	3.75 ✓

- Service not offered.

# Rates prior to establishment of extended service shall be at Group A rates above.

APPENDIX A  
Page 5 of 21

RATES

EACE PRIMARY STATION:	Individual and Party Line Service		Suburban Service			Semipub. Service	
	Business	Residence	Business	Res.	Line	Business	Res.
	Indiv.	2-Party	Indiv.	2-Party	4-Party	10-Party	10-Party
	Line	Line	Line	Line	Line	Line	Line

(Within Extended Areas  
Outside of Metropolitan  
Areas - Continued)

North Tahoe	Rate per Month	Rate per Month	Rate per Month	Rate per Month	Rate per Month	Rate per Month	Rate per Month	Rate per Month
Brockway D.A.	\$ 7.25	\$ 5.75	\$4.20	\$3.50	\$2.95	\$5.20	\$3.45	\$3.75
Tahoe City D.A.	7.20	5.70	4.20	3.50	2.95	5.15	3.45	3.75
Oceanside	7.75	6.10	4.35	3.55	3.00	5.25	3.50	4.00
Ojai	9.75	7.60	4.85	3.75	3.10	5.60	3.60	5.00
Petaluma-Swift D.A.	9.90	7.90	4.95	4.05	3.40	6.40	3.90	5.00
Pinole	4.85-80	-	4.80	3.90	3.25	6.10	3.75	4.85
Pismo Beach	7.10	5.70	4.20	3.50	2.95	5.20	3.45	3.75
Pittsburgh-Main D.A.	8.15	6.40	4.40	3.60	3.05	5.50	3.55	4.25
Planada	8.75	7.00	4.70	3.90	3.35	6.00	3.85	4.50
Pleasanton	8.85	7.10	4.70	3.90	3.35	6.10	3.85	4.50
Point Reyes	6.50	5.10	4.10	3.35	2.75	4.85	3.25	3.25
Porterville	7.80	6.10	4.20	3.40	2.85	5.10	3.35	4.00
Poway	8.55	6.80	4.60	3.80	3.25	5.80	3.75	4.50
Rancho Santa Fe	7.00	5.60	4.40	3.60	3.00	5.10	3.50	3.50
Rialto	9.50	7.35	4.90	3.85	3.15	5.45	3.55	4.75
Rio Dell	12.45	10.70	6.55	5.70	4.85	9.70	5.35	6.25
Riverbank	9.70	7.45	4.85	3.60	3.00	5.60	3.50	5.00
Saint Helena	7.05	5.55	4.10	3.40	2.85	5.00	3.35	3.75
Salinas	9.05	7.05	4.50	3.60	2.95	5.55	3.45	4.75
San Ardo#	9.40	7.90	5.25	4.55	4.00	7.35	4.50	4.75
San Clemente	7.05	5.55	4.10	3.40*	-	5.00	3.35	3.75
San Lucas#	8.10	6.60	4.65	3.95	3.25	6.05	3.75	4.25
Santa Cruz	9.25	7.25	4.55	3.60	3.00	5.60	3.50	4.75
Santa Rosa	9.35	7.35	4.70	3.80	3.15	5.85	3.65	4.75
Saticoy	9.75	7.60	4.85	3.75	3.10	5.60	3.60	5.00
Sebastopol	9.75	7.75	4.85	3.95	3.30	6.25	3.80	5.00
Sonoma-Main D.A.	6.85	5.35	4.00	3.30	2.75	4.80	3.25	3.50
South Placer	7.50	6.00	4.30	3.60	3.05	5.45	3.55	3.75
South Tahoe	6.85	5.35	4.00	3.30	2.75	4.80	3.25	3.50

- Service not offered.

# Rates prior to establishment of extended service shall be at Group A rates above.

\* Two-party message rate service also offered at \$2.85-60. ✓

APPENDIX A  
Page 6 of 21

RATES

EACH PRIMARY STATION:	Individual and Party Line Service		Suburban Service		Semipub. Service		
	Business	Residence	Business	Res.	Line	Line	
	Indiv.	2-Party	Indiv.	2-Party	4-Party	10-Party	10-Party
	Line	Line	Line	Line	Line	Line	Line

(Within Extended Areas  
Outside of Metropolitan  
Areas - Continued)

Springville	\$ 8.70	\$ 6.95	\$4.70	\$3.90	\$3.35	\$5.95	\$3.85	\$4.50
Suisun-								
Idlewood D.A.	7.25	5.75	4.20	3.50	2.95	5.20	3.45	3.75
Sunol	9.40	7.65	5.00	4.00	3.40	6.65	3.90	4.75
Terra Bella	8.70	6.95	4.70	3.90	3.35	5.95	3.85	4.50
Thornton	8.75	7.00	4.70	3.90	3.35	6.00	3.85	4.50
Trinidad	12.25	10.50	6.45	5.45	4.60	9.50	5.10	6.25
Truckee	7.50	6.00	4.30	3.60	3.05	5.45	3.55	3.75
Vacaville	7.00	5.50	4.05	3.35	2.80	4.95	3.30	3.50
Vallejo	9.05	7.05	4.55	3.65	3.00	5.55	3.50	4.75
Ventura	9.30	7.30	4.65	3.70	3.05	5.60	3.55	4.75
Visalia	7.90	6.15	4.30	3.50	2.95	5.15	3.45	4.00
Watsonville	7.95	6.20	4.30	3.50	2.95	5.20	3.45	4.00
Windsor	10.65	8.40	5.30	4.40	3.65	6.85	4.15	5.50
Yountville	9.65	7.90	5.15	4.25	3.55	6.90	4.15	5.00

(San Francisco -  
East Bay Extended  
Area)

\$4.10-85*	\$ -	\$3.90	\$3.20	\$ -	\$ -	\$ -	\$ -	\$4.10
			2.45-60					

- |              |                    |                     |
|--------------|--------------------|---------------------|
| Belvedere    | Millbrae           | San Francisco       |
| Campbell     | Mill Valley        | San Jose            |
| Concord      | Moraga             | San Mateo           |
| Corte Madera | Mountain View      | San Rafael          |
| Danville     | Orinda             | Saratoga            |
| Dumbarton    | Pacifica           | Sausalito           |
| East Bay     | Palo Alto          | South San Francisco |
| Hayward      | Redwood City       | Sunnyvale           |
| Lafayette    | Richmond           | Walnut Creek        |
| Los Altos    | San Carlos-Belmont | Woodside            |

- Service shall not be offered.

\* No change in flat rate service where offered.

APPENDIX A  
Page 7 of 21

RATES

EACH PRIMARY STATION:	Individual and Party Line Service		Suburban Service		Semipub. Service	
	Rate per Month		Rate per Month		Rate per Month	
	Business	Residence	Business	Res.	Line	Line
	Indiv.:2-Party:Line	Indiv.:2-Party:Line	4-Party:Line	10-Party:Line	10-Party:Line	Rate per Month
(Los Angeles Extended Area)						
Los Angeles	\$4.05-85	\$ - \$3.85	\$3.15 2.35-60	\$ -	\$ -	\$ - \$4.05
Alhambra	4.05-80	-	3.85	3.15 2.35-60	-	-
Beverly Hills						
Compton						
Compton D.A.						
Culver City						
Glendale						
Arcadia	4.05-75	-	3.85	2.90 2.35-60	-	-
Burbank						
Burbank D.A.						
Compton						
Gardena D.A.						
Inglewood						
Montebello						
No. Hollywood						
Pasadena						
San Pedro						
Van Nuys						
Burbank-Sun Valley D.A.	3.80-70	-	3.60	2.90 2.35-60	-	-
Canoga Park						
Crescenta						
El Monte						
El Segundo						
Hawthorne						
Lomita						
Reseda						
Torrance						
Mount Wilson	14.80	-	7.55	-	-	-

- Service shall not be offered.

APPENDIX A  
Page 8 of 21

RATES

EACH PRIMARY STATION:	Individual and Party Line Service		Suburban Service		Semipub. Service		
	Business	Residence	Business	Res.	Line	Rate per Month	
	Indiv.	2-Party	Indiv.	2-Party	4-Party	10-Party	10-Party
	Line	Line	Line	Line	Line	Line	Line

(Orange County Extended Area)

\$ \* \$ - \$4.90 \$3.70 \$ - \$5.45 \$3.55 \$4.55  
4.55-70 3.05-60

- Anaheim
- Brea
- Buena Park
- Fullerton
- Garden Grove
- Newport Beach
- Orange
- Placentia
- Santa Ana

(San Diego Extended Area)

\* \* 4.20 3.00 - 5.45 2.95 3.90  
3.90-65 2.65-60

- Chula Vista
- Chula Vista D.A.
- Chula Vista-Dulzura D.A.
- Coronado
- El Cajon
- La Jolla
- La Mesa
- National City
- Pacific Beach
- San Diego
- San Ysidro

- Service shall not be offered.  
\* No change in flat rate service where offered.

The present special rate area differential shall be maintained in all exchanges where applicable.

CONDITIONS

Condition 2., Semipublic Service, shall be modified to delete the provisions pertaining to a "Minimum Charge."

APPENDIX A  
Page 9 of 21

RATES

Schedules Nos. 6-T and 7-T  
Message Unit Service

RATES

Number of message units shall be revised to reflect the application of the V-H system of mileage measurement.

Schedules Nos. 9-T and 10-T  
Farmer Line Service

RATES

Rate per Month	
<u>Residence Service</u>	<u>Business Service</u>

Each Station:

Exchanges where offered as listed in Group A )  
shown in Schedules Nos. 4-T and 5-T of this )  
appendix.

\$0.70      \$1.15

Exchanges where offered as listed in Group B )  
shown in Schedules Nos. 4-T and 5-T of this )  
appendix.

.90      1.55

Exchanges where offered as listed in Group C )  
shown in Schedules Nos. 4-T and 5-T of this )  
appendix

1.20      2.40

Exchange - Extended, Outside Metropolitan Areas

Arroyo Grande	.90	1.65
Atwater	1.45	2.70
Auburn	1.15	2.00
Benicia	1.55	2.85
Blue Lake	1.60	3.45
Calistoga	1.05	1.95
Carmel	1.30	2.30
Caruthers	2.00	4.00
Castroville	1.40	2.40
Clovis	1.35	2.70
Crows Landing#	1.15	2.40
Del Rey	1.75	3.50
East Contra Costa	1.35	2.45
Escondido	1.05	1.80
Eureka	1.45	2.85

# Rates prior to establishment of extended service shall be at Group A rates above.



APPENDIX A  
Page 10 of 21

## RATES

	Rate per Month	
	Residence Service	Business Service
Exchange - Extended, Outside Metropolitan Areas (Cont'd.)		
Fort Bragg	\$0.90	\$1.70
Fortuna	1.95	3.70
Fresno	1.25	2.55
Geyserville	1.20	2.30
Grass Valley	.95	1.65
Gustine#	.90	2.00
Healdsburg	1.95	3.80
Herald	1.30	2.35
Hughson	1.30	2.30
Hydesville	2.95	6.20
Inverness	.80	1.30
Jamestown	.95	1.80
King City#	.90	2.00
Le Grand	1.85	3.45
Livermore	1.25	2.40
Lockeford	1.45	2.75
Lodi	1.15	2.10
Lolita	2.40	4.90
Martinez	1.50	2.80
Mendocino	1.40	2.60
Merced	1.25	2.35
Modesto	1.25	2.25
Napa	1.10	2.00
Nevada City	.95	1.65
Newman#	.90	2.00
North Tahoe		
Brockway D.A.	1.10	2.10
Tahoe City D.A.	1.10	2.10
Pittsburg - Main D.A.	1.20	2.05
Planada	1.60	3.00
Pleasanton	1.25	3.00
Point Reyes	.80	1.30
Porterville	1.10	1.85
Riverbank	1.30	2.30
Saint Helena	1.05	1.95
Salinas	1.25	2.35
San Ardo#	1.90	4.00
San Lucas#	1.15	2.50
Sonora - Main D.A.	.95	1.80
South Placer	1.35	2.50

# Rates prior to establishment of extended service shall be at Group A rates above.

APPENDIX A  
Page 11 of 21

RATES

	Rate per Month	
	<u>Residence Service</u>	<u>Business Service</u>
Exchange - Extended, Outside Metropolitan Areas (Cont'd.)		
Springville	\$1.60	\$2.85
Terra Bella	1.60	2.85
Thornton	1.60	3.00
Truckee	1.10	2.10
Vacaville	1.10	2.00
Ventura	1.40	2.80
Visalia	1.10	2.15
Watsonville	1.20	2.15
Windsor	1.75	3.30
Exchange - Sacramento Extended Area		
Folsom	2.10	4.50
Fair Oaks	1.70	3.50
Rio Linda	1.60	3.25
Sacramento - Main D.A.	1.50	2.90
North D.A.	1.60	3.15

Unless otherwise specified, the special rate area differential shall be maintained in all exchanges where applicable.

APPENDIX A  
Page 12 of 23

RATES

Schedules Nos. 13-T and 14-T  
Private Branch Exchange Trunk Line Service

RATES

Where offered, the trunk rate for flat rate service for each trunk line shall be 150% of the individual line primary station flat rate rounded to the lower 25¢ multiple. The trunk rate for message rate service for the first two trunk lines shall be the individual line primary station message rate with no message allowance. Each additional message rate trunk line shall be 50% of the rate for the first two trunk lines rounded to the lower 25¢ multiple.

Schedule No. 26-T  
Mileage Rates

RATES

Within the suburban areas of the San Francisco-East Bay Extended Area and the Los Angeles Extended Area, mileage rates for all services shall be modified as follows:

If the suburban mileage measurement is:	The rate per month shall be the:
1 to 9 $\frac{1}{4}$ miles	Suburban Mileage Charge for $\frac{1}{4}$ mile
10 to 24 " "	" " " " $\frac{2}{4}$ "
25 to 39 " "	" " " " $\frac{3}{4}$ "
40 to 54 " "	" " " " $\frac{4}{4}$ "
55 and over " "	" " " " $\frac{5}{4}$ "

For Secretarial Line Service, the rate for each secretarial extension station line or extension of a trunk line terminated on telephone answering equipment located in the base rate area or special rate area shall be \$3.00 per month.

APPENDIX A  
Page 13 of 21

RATES

Schedule No. 28-T  
Service Connection - Move and Change Charges

Charges in this schedule shall be modified as proposed in Exhibit No. 276 in this proceeding except for the following:

SERVICE CONNECTION CHARGES

	<u>Charge</u>
<u>New and Additional Service:</u>	
<u>Residence Service</u>	
Each individual or party line primary station	\$ 8.50
Each PBX or intercommunicating system trunk	8.50
<u>Instrumentalities in Place:</u>	
<u>Residence Service</u>	
Each subscriber's exchange service and facilities one or more units	8.50
<u>Business Service</u>	
Each subscriber's exchange service (except Centrex Dormitory Service) with no change in color, type, or location of facilities involved, one or more units	15.00

APPENDIX A  
Page 14 of 21

RATES

Schedule No. 30-T  
Toll Terminal Service

RATES AND CHARGES

	Rate Per Month
	<u>Where the Termination is in a</u>
	Commercial and Hotel PBX Switchboard or Order Receiving
<u>Station</u>	<u>Equipment</u>

For each toll terminal located within the base rate area of exchange in which the service is offered - - - - -

\$ 6.00\*

\$ 10.00\*

Service in the suburban area shall be furnished at the above rates plus mileage charges for the distance between the toll terminal and the boundary of the base rate area at the appropriate individual line mileage rate as shown in Schedule No. 26-T

Service in special rate areas shall be furnished at the above rates plus an incremental charge equal to the difference in rates between an individual line in the base rate area and an individual line in the special rate area.

\* No charge where termination is in a Hotel Message Rate PBX switchboard.

For each extension station - - - - -

Rate  
Per Month

\$ 1.50

Schedule No. 32-T - Supplemental Equipment

Nonrecurring Charges for  
Providing Set in Color

Hand Telephone Sets - Standard Types and Colors, each set

\$ 5.00

APPENDIX A  
Page 15 of 21

RATES

Schedules Nos. 34-T and 35-T  
Foreign Exchange Service

RATES

Foreign Exchange Mileage Rate:

Rate per Month

Each individual line primary station or trunk:  
per mile or fraction thereof  
per one-half mile or fraction thereof  
per one-quarter mile or fraction thereof

\$ 6.40  
3.20  
1.60

Rate per month for each  
one-quarter mile or  
fraction thereof per month  
Within first Beyond first  
one-half one-half  
mile zone mile zone

Each two-party flat rate line primary station  
Each two-party message rate line primary station  
Each four-party line primary station  
Each suburban line primary station

\$ 1.10	\$1.35
.85	Not Offered
.85	1.10
.35	.60

Suburban Mileage Rate:

The Suburban Mileage Rate within the suburban areas of the San Francisco-East Bay Extended Area and the Los Angeles Extended Area shall be changed as set forth in Schedule No. 26-T of this appendix.

APPENDIX A  
Page 16 of 21

## RATES

Schedule No. 53-T  
Message Toll Telephone Service

## RATES

## Two-Point Service-California Schedule A:

Mileage	Station Service - Paid				Person Service - Paid & Collect				
	Day(Except Sunday)		Night & Sunday		Day(Except Sunday)		Night & Sunday		
Up to	First	Each	First	Each	First	Each	First	Each	
and	3	Addl.	3	Addl.	3	Addl.	3	Addl.	
Over	Incl.	Mins.	Min.	Mins.	Min.	Mins.	Min.	Mins.	Min.
0	8	\$0.10	\$0.05*	\$0.10	\$0.05*	\$0.40	\$0.05	\$0.40	\$0.05
8	12	.15	.05	.15	.05	.50	.05	.50	.05
12	16	.20	.05	.20	.05	.60	.05	.60	.05
16	20	.25	.05	.25	.05	.70	.05	.70	.05
20	25	.30	.10	.30	.10	.80	.10	.80	.10
25	30	.35	.10	.35	.10	.90	.10	.90	.10
30	35	.40	.10	.40	.10	1.00	.10	1.00	.10
35	40	.45	.15	.45	.15	1.10	.15	1.10	.15
40	50	.50	.15	.50	.15	1.20	.15	1.20	.15
50	70	.55	.15	.50	.15	1.30	.15	1.25	.15
70	90	.60	.20	.55	.15	1.40	.20	1.35	.15
90	110	.65	.20	.60	.20	1.45	.20	1.40	.20
110	130	.70	.20	.65	.20	1.55	.20	1.50	.20
130	150	.75	.25	.65	.20	1.60	.25	1.50	.20
150	175	.80	.25	.65	.20	1.70	.25	1.55	.20
175	200	.85	.25	.65	.20	1.75	.25	1.55	.20
200	225	.90	.30	.70	.20	1.85	.30	1.65	.20
225	250	.95	.30	.70	.20	1.90	.30	1.65	.20
250	275	1.00	.30	.70	.20	1.95	.30	1.65	.20
275	300	1.05	.35	.75	.25	2.05	.35	1.75	.25
300	330	1.10	.35	.75	.25	2.10	.35	1.75	.25
330	360	1.15	.35	.75	.25	2.15	.35	1.75	.25
360	395	1.20	.40	.80	.25	2.25	.40	1.85	.25
395	430	1.25	.40	.80	.25	2.30	.40	1.85	.25
430	510	1.30	.40	.80	.25	2.35	.40	1.85	.25
510	590	1.35	.45	.85	.25	2.45	.45	1.95	.25
590	685	1.40	.45	.85	.25	2.50	.45	1.95	.25
685	795	1.45	.45	.85	.25	2.55	.45	1.95	.25
795	905	1.50	.50	.85	.25	2.60	.50	1.95	.25

\* \$0.05 for each additional two minutes.

APPENDIX A  
Page 17 of 21

RATES

METHOD OF APPLYING RATES

1. Measurement of Mileage

For purposes of applying rates, the message toll V-H system of measurements shall be applied to the coordinates of the respective rate centers to determine the distance between rate centers. The coordinates of rate centers shall be those set forth in Schedules Nos. 89-T, 90-T and 92-T, Toll Rate Guide.

2. Day and Night Rates

- (a) Day rates shall apply from 6:00 a.m. to, but not including, 6:00 p.m. on all days except Sunday and holidays.
- (b) Night, Sunday and holiday rates shall apply from 6:00 p.m. to, but not including, 6:00 a.m. daily and all day on Sunday and holidays.
- (c) Applicable holidays shall be: New Year's Day, Washington's Birthday, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

3. Collection of Charges

- (a) Charges (including messenger charges) for all classes of telephone calls shall be billed against or collected from the calling telephone number. However, upon request, toll charges on calls between points in California may be:
  - (1) Billed against or collected from the called telephone number (i.e., charges may be reversed) if the charges are accepted at the called station.
  - (2) Billed against or collected from a third telephone number or account, except a coin telephone number, anywhere in the United States or Canada where such billing is accepted at the third telephone.
  - (3) Billed against a Bell System or other telephone company credit card account when the party requesting such billing is authorized to use such credit card.
- (b) Station collect, and third-number calls shall be subject to a fixed charge in addition to the station paid rate as follows:

Where the initial period station-paid rate is:	The additional charge for each collect, or third number call shall be:
\$0.10	\$0.20
.15	.15
.20 or over	.10



APPENDIX A  
Page 18 of 21

RATES

Schedules Nos. 55-T and 58-T  
Interexchange Mileage and Rate Guide and Post Route Map

These schedules shall be cancelled.

Schedule No. 82-T  
Central Office Districts in Which Toll Offices are Located

This schedule shall be cancelled.

Schedules Nos. 89-T, 90-T and 92-T  
Toll Rate Guide

These schedules shall be revised, where applicable, to provide for determining the air-line distance between rate centers by applying the V-H system of mileage measurement. The rate center locations shall be revised to indicate the Vertical and Horizontal coordinates of each rate center.

Schedule No. 96-T  
Location of Rate Centers

This schedule shall be cancelled.

Schedule No. 123-T  
List of Rate Centers for V-H Mileage Measurement

APPLICABILITY

The list of schedules shall be revised to include all schedules where the V-H system is used for private line mileage measurement.

Schedule No. 12-T  
Private Branch Exchange Service

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 22-T  
Key Equipment Service

Schedule shall be modified as proposed in Exhibit No. 277 except:

Separately Mounted 12-Button Key Strips:

Each station arranged for pickup, holding, cutoff, lamp indicating, and local signaling, including a lamp per line and a common audible signal

	<u>Installation Charge</u>	<u>Rate per Month</u>
--	----------------------------	-----------------------

.....	\$50.00	\$5.00
-------	---------	--------

APPENDIX A  
Page 19 of 21

RATES

Schedule No. 32-T  
Supplemental Equipment

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 50-T  
Private Line Services and Channels - Supplemental Equipment

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 83-T  
Special Assemblies of Equipment

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 100-T  
Telephone Answering Service

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 112-T  
Mechanized Switching System Service

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 117-T  
Airport Intercommunicating Service

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 118-T  
Private Line Services and Channels - Key Equipment Systems for Air Defense Communications

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 119-T  
"Data-Phone Service"

Schedule shall be modified as proposed in Exhibit No. 277.

Schedule No. 121-T  
Centrex Service

Schedule shall be modified as proposed in Exhibit No. 277.

APPENDIX A  
Page 20 of 21

## RATES

Schedule No. 46-T  
Private Line Teletypewriter and Morse Services

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedules Nos. 47-T, 48-T, and 49-T  
Channels for Program Transmission, etc.

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 87-T  
Speaker - Microphone Service

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 102-T  
Channels for Video Transmission

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 104-T  
Channels for Remote Metering, etc.

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 107-T  
Bell and Lights System Attack Warning Service

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

APPENDIX A  
Page 21 of 21

RATES

Schedule No. 110-T  
Channels for Telephotograph Transmission

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 115-T  
Channels for Data Transmission

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

Schedule No. 126-T  
Channels for Television Transmission in Connection with Educational Television Systems

Schedule shall be modified to state that the V-H system of measurements shall be applied to determine the interexchange and interdistrict area channel mileages. The coordinates shall be those set forth in Schedule No. 123-T, List of Rate Centers for V-H Mileage Measurements.

APPENDIX B  
Page 1 of 2

LIST OF APPEARANCES

FOR THE COMMISSION STAFF: William R. Roche, J. Thomason Phelps, Mary Moran Pajalich, Parke L. Boneystele, Walter J. Cavagnaro, and John J. Gibbons.

FOR RESPONDENT: Pillsbury, Madison & Sutro, by Arthur T. George, Francis N. Marshall, G. H. Eckhardt, Jr.

INTERESTED PARTIES: Robert C. Abrams, for Western California Telephone Company; W. Allan Baker, Louis B. Knecht, R. W. Hackler, E. J. Cruice, R. W. Ribers, by W. Allan Baker, for Communications Workers of America, AFL-CIO; Ellis L. Bovaird, for himself; Philip G. Brierly, for himself and other PT&T Company pensioners; Julius Cohen, for himself; Robert G. Coleman, for San Mateo County Chapter, National Electric Contractors Association, Inc. and himself; Joseph E. Coomes, Jr.; James P. Jackson, for the City of Sacramento; Belli, Ashe & Gerry, by Seymour L. Ellison, for Anti-Digit Dialing League; Bacigalupi, Elkus & Salinger, by William G. Fleckles, for Citizens Utilities Company of California; Neal C. Hasbrook, for California Independent Telephone Association; Clarence W. Hull, Thomas J. O'Reilly, Richard Gabel, Max M. Misener, for General Services Administration, U. S. Government; E. A. Hosmer, for E. A. Hosmer & Company and The Independent Telephone Company; William L. Knecht and Ralph Hubbard, for California Farm Bureau Federation; Vincent V. MacKenzie, for Consumer Counsel, State of California; Lawrence A. Merryman, for Teleonomy; Nelson H. Meyer, James H. Krieger, John H. Barrows, for California Interstate Telephone Company; Charles C. Miller, for the San Francisco Chamber of Commerce; Peter A. Nenzel, Bacigalupi, Elkus & Salinger, by Claude N. Rosenberg, and William G. Fleckles, for California Water and Telephone Company; Thomas M. O'Connor, Orville I. Wright and Robert R. Laughead, for the City and County of San Francisco; James P. O'Drain, for the City of Richmond; Orrick, Dahlquist, Herrington & Sutcliffe, by Warren A. Palmer, for California Independent Telephone Association, California-Pacific Utilities Company, Western California Telephone Company, Central California Telephone Company, Kern Mutual Telephone Company, Colorado River Telephone Company, Western Telephone Company and Gilroy Telephone Company; Vaughan, Paul & Lyons, by Varnum Paul and John G. Lyons, and Walter S. Baker and John M. Scorce, for Western Union Telegraph Company; Stanley Sackin, for TASC; Minor J. Schmid, for Wade H. Poole and Michael S. Montalbano; Lester W. Spillane, for Industrial Communication Systems, Inc. and Walter F. Corbin, dba United Radio Communication, Delta Mobile Radio Service; W. A. Taylor, for himself; Frank E. White, for AFL-CIO Community Services; Roger Arnebergh, Robert W. Russell, Manuel Kroman, Arthur Karma, Charles W. Sullivan, for the City of Los Angeles; Edward L. Blincoe, for himself and Utility Users' League of California; Robert C. Crabb and Kay Kelso Kidd, for Radio Public Utilities; The Reverend Waldo L. Ellickson, for Montebello-East Los Angeles Ministerial Association; Albert L. Engi, for Local No. 428 International Brotherhood of Electrical Workers; Hill Farrer & Burrill, by C. M. Gould, for National Electrical Contractors Association, Los Angeles Chapter; James K. Higgins and Arron W. Reese, for San Diego County Chapter, National Electrical Contractors Association; Henry E. Jordan, for the City of Long Beach; Maurice E. Kennedy, for Los Angeles County;

APPENDIX B  
Page 2 of 2

LIST OF APPEARANCES

Stanley M. Lanham, Edwin L. Miller, Herbert C. Cavanagh, for the City of San Diego; Lew Lauria, Stanley O. Sackin, Soloman Fuchs, Avery H. Simon, for Telephone Answering Services of California, Inc.; Allan R. Stacey, for Sunland-Tujunga Telephone Company; Albert M. Hart and H. Ralph Snyder, Jr., for General Telephone Company of California; Harold H. Heidrick, for Wilsey, Ham & Blair; William W. Carstens, William L. Todd, Jr., for the City of National City; Melvin Handberg, for himself; Richard E. Saladana, for himself, and Newcastle Community Club; Lewis Nelson, for Santa Cruz County Board of Supervisors; Milton Goldinger, for Solano County; E. Warren McGuire, for County of Marin; Floyd R. Mitzner, for County of Sacramento; Tom C. Carrell, for himself, and State Assembly.

APPENDIX C  
Page 1 of 4

COMPARISON OF RATE PROPOSALS  
LOS ANGELES EXTENDED AREA  
1-Party Flat Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates				
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed	L.A. Proposed Staff Accepted
	\$	\$	\$	\$	\$
Los Angeles	4.55	4.10	4.55	3.70	3.80
Alhambra	4.55	4.10	4.55	3.95	3.80
Beverly Hills	4.55	4.10	4.55	3.95	3.80
Compton-					
Compton D.A.	4.55	4.10	4.55	3.95	3.80
Culver City	4.55	4.10	4.55	3.95	3.80
Glendale	4.55	4.10	4.55	3.95	3.80
Arcadia	4.30	3.85	4.30	3.95	3.80
Burbank-					
Burbank D.A.	4.30	3.85	4.30	3.95	3.80
Compton-					
Gardena D.A.	4.30	3.85	4.30	3.95	3.80
Inglewood	4.30	3.85	4.30	3.95	3.80
Montebello	4.30	3.85	4.30	3.95	3.80
North Hollywood	4.30	3.85	4.30	3.95	3.80
Pasadena	4.30	3.85	4.30	3.95	3.80
San Pedro	4.30	3.85	4.30	3.95	3.80
Van Nuys	4.30	3.85	4.30	3.95	3.80
Burbank-Sun					
Valley D.A.	4.05	3.60	4.05	3.95	3.80
Canoga Park	4.05	3.60	4.05	3.95	3.80
Crescenta	4.05	3.60	4.05	3.95	3.80
El Monte	4.05	3.60	4.05	3.95	3.80
El Segundo	4.05	3.60	4.05	3.95	3.80
Hawthorne	4.05	3.60	4.05	3.95	3.80
Lomita	4.05	3.60	4.05	3.95	3.80
Reseda	4.05	3.60	4.05	3.95	3.80
Torrance	4.05	3.60	4.05	3.95	3.80
Mount Wilson	8.00	7.55	8.00	8.00	8.00

APPENDIX C  
Page 2 of 4

COMPARISON OF RATE PROPOSALS  
LOS ANGELES EXTENDED AREA  
2-Party Flat Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates				
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed	L.A. Proposed Staff Accepted
	\$	\$	\$	\$	\$
Los Angeles	3.50	3.15	3.50	3.10	3.05
Alhambra	3.50	3.15	3.50	3.30	3.05
Beverly Hills	3.50	3.15	3.50	3.30	3.05
Compton- Compton D.A.	3.50	3.15	3.50	3.30	3.05
Culver City	3.50	3.15	3.50	3.30	3.05
Glendale	3.50	3.15	3.50	3.30	3.05
Arcadia	3.25	2.90	3.25	3.30	3.05
Burbank- Burbank D.A.	3.25	2.90	3.25	3.30	3.05
Compton- Gardena D.A.	3.25	2.90	3.25	3.30	3.05
Inglewood	3.25	2.90	3.25	3.30	3.05
Montebello	3.25	2.90	3.25	3.30	3.05
North Hollywood	3.25	2.90	3.25	3.30	3.05
Pasadena	3.25	2.90	3.25	3.30	3.05
San Pedro	3.25	2.90	3.25	3.30	3.05
Van Nuys	3.25	2.90	3.25	3.30	3.05
Burbank-Sun Valley D.A.	3.25	2.90	3.25	3.30	3.05
Canoga Park	3.25	2.90	3.25	3.30	3.05
Crescenta	3.25	2.90	3.25	3.30	3.05
El Monte	3.25	2.90	3.25	3.30	3.05
El Segundo	3.25	2.90	3.25	3.30	3.05
Hawthorne	3.25	2.90	3.25	3.30	3.05
Lomita	3.25	2.90	3.25	3.30	3.05
Reseda	3.25	2.90	3.25	3.30	3.05
Torrance	3.25	2.90	3.25	3.30	3.05
Mount Wilson	-	-	-	-	-



APPENDIX C  
Page 3 of 4COMPARISON OF RATE PROPOSALS  
LOS ANGELES EXTENDED AREA  
2-Party Message Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates				
	Pre- Interim	Present Interim	Pacific Proposed	Stair Proposed	L.A. Proposed Staff Accepted
	\$	\$	\$	\$	\$
Los Angeles	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Alhambra	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Beverly Hills	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Compton-					
Compton D.A.	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Culver City	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Glendale	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Arcadia	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Burbank-					
Burbank D.A.	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Compton-					
Gardena D.A.	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Inglewood	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Montebello	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
North Hollywood	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Pasadena	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
San Pedro	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Van Nuys	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Burbank-Sun					
Valley D.A.	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Canoga Park	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Crescenta	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
El Monte	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
El Segundo	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Hawthorne	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Lomita	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Reseda	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Torrance	2.70(60)	2.35(60)	2.70(60)	2.50(60)	2.50(60)
Mount Wilson	-	-	-	-	-

APPENDIX C  
Page 4 of 4COMPARISON OF RATE PROPOSALS  
LOS ANGELES EXTENDED AREA  
1-Party Message Rate Business Service

Exchange or District Area (D.A.)	Monthly Rates				
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed	L.A. Proposed Staff Accepted
	\$	\$	\$	\$	\$
Los Angeles	5.25(85)	4.55(85)	5.25(85)	4.20(85)	4.30(85)
Alhambra	5.00(80)	4.30(80)	5.00(80)	4.50(85)	4.30(85)
Beverly Hills	5.00(80)	4.30(80)	5.00(80)	4.50(85)	4.30(85)
Compton-					
Compton D.A.	5.00(80)	4.30(80)	5.00(80)	4.50(85)	4.30(85)
Culver City	5.00(80)	4.30(80)	5.00(80)	4.50(85)	4.30(85)
Glendale	5.00(80)	4.30(80)	5.00(80)	4.50(85)	4.30(85)
Arcadia	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Burbank-					
Burbank D.A.	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Compton-					
Gardena D.A.	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Inglewood	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Montebello	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
North Hollywood	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Pasadena	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
San Pedro	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Van Nuys	4.75(75)	4.05(75)	4.75(75)	4.50(85)	4.30(85)
Burbank-Sun					
Valley D.A.	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Canoga Park	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Crescenta	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
El Monte	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
El Segundo	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Hawthorne	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Lomita	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Reseda	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Torrance	4.50(70)	3.80(70)	4.50(70)	4.50(85)	4.30(85)
Mount Wilson	-	-	-	-	-

APPENDIX D  
Page 1 of 5

COMPARISON OF RATE PROPOSALS  
SAN FRANCISCO - EAST BAY EXTENDED AREA  
1-Party Flat Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates			
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed
	\$	\$	\$	\$
East Bay	5.05	4.60	4.55	3.80
San Francisco	5.05	4.60	4.55	3.80
Orinda	5.05	4.60	4.55	4.05
Moraga	5.05	4.60	4.55	4.05
Hayward	5.05	4.60	4.55	4.05
Richmond	5.05	4.60	4.55	4.05
Pacifica	5.05	4.60	4.55	4.05
South San Francisco	5.05	4.60	4.55	4.05
Campbell	5.05	4.60	4.55	4.05
San Jose	5.05	4.60	4.55	4.05
Saratoga	5.05	4.60	4.55	4.05
Sunnyvale	5.05	4.60	4.55	4.05
Danville-Valley D.A.	5.00	4.55	4.50	4.05
Concord	4.90	4.45	4.40	4.05
Walnut Creek	4.90	4.45	4.40	4.05
Los Altos	4.80	4.35	4.30	4.05
Millbrae	4.80	4.35	4.30	4.05
Mountain View	4.80	4.35	4.30	4.05
Palo Alto	4.80	4.35	4.30	4.05
Redwood City	4.80	4.35	4.30	4.05
San Carlos-Belmont	4.80	4.35	4.30	4.05
San Mateo	4.80	4.35	4.30	4.05
Woodside	4.80	4.35	4.30	4.05
Corte Madera	4.80	4.35	4.30	4.05
Dumbarton-Greenleaf D.A.	4.80	4.35	4.30	4.05
Mill Valley	4.80	4.35	4.30	4.05
San Rafael	4.80	4.35	4.30	4.05
Belvedere	4.55	4.10	4.05	4.05
Danville-Main D.A.	4.55	4.10	4.05	4.05
Lafayette	4.55	4.10	4.05	4.05
Sausalito	4.55	4.10	4.05	4.05

APPENDIX D  
Page 2 of 5

COMPARISON OF RATE PROPOSALS  
SAN FRANCISCO - EAST BAY EXTENDED AREA  
2-Party Flat Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates			
	<u>Pre- Interim</u>	<u>Present Interim</u>	<u>Pacific Proposed</u>	<u>Staff Proposed</u>
	\$	\$	\$	\$
East Bay	3.90	3.55	3.50	3.15
San Francisco	3.90	3.55	3.50	3.15
Orinda	3.90	3.55	3.50	3.35
Moraga	3.90	3.55	3.50	3.35
Hayward	3.90	3.55	3.50	3.35
Richmond	3.90	3.55	3.50	3.35
Pacifica	3.90	3.55	3.50	3.35
South San Francisco	3.90	3.55	3.50	3.35
Campbell	3.90	3.55	3.50	3.35
San Jose	3.90	3.55	3.50	3.35
Saratoga	3.90	3.55	3.50	3.35
Sunnyvale	3.90	3.55	3.50	3.35
Danville-Valley D.A.	4.00	3.65	3.50	3.35
Concord	3.80	3.45	3.30	3.35
Walnut Creek	3.80	3.45	3.30	3.35
Los Altos	3.75	3.40	3.25	3.35
Millbrae	3.75	3.40	3.25	3.35
Mountain View	3.75	3.40	3.25	3.35
Palo Alto	3.75	3.40	3.25	3.35
Redwood City	3.75	3.40	3.25	3.35
San Carlos-Belmont	3.75	3.40	3.25	3.35
San Mateo	3.75	3.40	3.25	3.35
Woodside	3.75	3.40	3.25	3.35
Corte Madera	3.75	3.40	3.25	3.35
Dumbarton-Greenleaf D.A.	3.75	3.40	3.25	3.35
Mill Valley	3.75	3.40	3.25	3.35
San Rafael	3.75	3.40	3.25	3.35
Belvedere	3.75	3.40	3.25	3.35
Danville-Main D.A.	3.75	3.40	3.25	3.35
Lafayette	3.75	3.40	3.25	3.35
Sausalito	3.75	3.40	3.25	3.35

APPENDIX D  
Page 3 of 5

COMPARISON OF RATE PROPOSALS  
SAN FRANCISCO - EAST BAY EXTENDED AREA  
2-Party Message Rate Residence Service

Exchange or District Area (D.A.)	Monthly Rates			
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed
	\$	\$	\$	\$
East Bay	3.00(60)	2.65(60)	2.70(60)	2.55(60)
San Francisco	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Orinda	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Moraga	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Hayward	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Richmond	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Pacifica	3.00(60)	2.65(60)	2.70(60)	2.55(60)
South San Francisco	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Campbell	3.00(60)	2.65(60)	2.70(60)	2.55(60)
San Jose	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Saratoga	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Sunnyvale	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Danville-Valley D.A.	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Concord	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Walnut Creek	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Los Altos	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Millbrae	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Mountain View	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Palo Alto	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Redwood City	3.00(60)	2.65(60)	2.70(60)	2.55(60)
San Carlos-Belmont	3.00(60)	2.65(60)	2.70(60)	2.55(60)
San Mateo	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Woodside	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Corte Madera	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Dumbarton-Greenleaf D.A.	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Mill Valley	3.00(60)	2.65(60)	2.70(60)	2.55(60)
San Rafael	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Belvedere	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Danville-Main D.A.	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Lafayette	3.00(60)	2.65(60)	2.70(60)	2.55(60)
Sausalito	3.00(60)	2.65(60)	2.70(60)	2.55(60)

APPENDIX D  
Page 4 of 5

COMPARISON OF RATE PROPOSALS  
SAN FRANCISCO - EAST BAY EXTENDED AREA  
1-Party Flat Rate Business Service

Exchange or District Area (D.A.)	Monthly Rates			
	Pre- Interim	Present Interim	Pacific Proposed	Staff Proposed
	\$	\$	\$	\$
East Bay	-	-	-	-
San Francisco	-	-	-	-
Orinda	-	-	-	-
Moraga	-	-	-	-
Hayward	-	-	-	-
Richmond	-	-	-	-
Pacifica	-	-	-	-
South San Francisco	-	-	-	-
Campbell	13.00	12.30	13.00	12.25
San Jose	13.00	12.30	13.00	12.25
Saratoga	13.00	12.30	13.00	12.25
Sunnyvale	13.00	12.30	13.00	12.25
Danville-Valley D.A.	10.75	10.05	10.75	12.25
Concord	10.50	9.80	10.50	12.25
Walnut Creek	10.50	9.80	10.50	12.25
Los Altos	11.75	11.05	11.75	12.25
Millbrae	11.75	11.05	11.75	12.25
Mountain View	11.75	11.05	11.75	12.25
Palo Alto	11.75	11.05	11.75	12.25
Redwood City	11.75	11.05	11.75	12.25
San Carlos-Belmont	11.75	11.05	11.75	12.25
San Mateo	11.75	11.05	11.75	12.25
Woodside	11.75	11.05	11.75	12.25
Corte Madera	10.25	9.55	10.25	12.25
Dumbarton-Greenleaf D.A.	10.25	9.55	10.25	12.25
Mill Valley	10.25	9.55	10.25	12.25
San Rafael	10.25	9.55	10.25	12.25
Belvedere	9.25	8.55	9.25	12.25
Darville-Main D.A.	9.25	8.55	9.25	12.25
Lafayette	9.25	8.55	9.25	12.25
Sausalito	9.25	8.55	9.25	12.25

APPENDIX D  
Page 5 of 5

COMPARISON OF RATE PROPOSALS  
SAN FRANCISCO - EAST BAY EXTENDED AREA  
1-Party Message Rate Business Service

Exchange or District Area (D.A.)	Monthly Rates			
	<u>Pre- Interim</u>	<u>Present Interim</u>	<u>Pacific Proposed</u>	<u>Staff Proposed</u>
	\$	\$	\$	\$
East Bay	5.50(85)	4.80(85)	5.25(85)	4.40(85)
San Francisco	5.50(85)	4.80(85)	5.25(85)	4.40(85)
Orinda	5.50(85)	4.80(85)	5.25(85)	4.75(85)
Moraga	5.50(85)	4.80(85)	5.25(85)	4.75(85)
Hayward	5.25(85)	4.55(80)	5.00(85)	4.75(85)
Richmond	5.25(85)	4.55(80)	5.00(85)	4.75(85)
Pacifica	5.25(85)	4.55(80)	5.00(85)	4.75(85)
South San Francisco	5.25(85)	4.55(80)	5.00(85)	4.75(85)
Campbell	5.25(85)	4.55(80)	5.25(85)	4.75(85)
San Jose	5.25(85)	4.55(80)	5.25(85)	4.75(85)
Saratoga	5.25(85)	4.55(80)	5.25(85)	4.75(85)
Sunnyvale	5.25(85)	4.55(80)	5.25(85)	4.75(85)
Danville-Valley D.A.	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Concord	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Walnut Creek	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Los Altos	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Millbrae	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Mountain View	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Palo Alto	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Redwood City	5.00(75)	4.30(75)	5.00(85)	4.75(85)
San Carlos-Belmont	5.00(75)	4.30(75)	5.00(85)	4.75(85)
San Mateo	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Woodside	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Corte Madera	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Dumbarton-Greenleaf D.A.	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Mill Valley	5.00(75)	4.30(75)	5.00(85)	4.75(85)
San Rafael	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Belvedere	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Danville-Main D.A.	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Lafayette	5.00(75)	4.30(75)	5.00(85)	4.75(85)
Sausalito	5.00(75)	4.30(75)	5.00(85)	4.75(85)

APPENDIX E  
Page 1 of 8

Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Two Ind.: Flat:	Four Party: Flat:	Sub- ur- ban	Two Ind.: Flat:	Sub- ur- ban	Two Ind.: Flat:	Sub- ur- ban	Two Ind.: Flat:	Sub- ur- ban
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Arroyo Grande E.A.</u>										
Arroyo Grande	Adopted	4.05	3.35	2.80	3.30	6.90	-	5.40	4.85	
	Interim	4.00	3.25	2.70	3.20	6.40	-	5.10	4.80	
Pismo Beach	Adopted	4.20	3.50	2.95	3.45	7.10	-	5.70	5.20	✓
	Interim	4.00	3.25	2.70	3.20	6.40	-	5.10	4.80	
<u>Auburn E.A.</u>										
Effective 9-65										
Auburn	Adopted	4.10	3.40	2.85	3.35	7.00	-	5.50	4.95	✓
	Interim	4.65	3.55	2.90	3.40	8.05	-	6.20	5.55	✓
South Placer	Adopted	4.30	3.60	3.05	3.55	7.50	-	6.00	5.45	
	Interim	5.15	4.05	3.40	3.90	9.05	-	7.20	6.55	
<u>Benicia-Vallejo</u>										
Benicia	Adopted	4.80	3.90	3.25	3.75	9.70	-	7.70	6.15	✓
	Interim	4.75	3.55	3.00	3.50	9.60	-	7.30	5.75	
Vallejo	Adopted	4.55	3.65	3.00	3.50	9.05	-	7.05	5.55	✓
	Interim	4.50	3.30	2.75	3.25	9.10	-	6.80	5.25	✓
<u>E. Contra Costa E.A.</u>										
Antioch	Adopted	4.50	3.70	3.15	3.60	8.40	-	6.65	5.65	✓
	Interim	4.40	3.40	2.85	3.30	8.60	-	6.55	5.25	
East Contra Costa, Zone 1	Adopted	4.30	3.60	3.05	3.55	7.45	-	5.95	5.40	
	Interim	4.80	3.80	3.25	3.70	9.60	-	7.55	6.25	
East Contra Costa, Zone 2	Adopted	4.30	3.60	3.05	3.55	7.45	-	5.95	5.40	
	Interim	5.05	4.05	3.50	3.95	10.10	-	8.05	6.75	
Pittsburgh-Main D.A.	Adopted	4.40	3.60	3.05	3.55	8.15	-	6.40	5.50	✓
	Interim	4.35	3.35	2.80	3.25	8.55	-	5.50	5.20	
<u>Eureka E.A.</u>										
Arcata	Adopted	4.45	3.65	3.05	3.60	8.45	-	6.70	5.70	
	Interim	4.80	3.65	3.00	3.50	10.60	-	8.20	6.60	
Blue Lake	Adopted	5.25	4.00	3.30	3.80	10.20	-	8.45	7.00	✓
	Interim	4.80	3.65	3.00	3.50	10.60	-	8.20	6.60	
Eureka	Adopted	4.55	3.75	3.20	3.70	8.60	-	6.85	5.85	✓
	Interim	4.80	3.65	3.00	3.50	10.60	-	8.20	6.60	✓
Fortuna	Adopted	5.05	4.25	3.70	4.20	9.45	-	7.70	6.70	
	Interim	6.20	4.85	4.05	4.55	13.10	-	10.55	9.00	
Hydesville	Adopted	6.25	5.45	4.60	5.10	11.95	-	10.20	9.20	✓
	Interim	6.45	5.10	4.30	4.80	13.60	-	11.05	9.50	



APPENDIX E  
Page 2 of 8

Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Ind. Flat	Party Flat	Party Flat	Sub- ban	Ind. Flat	Ind. Msg	Party Flat	Sub- ban	
		\$	\$	\$	\$	\$	\$	\$	\$	
<u>Eureka E.A.--Contd</u>										
Loleta	Adopted	5.65	4.85	4.10	4.60	10.65	-	8.90	7.90	
	Interim	5.95	4.60	3.80	4.30	12.60	-	10.05	8.50	
Rio Dell	Adopted	6.55	5.70	4.85	5.35	12.45	-	10.70	9.70	
	Interim	6.70	5.35	4.55	5.05	14.10	-	11.55	10.00	
Trinidad	Adopted	6.45	5.45	4.60	5.10	12.25	-	10.50	9.50	
	Interim	6.45	5.10	4.30	4.80	13.60	-	11.05	9.50	
<u>Fort Bragg E.A.</u> Effective 6-65										
Fort Bragg	Adopted	4.05	3.35	2.80	3.30	6.90	-	5.40	4.85	
	Interim	4.10	3.25	2.70	3.20	6.55	-	5.15	4.85	
Mendocino	Adopted	4.35	3.65	3.10	3.60	7.60	-	6.10	5.55	
	Interim	4.60	3.75	3.20	3.70	7.55	-	6.15	5.85	
<u>Fresno E.A.</u>										
Caruthers	Adopted	5.25	4.35	3.70	4.20	10.50	-	8.50	7.00	
	Interim	5.60	4.35	3.75	4.25	11.35	-	9.00	7.10	
Clovis	Adopted	4.85	3.95	3.30	3.80	9.70	-	7.70	6.00	
	Interim	4.85	3.60	3.00	3.50	9.85	-	7.50	5.60	
Del Rey	Adopted	5.00	4.10	3.45	3.95	10.00	-	8.00	6.50	
	Interim	5.35	4.10	3.50	4.00	10.85	-	8.50	6.60	
Fresno	Adopted	4.50	3.60	2.95	3.45	9.05	-	7.05	5.55	
	Interim	4.85	3.60	3.00	3.50	9.85	-	7.50	5.50	
<u>Grass Valley E.A.</u>										
Grass Valley	Adopted	4.05	3.35	2.80	3.30	6.95	-	5.45	4.95	
	Interim	4.05	3.30	2.75	3.25	6.70	-	5.20	4.80	
Nevada City	Adopted	4.20	3.50	2.95	3.45	7.30	-	5.80	5.20	
	Interim	4.05	3.30	2.75	3.25	6.70	-	5.20	4.80	
<u>Gustine-Newman E. A. (Authorized but not introduced)</u>										
CrowsLanding E.A.	Adopted	4.25	3.55	3.00	3.50	7.40	-	5.90	5.35	
Non-E.A.	Interim	3.70	3.00	2.45	2.95	5.80	-	4.50	4.45	
Gustine E.A.	Adopted	4.10	3.40	2.85	3.35	7.10	-	5.60	5.05	
Non-E.A.	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	
Newman E.A.	Adopted	4.20	3.50	2.95	3.45	7.25	-	5.75	5.20	
Non-E.A.	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	

APPENDIX E  
Page 3 of 8Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Two Flat	Four Party	Sub- Party	ur- ban	Ind. Flat	Ind. Msg.	Two Party	Sub- ur- ban	
		\$	\$	\$	\$	\$	\$	\$	\$	
<u>Half Moon Bay E.A.</u>										
Half Moon Bay	Adopted	4.05	3.35	2.80	3.30	6.95	-	5.45	4.90	
	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	
<u>Moss Beach</u>										
	Adopted	4.20	3.50	2.95	3.45	7.00	-	5.60	5.10	✓
	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	
<u>Ignacio E.A.</u>										
Ignacio (Ext. Serv. to Novato)	Adopted	4.25	3.55	3.00	-	7.35	-	5.85	-	
	Interim	4.20	3.50	2.95	-	6.80	-	5.50	-	
<u>Inverness E.A.</u>										
Inverness	Adopted	4.15	3.35	2.75	3.25	6.50	-	5.10	4.85	✓
	Interim	3.70	3.00	2.45	2.95	5.80	-	4.50	4.45	
<u>Point Reyes</u>										
	Adopted	4.10	3.35	2.75	3.25	6.50	-	5.10	4.85	✓
	Interim	3.70	3.00	2.45	2.95	5.80	-	4.50	4.45	
<u>King City E.A. (Authorized but not introduced)</u>										
King City E.A.	Adopted	4.05	3.35	2.80	3.30	7.00	-	5.50	4.95	
Non-E.A.	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	
San Ardo E.A.	Adopted	5.25	4.55	4.00	4.50	9.40	-	7.90	7.35	
Non-E.A.	Interim	3.70	3.00	2.45	2.95	5.80	-	4.50	4.45	
San Lucas E.A.	Adopted	4.65	3.95	3.25	3.75	8.10	-	6.60	6.05	✓
Non-E.A.	Interim	3.70	3.00	2.45	2.95	5.80	-	4.50	4.45	
<u>Lodi E.A.</u>										
Effective 12-12-65										
Galt	Adopted	4.65	3.85	3.30	3.80	8.70	-	6.95	5.95	
	Interim	5.00	3.90	3.25	3.75	10.15	-	7.80	6.45	
Herald	Adopted	4.30	3.60	3.05	3.55	7.45	-	5.95	5.40	
	Interim	4.50	3.65	3.00	3.50	7.40	-	5.80	5.45	
Lockeford	Adopted	4.55	3.75	3.20	3.70	8.50	-	6.75	5.75	
	Interim	4.75	3.65	3.00	3.50	9.65	-	7.30	5.95	
Lodi	Adopted	4.25	3.45	2.90	3.40	7.85	-	6.10	5.10	
	Interim	4.50	3.40	2.75	3.25	9.15	-	6.80	5.45	
Thornton	Adopted	4.70	3.90	3.35	3.85	8.75	-	7.00	6.00	
	Interim	5.00	3.90	3.25	3.75	10.15	-	7.80	6.45	

APPENDIX E  
Page 4 of 8

Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates							
		Residence Service				Business Service			
		Two Ind.: Flat	Four Party: Flat	Sub- Party: Flat	ur- ban	Two Ind.: Flat	Sub- Party: Flat	ur- ban	ur- ban
	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Martinez E.A.</u>									
Martinez	Adopted	5.15	4.05	3.45	3.95	10.35	-	8.00	6.35
	Interim	4.70	3.70	3.15	3.65	10.30	-	7.40	5.95
<u>Merced E.A.</u>									
Effective 8-65									
Atwater	Adopted	4.55	3.75	3.20	3.70	8.45	-	6.70	5.70
	Interim	5.30	4.20	3.40	3.90	10.75	-	8.35	6.80
Le Grand	Adopted	4.95	4.15	3.60	4.10	9.20	-	7.45	6.45
	Interim	5.55	4.45	3.65	4.15	11.25	-	8.85	7.30
Merced	Adopted	4.35	3.55	3.00	3.50	8.10	-	6.35	5.35
	Interim	4.80	3.70	2.90	3.40	9.75	-	7.35	5.80
Planada	Adopted	4.70	3.90	3.35	3.85	8.75	-	7.00	6.00
	Interim	5.30	4.20	3.40	3.90	10.75	-	8.35	6.80
<u>Modesto E.A.</u>									
Eughson	Adopted	4.85	3.60	3.00	3.50	9.75	-	7.45	5.60
	Interim	4.45	3.25	2.70	3.20	9.35	-	6.85	5.20
Riverbank	Adopted	4.85	3.60	3.00	3.50	9.70	-	7.45	5.60
	Interim	4.45	3.25	2.70	3.20	9.35	-	6.85	5.20
Modesto	Adopted	4.50	3.60	2.95	3.45	9.05	-	7.05	5.55
	Interim	4.45	3.25	2.70	3.20	9.35	-	6.85	5.20
<u>Monterey E.A.</u>									
Carmel	Adopted	4.85	3.85	3.25	3.75	9.75	-	7.60	5.60
	Interim	4.45	3.50	2.95	3.45	9.05	-	7.00	5.20
Carmel Valley	Adopted	4.90	3.85	3.25	3.75	9.75	-	7.60	5.60
	Interim	4.45	3.50	2.95	3.45		-	7.00	5.20
Monterey	Adopted	4.65	3.75	3.10	3.60	9.25	-	7.25	5.60
	Interim	4.45	3.50	2.95	3.45	9.05	-	7.00	5.20
<u>Morro Bay E.A.</u>									
Effective 5-65									
Moro Bay	Adopted	4.05	3.35	2.80	3.30	6.95	-	5.45	4.90
	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70
Cayucos	Adopted	4.20	3.50	2.95	3.45	7.30	-	5.75	5.25
	Interim	4.15	3.40	2.75	3.25	6.60	-	5.15	4.90

APPENDIX E  
Page 5 of 8Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Two Flat	Four Flat	Sub- Party	ur- Party	Two Flat	Sub- Party	ur- Party	ur- Party	
		\$	\$	\$	\$	\$	\$	\$	\$	
<u>Napa E.A.</u>										
Effective 6-65										
Calistoga	Adopted	4.20	3.50	2.95	3.45	7.30	-	5.80	5.25	
	Interim	4.15	3.40	2.85	3.35	6.80	-	5.40	5.10	
Napa	Adopted	4.20	3.40	2.85	3.35	7.75	-	6.00	5.00	
	Interim	4.20	3.25	2.70	3.20	8.75	-	6.65	5.35	
Yountville	Adopted	5.15	4.25	3.65	4.15	9.65	-	7.90	6.90	
	Interim	4.85	3.90	3.35	3.85	10.05	-	7.95	6.65	
St. Helena	Adopted	4.10	3.40	2.85	3.35	7.05	-	5.55	5.00	
	Interim	4.15	3.40	2.85	3.35	6.80	-	5.40	5.10	
<u>No. San Diego E.A.</u>										
Del Mar	Adopted	4.65	3.60	3.00	3.50	7.75	-	6.10	5.35	
	Interim	4.20	3.25	2.70	3.20	7.05	-	5.50	4.95	
Encinitas	Adopted	4.65	3.60	3.00	3.50	7.75	-	6.10	5.35	
	Interim	4.20	3.25	2.70	3.20	7.05	-	5.50	4.95	
Escondido	Adopted	4.30	3.50	2.95	3.45	7.95	-	6.20	5.20	
	Interim	4.20	3.25	2.70	3.20	7.30	-	5.65	5.00	
Oceanside	Adopted	4.35	3.55	3.00	3.50	7.75	-	6.10	5.25	
	Interim	4.20	3.25	2.70	3.20	7.05	-	5.50	4.95	
Poway	Adopted	4.60	3.80	3.25	3.75	8.55	-	6.80	5.80	
	Interim	4.60	3.65	3.10	3.60	8.20	-	6.50	5.90	
Rancho Santa Fe	Adopted	4.40	3.60	3.00	3.50	7.00	-	5.60	5.10	
	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	
<u>North Tahoe E.A.</u>										
Homewood	Adopted	4.20	3.50	2.95	3.45	7.30	-	5.80	5.25	
	Interim	4.15	3.40	2.85	3.35	6.80	-	5.50	5.20	
No. Tahoe Brock- way D.A.	Adopted	4.20	3.50	2.95	3.45	7.25	-	5.75	5.20	
	Interim	4.30	3.50	2.90	3.40	7.05	-	5.70	5.35	
No. Tahoe- Tahoe City D.A.	Adopted	4.20	3.50	2.95	3.45	7.20	-	5.70	5.15	
	Interim	4.30	3.50	2.90	3.40	7.05	-	5.70	5.35	
Truckee	Adopted	4.30	3.60	3.05	3.55	7.50	-	6.00	5.45	
	Interim	4.30	3.50	2.90	3.40	7.05	-	5.70	5.35	

APPENDIX E  
Page 6 of 8Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Ind. Flat	Party Flat	Party Flat	Sub- ur- ban	Ind. Flat	Ind. Msg.	Party Flat	Sub- ur- ban	
		\$	\$	\$	\$	\$	\$	\$	\$	
<u>Porterville E.A.</u>										
Porterville	Adopted	4.20	3.40	2.85	3.35	7.80	-	6.10	5.10	
	Interim	4.25	3.30	2.75	3.25	7.10	-	5.55	5.00	
<u>Springville</u>										
Springville	Adopted	4.70	3.90	3.35	3.85	8.70	-	6.95	5.95	
	Interim	4.75	3.80	3.25	3.75	8.10	-	6.55	6.00	
<u>Terra Bella</u>										
Terra Bella	Adopted	4.70	3.90	3.35	3.85	8.70	-	6.95	5.95	
	Interim	4.75	3.80	3.25	3.75	8.10	-	6.55	6.00	
<u>Pinole E.A.</u>										
Pinole (Ext. Serv. to Richmond)	Adopted	4.80	3.90	3.25	3.75	-	4.85/80	-	6.10	
	Interim	4.60	3.55	3.15	3.65	-	4.55/80	-	5.70	
<u>Salinas E.A.</u>										
Castroville	Adopted	4.90	3.75	3.15	3.60	-	7.60	5.80		
	Interim	4.45	3.40	2.85	3.30	9.30	-	7.00	5.40	
<u>Salinas</u>										
Salinas	Adopted	4.50	3.60	2.95	3.45	9.05	-	7.05	5.55	
	Interim	4.25	3.30	2.75	3.25	8.75	-	6.60	5.25	
<u>Sonora E.A.</u>										
Jamestown	Adopted	4.25	3.55	3.00	3.50	7.40	-	5.85	5.35	
	Interim	4.10	3.35	2.75	3.25	6.80	-	5.25	4.95	
<u>Sonora-Main D.A.</u>										
Sonora-Main D.A.	Adopted	4.00	3.30	2.75	3.25	6.85	-	5.35	4.80	
	Interim	4.10	3.35	2.75	3.25	6.80	-	5.25	4.95	
<u>Suisun E.A.</u>										
Effective 10-65										
Suisun-Idlewood D.A.	Adopted	4.20	3.50	2.95	3.45	7.25	-	5.75	5.20	
	Interim	5.00	3.75	3.05	3.55	8.70	-	6.75	5.90	
<u>Vacaville</u>										
Vacaville	Adopted	4.05	3.35	2.80	3.30	7.00	-	5.50	4.95	
	Interim	4.75	3.75	3.05	3.55	7.70	-	6.00	5.65	
<u>San Bernardino E.A.</u>										
Colton	Adopted	4.90	3.85	3.15	3.55	9.50	-	7.35	5.45	
	Interim	4.45	3.50	2.85	3.25	8.80	-	6.75	5.05	
<u>Highland</u>										
Highland	Adopted	4.80	3.85	3.15	3.55	9.50	-	7.35	5.45	
	Interim	4.45	3.50	2.85	3.25	8.80	-	6.75	5.05	
<u>Rialto</u>										
Rialto	Adopted	4.90	3.85	3.15	3.55	9.50	-	7.35	5.45	
	Interim	4.45	3.50	2.85	3.25	8.80	-	6.75	5.05	
<u>San Ramon Valley E.A.</u>										
Livermore	Adopted	4.40	3.60	3.05	3.55	8.15	-	6.40	5.40	
	Interim	4.55	3.65	3.10	3.60	10.05	-	7.15	6.70	
<u>Pleasanton</u>										
Pleasanton	Adopted	4.70	3.90	3.35	3.85	8.85	-	7.10	6.10	
	Interim	4.55	3.65	3.10	3.60	10.05	-	7.15	6.70	
<u>Sunol</u>										
Sunol	Adopted	5.00	4.00	3.40	3.90	9.40	-	7.65	6.65	
	Interim	4.55	3.65	3.10	3.60	10.05	-	7.15	6.70	

APPENDIX E  
Page 7 of 8

Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates							
		Residence Service				Business Service			
		Ind.: Flat:	Two: Flat:	Four: Party: Flat:	Sub- ur- ban:	Ind.: Flat:	Ind.: Msg.:	Two: Party: Flat:	Sub- ur- ban:
	\$	\$	\$	\$	\$	\$	\$	\$	
<u>Santa Cruz E.A.</u>									
Aptos	Adopted	5.20	4.10	3.50	4.00	10.45	-	8.20	6.60
	Interim	4.85	3.75	3.20	3.70	9.80	-	7.60	6.20
Felton	Adopted	4.80	3.60	3.00	3.50	9.65	-	7.35	5.60
	Interim	4.35	3.25	2.70	3.20	8.95	-	6.75	5.20
Ben Lomond	Adopted	4.80	3.60	3.00	3.50	9.65	-	7.35	5.60
	Interim	4.35	3.25	2.70	3.20	8.95	-	6.75	5.20
Boulder Creek	Adopted	4.80	3.60	3.00	3.50	9.65	-	7.35	5.60
	Interim	4.35	3.25	2.70	3.20	8.95	-	6.75	5.20
Santa Cruz	Adopted	4.55	3.60	3.00	3.50	9.25	-	7.25	5.60
	Interim	4.35	3.25	2.70	3.20	8.95	-	6.75	5.20
Watsonville	Adopted	4.30	3.50	2.95	3.45	7.95	-	6.20	5.20
	Interim	4.35	3.25	2.70	3.20	8.80	-	6.60	5.20
<u>Santa Rosa E.A.</u>									
Effective 12-65									
Forestville	Adopted	5.30	4.40	3.65	4.15	10.65	-	8.40	6.85
	Interim	5.15	4.15	3.35	3.85	10.10	-	7.80	6.45
Geyserville	Adopted	4.30	3.60	3.05	3.55	7.45	-	5.95	5.40
	Interim	4.65	3.90	3.10	3.60	7.85	-	6.05	5.70
Healdsburg	Adopted	5.20	4.30	3.65	4.15	10.50	-	8.50	7.00
	Interim	5.40	4.40	3.60	4.10	10.60	-	8.30	6.95
Petaluma- Swift D.A.	Adopted	4.95	4.05	3.40	3.90	9.90	-	7.90	6.40
	Interim	5.15	4.15	3.35	3.85	10.10	-	7.80	6.45
Santa Rosa	Adopted	4.70	3.80	3.15	3.65	9.35	-	7.35	5.85
	Interim	4.65	3.65	2.85	3.35	9.10	-	6.80	5.45
Sebastopol	Adopted	4.85	3.95	3.30	3.80	9.75	-	7.75	6.25
	Interim	4.90	3.90	3.10	3.60	9.60	-	7.30	5.95
Windsor	Adopted	5.30	4.40	3.65	4.15	10.65	-	8.40	6.85
	Interim	5.15	4.15	3.35	3.85	10.10	-	7.80	6.45

APPENDIX E  
Page 8 of 8

Comparison of Extended Service Exchange Rates  
Outside of Metropolitan Areas

Extended Area and Exchanges	Rate Com- pared	Monthly Rates								
		Residence Service				Business Service				
		Ind.: Flat	Party: Flat	Party: Flat	Sub- ban	Ind.: Flat	Ind.: Msg.	Party: Flat	Sub- ban	
		\$	\$	\$	\$	\$	\$	\$	\$	
<u>So. Orange Co. E.A.</u>										
San Clemente	Adopted	4.10	3.40	-	3.35	7.05	-	5.55	5.00	✓
	Interim	4.40	3.50	-	3.35	7.25	-	5.75	5.20	
<u>Capistrano Valley</u>										
	Adopted	4.15	3.45	-	3.40	7.25	-	5.75	5.20	✓
	Interim	4.40	3.50	-	3.35	7.30	-	5.75	5.20	✓
<u>So. Tahoe E.A.</u>										
So. Tahoe (Ext. Service to Edgewood, Nev.)	Adopted	4.00	3.30	2.75	3.25	6.85	-	5.35	4.80	✓
	Interim	3.95	3.25	2.70	3.20	6.30	-	5.00	4.70	✓
<u>Ventura E.A.</u>										
Ojai	Adopted	4.85	3.75	3.10	3.60	9.75	-	7.60	5.60	✓
	Interim	4.40	3.40	2.80	3.30	9.05	-	7.00	5.20	✓
<u>Saticoy</u>										
	Adopted	4.85	3.75	3.10	3.60	9.75	-	7.60	5.60	✓
	Interim	4.40	3.40	2.80	3.30	9.05	-	7.00	5.20	✓
<u>Ventura</u>										
	Adopted	4.65	3.70	3.05	3.55	9.30	-	7.30	5.60	✓
	Interim	4.40	3.35	2.75	3.25	8.85	-	6.70	5.20	✓