

**ORIGINAL**

Decision No. 71710

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to establish the Reche Canyon special rate area within the Colton Exchange.

Application No. 48848  
(Filed October 7, 1966)

OPINION AND ORDER

The Pacific Telephone and Telegraph Company requests the Commission to: (1) Authorize establishment of the Reche Canyon Special Rate Area in the Colton Exchange as defined by maps (Exhibits A and B attached to the application); (2) Find the proposed rates, shown in Exhibit C attached to the application, reasonable; (3) Authorize withdrawal of suburban telephone service within the Reche Canyon Special Rate Area; and (4) Grant such other and further relief as may be proper in the premises.

In support of its application the company alleges that:  
(1) There is popular demand for and it is in the public interest to establish the proposed Reche Canyon Special Rate Area; and  
(2) The proposed rates are reasonable.

The company has notified all subscribers in the area, by letter, of its intention to request authorization without public hearing. The letter, dated October 24, 1966, was in two versions, one for present subscribers to urban grades of service, the other for present subscribers to suburban service. The letter included the proposed rates and requested return of comments by November 5, 1966. No protests or unfavorable comments were received.

The Commission staff has reviewed the application and work papers, and has made a field inspection of the area. The staff prepared Exhibit 1, hereby made a part of the record. Copies of the two versions of the letter of notification to subscribers in the area are Attachments A and B to that exhibit. The staff recommended that the application be granted.

#### Present and Proposed Rates

Present and Proposed Rates for principal classifications of service are as follows:

<u>BUSINESS</u>	<u>Rate Per Month</u>	
	<u>PRESENT</u>	<u>PROPOSED</u>
1-Party Flat	8.80*	9.30
2-Party Flat	6.75*	7.10
Semi-Public	1.00 plus* .22 per day	1.50 plus .22 per day
FBX Trunks	13.00*	13.50
Suburban	5.05	Not Offered
 <u>RESIDENCE</u>		
1-Party Flat	4.45*	4.95
2-Party Flat	3.50*	3.85
4-Party Flat	2.85*	3.10
Suburban	3.25	Not Offered

\* Plus Suburban Mileage

Other Rates and Rules in Accordance with Tariffs on File with the Public Utilities Commission of the State of California.

The increment proposed for special rate area treatment is equal to the charge for 1 one-quarter suburban mileage. This increment gives appropriate consideration to development within the proposed special rate area, its distance of approximately 4 one-quarter miles from the nearest base rate area boundary and the effect upon applicant's revenue of establishing the special rate area.

#### Characteristics of the Area and Subscriber Effects

The proposed Reche Canyon Special Rate Area is approximately .6 square miles in area. Development within the area consists of 75 residences, five business establishments and a

trailer park which is presently occupied by 115 families and is in the process of expansion. Density, based on the above development, is 325 per square mile.

As of April 1966, applicant furnished five suburban residence services, 127 urban residence services and five urban business services within the proposed Reche Canyon Special Rate Area. Since the proposed 4-party rate is 15¢ lower than the present suburban rates, and since the present subscribers to urban grades of service now pay at least 4 one-quarter miles of suburban mileage charges (or more), the effect on all subscribers in the proposed special rate area is a reduction in monthly charges.

The proposed special rate area is a relatively narrow strip running along Reche Canyon Road in a direction approximately at right angles to the nearest base rate area boundary. This configuration is troublesome for a suburban area of fairly high development because of variations in monthly charges as between neighboring subscribers (mileage charges being based on the nearest one-quarter mile, or fraction, from the base rate area boundary). Because of this configuration, present mileage charges within the proposed special rate area vary from a minimum of 4 one-quarter miles to a maximum of 10 one-quarter miles. Use of the special rate area increment equal to 1 one-quarter mileage charge is consistent with rate treatment applied to other similarly situated special rate areas.

In addition to reduction of rates to subscribers within the proposed special rate area, 53 subscribers outside of the special rate area will benefit by reduction of mileage charges.

#### Revenue Effects

Applicant estimates that, with normal regrading, establishment of the Reche Canyon Special Rate Area will result in an annual reduction of revenues of approximately \$5,000.

Plant Requirements

No substantial outlay for additional outside plant is required, as facilities presently in place, will meet requirements for regrades and for imminent growth. For the same reason special rate area service can be provided within six months after authorization.

Findings

The Commission finds that: A public hearing is not necessary; that establishment of the proposed Reche Canyon Special Rate Area, as described in the application, is in the public interest; that the rates proposed in the application for the Reche Canyon Special Rate Area are reasonable; and, that withdrawal of suburban service within the Reche Canyon Special Rate Area is justified and appropriate. Therefore,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company is authorized to establish the Reche Canyon Special Rate Area as requested in the application.
2. After the effective date of this order, applicant is authorized to file with this Commission, in conformity with General Order No. 96-A, exchange maps and tariff schedules, revised to show the Reche Canyon Special Rate Area within the Colton Exchange with a boundary substantially as shown in Exhibits A and B attached to the application.
3. Applicant is authorized to file, in conformity with General Order 96A, rates for service within the said special rate area, as set forth in Exhibit C attached to the application, and rules, as set

forth in Paragraph V of the application, and after not less than five days' notice to the Commission and to the public, to make said rates effective for service coincident with establishment of the said special rate area.

- 4. Applicant is authorized to withdraw suburban telephone service within the Reche Canyon Special Rate Area upon establishment of such special rate area.
- 5. The authorization granted herein will expire unless exercised within one year of the effective date of this order.

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

Dated at San Francisco, California, this 20<sup>th</sup> day of DECEMBER, 1966.

*Carl E. Fitchell*  
President

*Frederick B. Holcomb*

*Augustan*

Commissioners

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.