

ORIGINAL

Decision No. 73209

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Betty K. Blomquist,)
 Complainant,)
 vs.)
 Pacific Telephone, a corporation,)
 Defendant.)

Case No. 8554
Filed October 20, 1966

Betty K. Blomquist, complainant.
Arthur T. George, M. D. L. Fuller, Jr.,
Dennis K. Bromley, for The Pacific
 Telephone and Telegraph Company,
 defendant.
E. Macario and Edwin E. Nowak, for the
 Commission staff.

O P I N I O N

The complainant requests that The Pacific Telephone and Telegraph Company (Pacific) provide the subscribers of the San Martin area in Santa Clara County toll-free calling to Morgan Hill and Gilroy and, if possible, San Jose.

After due notice, two days of public hearing were held on this complaint before Examiner Coffey in San Martin. The issue of toll-free service between San Martin and Morgan Hill and San Martin and Gilroy was submitted for decision on May 29, 1967. Studies relating to costs of service and rates, and to the usage between San Martin and San Jose are to be completed by defendant in September. It is anticipated that these studies will be placed in this record at further hearings.

San Martin is an unincorporated farming community with a small business section and a population of about 1,000. It depends

on the cities of Morgan Hill, which is 5-1/2 miles away, and Gilroy which is 5 miles away for many of its day-to-day needs. There are many large shopping areas located in Gilroy and Morgan Hill providing department stores, dress shops, food markets, furniture stores, banking facilities, and many professional services. San Martin has no dentists and only one doctor, no druggists, no banks, and the nearest hospital is located in Gilroy. Recreation and entertainment, such as bowling and movies, are not available in San Martin but can be found in Gilroy or Morgan Hill. Children in San Martin attend high school in Morgan Hill and some elementary grade children in Morgan Hill attend school in San Martin. Employers in the general area hire people from the surrounding communities.

The present exchange boundaries in the vicinity of San Martin are delineated on Exhibit 2. Pacific serves San Martin and San Jose, but Western California Telephone Company serves in and around Morgan Hill, between San Jose and San Martin. Golden State Telephone Company serves Gilroy and surrounding territory. The exchanges of Morgan Hill and Gilroy abut with Pacific's San Martin exchange.

Attached to the complaint is a petition with 244 signatures of subscribers in San Martin in support of the complaint. Seven public witnesses appeared in support of the complaint, one of whom subscribes to foreign exchange service from Gilroy. The Women's Section of the Morgan Hill Chamber of Commerce recorded its support of the San Martin women in this complaint.

Between the first and second hearing, Pacific reviewed the possibility of providing extended area service between Gilroy and San Martin and San Martin and Morgan Hill without waiting for the results of studies above mentioned. Upon review of the relevant

data Pacific concluded it would be feasible to commence construction of the necessary facilities for such service while it continued the studies that have been undertaken, thus enabling initiation of extended area service at an earlier date, 14 months after an order from this Commission being required assuming independent company agreement and ability to coincide with Pacific's schedule. The independent telephone companies have agreed to participate with Pacific in making the studies for extended area service between Gilroy and San Martin, and Morgan Hill and San Martin. They have made no commitments and are not prepared to do so until the studies are completed in September. The area of proposed extended service is shown on Exhibit 4.

Pacific does not, at this time, propose rates but requests the Commission to determine the propriety of ordering extended area service into effect, taking into consideration the customer demand for such service in light of such information as is now available on rates, but without determining rates at this time. The following tabulation compares present rates in the San Martin exchange with those which would result from the presently authorized rate structure and those proposed in Pacific's pending rate increase Application No. 49142.

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY
Extended Service, San Martin-Gilroy-Morgan Hill
Present and Possible Monthly Rates for
Principal Classifications of Service
San Martin Exchange

Service	Possible Rates			
	Present Rates	Dec. 71575 Rates	Group 1 Rates	Group 2 Rates
<u>Residence</u>				
One-Party	\$3.70	\$ 4.55	\$ 4.85	\$ 5.05
Two-Party	3.00	3.85	3.70	3.85
Four-Party	2.45	3.30	3.15	3.25
Suburban	2.95	3.80	3.65	3.75
<u>Business</u>				
One-Party	5.80	8.05	10.35	11.30
Two-Party	4.50	6.55	8.85	9.70
PBX Trunks	8.50	12.00	15.50	16.75
Semipublic Coin	3.00	4.25	5.55	6.10
Suburban	4.45	6.00	7.25	8.15

* Group 1 rates based on main station development as of 1-1-67 of less than 8,000 in three exchanges.

Group 2 rates based on forecasted 1-1-78 main station development of over 8,000 in three exchanges.

The staff of the Commission recommended that Pacific not be authorized to initiate construction for San Martin-Gilroy and San Martin-Morgan Hill extended service until more facts are in evidence in the form of the following:

1. Cost of extended area service in the form of differential studies and separated results of operations for Pacific and the concerned independent telephone companies;
2. Possible rate increases in each of the three exchanges;
3. Position of independent telephone companies on this extended area proposal; and

4. Interest of the independents' customers regarding extended area service.

The Commission finds that:

1. During the month of September 1966:
 - a. Forty-two of 43 noncoin business service subscribers in San Martin made 937 telephone calls to Gilroy.
 - b. Thirty-seven of 43 noncoin business service subscribers in San Martin made 751 telephone calls to Morgan Hill.
 - c. Three hundred eighty-one of 444 subscribers to residence service in San Martin made 3,269 calls to Gilroy.
 - d. Three hundred sixty-one of 444 subscribers to residence service in San Martin made 3,024 calls to Morgan Hill.
2. San Martin has social, school, business, health, fire protection, shopping, banking and employment interests in common with the communities of Gilroy and Morgan Hill.
3. A substantial number of subscribers in San Martin desire and would benefit from toll-free telephone service to Gilroy and Morgan Hill.
4. Existing local telephone service in San Martin is inadequate and insufficient to serve the community of interests and the health and safety requirements of San Martin.
5. Toll telephone service to Gilroy and Morgan Hill is presently offered by Pacific to subscribers in San Martin.
6. Public convenience and necessity require that Pacific provide to its subscribers in its San Martin telephone exchange telephone service to Gilroy and Morgan Hill telephone exchanges at exchange rates, the level of which can be determined in the future.

The Commission concludes that, under Section 761 of the Public Utilities Code, Pacific should be ordered to take promptly all necessary action to provide its subscribers in its San Martin

exchange with telephone service to Gilroy and Morgan Hill telephone exchanges at exchange rates which will be determined by subsequent order of this Commission.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company shall immediately initiate and undertake all necessary action to provide within twenty-four months of the date of this order to its subscribers in its San Martin exchange, extended telephone service to the Gilroy and Morgan Hill telephone exchanges at exchange rates which will be determined by subsequent order.

2. Pacific shall periodically report to this Commission, in writing, at intervals no longer than three months, the status and progress of its compliance with this order and shall promptly request that the Commission grant any further authorization needed to implement physical connections with other telephone companies or to effect compliance with this order.

3. The Secretary of this Commission shall serve copies of this opinion and order on the Golden State Telephone Company and on the Western California Telephone Company.

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

Dated at San Francisco, California, this 17th day of OCTOBER, 1967.

[Signature] President
[Signature]
[Signature]
[Signature] Commissioners