

JD/LM

Decision No. 73771

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY for authority
to consolidate its Chico and Hamilton
exchanges into a single exchange to
be designated Chico and establish
Hamilton special rate area within the
new Chico exchange, Butte and Glenn
Counties, California.

Application No. 49897
(Filed December 22, 1967)

OPINION AND ORDER

The Pacific Telephone and Telegraph Company has requested authority to consolidate its Chico and Hamilton Exchanges located in Butte and Glenn Counties respectively, into a single exchange to be designated Chico and establish the Hamilton Special Rate Area within the new Chico exchange, in accordance with Exhibit A of the application, to furnish urban grades of service at rates set forth in Exhibit B of the application and shown below, to withdraw suburban service within the special rate area, and to offer urban service outside the base rate area and the special rate area according to the rules in paragraph VIII of the application. A summary of present rates and company proposed rates follows:

Proposed Chico - Hamilton ConsolidationProposed Hamilton Special Rate AreaPresent and Proposed Exchange Rates
For Principal Classifications for Service

	Rate Per Month			
	Present*		Proposed*	
	<u>Chico</u>	<u>Hamilton</u>	<u>Chico</u>	<u>Hamilton</u> (SRA)
<u>Business</u>				
1-Party	\$ 7.00	\$ 5.80	\$ 7.00	\$ 8.00
2-Party	5.50	4.50	5.50	6.20
PBX Trunks	10.50	8.50	10.50	11.50
Coin Semi-Public	3.50	3.00	3.50	4.50
Suburban	4.95	4.45	4.95	Not Offered
Farmer Line	1.55	1.15	1.55	1.75#
<u>Residence</u>				
1-Party	\$ 4.20	\$ 3.70	\$ 4.20	\$ 5.20
2-Party	3.25	3.00	3.25	3.95
4-Party	2.70	2.45	2.70	3.20
Suburban	3.20	2.95	3.20	Not Offered
Farmer Line	.90	.70	.90	1.10#

* Plus suburban mileage charges on urban services.

Applicable to service connecting at the Special Rate Area.

The Commission staff has reviewed the application and has made a field investigation in the area. The staff report, wherein it recommends that the application be granted by ex parte decision, is made a part of the record as Exhibit No. 1.

According to Exhibit No. 1, the company has notified all subscribers in the area by letter of its intention to request authorization of its proposed changes of telephone service in the area. The letter included proposed rates and requested return of comments by January 10, 1968. There was a total of 54 favorable and 5 unfavorable comments.

During the field investigation, all of the subscribers that had unfavorable comments were contacted by a staff representative. Some subscribers indicated they did not want the higher rates because they did not call Chico often. They were not in favor of increased toll rates to areas outside the proposed Chico exchange.

Some subscribers felt that the proposed service should be made available at an early date. The company should explore the feasibility of providing the proposed service in less than 18 months, since customers have requested toll-free calling arrangements between Hamilton and Chico over a period of several years.

Several subscribers stated they should continue to be listed in the Glenn and Tehama Counties directory as well as in the Butte, Nevada, Sutter and Yuba Counties directory. The company should also give consideration to listing the Hamilton subscribers in both of the above-mentioned directories.

Applicant states that as of October 31, 1967, the Chico exchange served about 26,500 telephones and the Hamilton exchange served about 400 telephones. The Chico exchange consists of 461 square miles with an estimated population of 46,000 and 15,000 telephone subscribers.

The Hamilton exchange encompasses a small rural agricultural area of about 36 square miles, a population of about 1,200 and 250 telephone subscribers. The interexchange rate mileage between the two exchanges is 9 miles and the initial period day station message toll telephone rate is 15 cents. The consolidation proposed herein will provide for retention of the present Hamilton central office with no number changes except for Chico foreign exchange service subscribers. As of August, 1967, there were two Chico business FEX subscribers to urban service and two residence FEX services who would have their FEX services changed to Chico local service by this proposal.

As proposed by the applicant, the present Hamilton Base Rate Area will become the Hamilton Special Rate Area in the Chico exchange. The Hamilton toll rate center will be discontinued. The

toll rate center of the present Chico exchange will become the toll rate center of the consolidated exchange. This will result in some changes in existing message toll telephone rates applicable to present Hamilton exchange subscribers as shown in Exhibit C of the company's application.

Applicant estimates the changes proposed herein will result in annual costs of \$1,200 less than costs of present serving arrangements, and that the proposed changes will decrease toll revenue by approximately \$5,300 annually and increase exchange revenues by \$4,100 annually.

It appears that granting the application will result in improved service and will be in the public interest; therefore,

The Commission finds that a public hearing is not necessary and that such increases in rates and charges as will result are justified and that, for the future, present rates, insofar as they differ from those herein prescribed, would be unjust and unreasonable upon the consolidation of the Chico and Hamilton exchanges and the establishment of the Hamilton Special Rate Area; therefore,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company is authorized to consolidate the Chico and Hamilton exchanges thereby enlarging the Chico exchange, and to discontinue its Hamilton exchange and toll rate center as requested in the application.

2. Applicant establish the Hamilton Special Rate Area as shown in Exhibit A of the application.

3. 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 revised to show the enlarged Chico exchange, and the Hamilton Special Rate Area within the Chico exchange with boundaries substantially as shown in Exhibit A attached to the application.

4. Applicant is authorized to withdraw suburban telephone service within the Hamilton Special Rate Area coincident with establishment of said special rate area.

5. Applicant is authorized to cancel and withdraw, concurrent with consolidation, the exchange rates now on file for the Hamilton exchange, the foreign exchange service rates now on file for service between Hamilton and Chico exchanges, and the message toll telephone service rates between the Chico and Hamilton exchanges.

6. Applicant is authorized to establish and to file, in conformity with General Order No. 96-A, exchange rates for the Hamilton Special Rate Area and enlarged Chico exchange as set forth in Exhibit B attached to the application, and rules as set forth in paragraph VIII of the application, and after not less than five days' notice to the Commission, to make said rates effective for service coincident with establishment of said enlarged Chico exchange and of the Hamilton Special Rate Area.

7. The authorization to consolidate the Chico and Hamilton exchanges, and to establish the Hamilton Special Rate Area, granted herein, will expire unless exercised within 18 months of the effective date of this order.

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

Dated at San Francisco, California, this 27th
day of FEBRUARY, 1968.

Robert E. McNeill
President
Stallman
Augusta
William Aguirre
Jed P. Morrissey
Commissioners