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ORIGINAL

Decision No. 73624

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the GENERAL TELEPHONE COMPANY OF CALIFORNIA, a corporation, for authority to establish the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges, to furnish exchange extended area and message toll telephone service therein, and to cancel and withdraw toll station service to stations served from the Reedley - Kings Canyon National Park Toll Lines.

Application No. 49513
(Filed June 30, 1967)

A. M. Hart and Donald J. Duckett, by Donald J. Duckett, for General Telephone Company of California, applicant.
George A. Amaroli, for the Commission staff.

O P I N I O N

Hearings were held in Miramonte and San Francisco on this request of the General Telephone Company of California (General) to establish five new exchanges in Tulare and Fresno Counties, to furnish extended area service between these exchanges and to withdraw toll station service from the proposed exchange area. This proceeding was submitted for decision on October 3, 1967.

General operates the Reedley-Kings Canyon National Park Toll Station Lines in Tulare and Fresno Counties, California, and has furnished toll station service in this area since 1936. Toll stations within the Reedley-Kings Canyon area are of the magneto ringing type and service is provided on a manual basis by General by means of microwave radio, carrier and wire facilities through General's Reedley toll office. The entire toll station service area encompasses approximately 300 square miles varying from rolling farm and ranch land to mountainous resort and recreational parks. There

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are principally five (5) communities or areas of population, namely, Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove.

General had an investment in telephone plant serving the area of about \$633,000 on December 31, 1966, when service was furnished to 174 customers subscribing to 205 primary toll stations on 48 channels.

General proposes to establish the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges; to continue to provide the toll station service now offered within the proposed exchanges until exchange extended area dial telephone service is established and, at such time, to cancel and withdraw the toll station service offering; to proceed with the changes in and additions to its telephone plant necessary to furnish exchange extended area dial and toll telephone service and to establish rates as hereinafter set forth applicable to said service. Exhibit A, attached to the application, shows the location and boundaries of each of the proposed exchanges; the entire area proposed for exchange operation and the proposed rate center in each exchange.

General estimates that in order to provide dial switching service, a gross additional investment of \$704,000 in land, buildings, central office equipment, outside plant and station apparatus will be required at the cutover date. This additional expenditure will

permit all anticipated service requirements to be met through the year 1974. The annual cost associated with said additional investment less savings in operating expense is estimated at \$64,000, exclusive of return and taxes on income. Local service revenue and toll settlement revenue on that portion of the additional investment allocated to toll service are estimated at \$58,000 at the end of the first year after cutover and \$70,000 at the end of 1974.

Witness for General testified there is a demand for and that General believes it is in the public interest to establish the proposed exchanges. Use and development of telephone service in the area proposed for exchange operation tends to be curtailed because message toll rates apply to each originated call, including calls between neighbors and other nearby points. Thus, there is a need to establish local and extended service areas designed to meet the day-to-day communication requirements of the majority of present and future customers, with toll rates applying to points which customers occasionally call. The majority (56%) of all the toll calls originated by the present toll station service customers terminate within the areas proposed for exchange and extended area service. Stimulation of calling would be experienced upon the elimination of the message toll charge within and between the proposed exchanges. Assuming 200% stimulation, General believes 79.2% of the total calls will be handled on a toll-free basis under its proposal.

The multi-party service currently available is unsatisfactory because of lack of privacy and because of the unavailability of the line for making outgoing and receiving incoming calls due to use by another party.

General further believes the proposal herein is necessary to promote the safety, health, comfort and convenience of the visitors to the Hume Lake area and to Sequoia - Kings Canyon National Park which contains, for the most part, General's proposed Grant Grove exchange. Approximately 1,100,000 visitors toured the park during 1965 with a ten percent (10%) annual increase expected in the future. In 1965, the Park Service completed a \$70,000 building project including a visitors' center, restaurant, maintenance building and ten (10) dwellings for park employees. Near the vicinity of Hume Lake, there are presently 135 summer homes and the United States Forestry Service has plans for a new visitors' center, museum and camping facilities.

Following are the present rates for toll station service and the proposed rates and local calling areas for exchange service.

PRESENT MONTHLY RATES

Semi-public Toll Station

Minimum Charge \$7.50 Per Month

PROPOSED MONTHLY RATES
SQUAW VALLEY, DUNLAP, MIRAMONTE-PINEHURST, GRANT GROVE
AND BADGER EXCHANGES

	<u>Rate Area 1</u>	<u>Rate Area 2</u>	<u>Rate Area 3</u>	<u>Suburban Area</u>
<u>Business</u>				
1-Party	\$ 8.80	\$ 9.55	\$11.05	
PBX-Trunk	12.95	13.70	15.20	
Semi-public Coin	2.90-19¢	3.65-19¢	5.15-19¢	
Suburban, 10-Party				\$6.40
<u>Residence</u>				
1-Party	\$ 5.25	\$ 6.00	\$ 7.50	
2-Party	4.15	4.65	5.65	
Suburban, 10-Party				\$3.85

PROPOSED LOCAL CALLING AREAS

<u>From - Exchange</u>	<u>To - Exchange</u>
Squaw Valley	Dunlap Squaw Valley
Dunlap	Dunlap Miramonte-Pinehurst Squaw Valley
Miramonte-Pinehurst	Badger Dunlap Grant Grove Miramonte-Pinehurst
Badger	Badger Grant Grove Miramonte-Pinehurst
Grant Grove	Badger Grant Grove Miramonte-Pinehurst

Message toll rates under this proposal will be those in effect in The Pacific Telephone and Telegraph Company's filed tariff schedule. Until dial service is established, it is proposed that toll station service continue to be offered under the provisions of General's present tariff, Schedule No. B-2.

General made an effort to contact each of its present customers to toll station service, to provide each customer with a full understanding of its proposal to establish exchanges, to furnish each with the proposed exchange service rates and to obtain an expression of interest from each of said customers. A summary of such responses shows that of the 174 customers contacted, 154 responded (89%), 94% of whom were in favor of General's proposal.

It is General's position that the existing manual operating facilities employed for toll station traffic are not adequate to handle local and extended area service traffic under this proposal and that it would not be economical to add to existing manual operating facilities for the handling of that traffic. General estimates that it will require approximately twenty-four months from the date of this order to engineer, order, obtain and install the necessary materials and equipment for switching.

The Pacific Telephone and Telegraph Company, the Golden State Telephone Company and the California Independent Telephone Association have been advised of General's proposal and do not oppose it.

General stated that it believes the establishment of the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger, and Grant Grove exchanges together with its proposal to establish and furnish exchange extended area dial and message toll telephone service will enable it to meet the needs of present and potential telephone-users in this area and will be in the best interest of its customers.

Subscribers testified on their telephone service problems which include slowness of operators to answer, service interruptions, busy party lines, noisy lines, one-way communication, and coded ringing. Representatives of the Central Sierra Chamber of Commerce and the forest and park services supported General's proposal, as did 4 other witnesses who desired dial and one-party local service. The forest service desires direct distance dialing, which is not being proposed, and extension of the exchange boundaries to encompass remote lookout points so that the forest service could discontinue difficult and costly maintenance.

Three residents testified that they preferred good toll service to local exchange service, but wanted 1 and 2-party service. They preferred the existing system be improved without the added costs of changeover.

The staff representative cross-examined witnesses. He recommended that the proposed exchanges be established as expeditiously as possible; that General be required to provide no grade of service in the area less than four party; and that General be permitted to file a rate for suburban four-party service to be not less than the \$3.85 and \$6.40 proposed for 10-party residence and business service and not more than \$4.50 and \$8.00, respectively, for these services. The staff representative stated that this position is in accordance with the service trend of other independent companies and The Pacific Telephone & Telegraph Company.

Findings and Conclusion

The Commission finds that:

1. The establishment of the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges and the furnishing of dial exchange extended area and message toll telephone service within the Reedley-Kings Canyon area of Tulare and Fresno Counties will result in improved service and will be in the public interest.

2. Such increases in rates and charges as will result from the establishment of the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges are justified.

3. Present rates, insofar as they differ from those herein prescribed, will become unjust and unreasonable upon the establishment of the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges.

4. No grade of service in the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges should be less than four-party.

We conclude that General should be permitted to establish the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges and to furnish exchange extended area and message toll telephone service at rates herein authorized on a dial switching basis, and to withdraw toll station service to stations served from the Reedley-Kings Canyon National Park toll lines. We note that General on December 1, 1967, by Application No. 49835 has requested authorization of a general increase in rates which may change the level of rates herein authorized when the exchange service herein authorized becomes effective.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order and on or before February 1, 1970, the General Telephone Company of California is authorized and directed to file with this Commission, in conformance with General Order No. 96-A, tariff schedules revised to show the Squaw Valley, Dunlap, Miramonte-Pinehurst, Badger and Grant Grove exchanges with boundaries substantially as set forth in Exhibit A

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attached to the application and to show rates for dial service within said exchanges as set forth in Exhibit E attached to the application with the exception that no grade of service shall be less than four-party, the monthly suburban four-party rates shall not exceed \$4.50 for residential service and \$8.00 for business service.

2. After not less than five days' notice to the Commission and to the public, applicant is authorized to make said rates effective coincident with the establishment of said exchanges and to withdraw toll station service to stations served from the Reedley-Kings Canyon National Park toll lines.

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

Dated at San Francisco, California, this 16th day of JANUARY, 1968.

[Signature]
President

[Signature]

[Signature]

[Signature]
Commissioners

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