

BEM

ORIGINAL

Decision No. 74213

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
of THE SISKIYOU TELEPHONE COMPANY,
a California corporation, for
authority to increase rates and
charges for exchange telephone
service in all exchanges, and for
authority to establish a new Oak
Knoll Exchange, Base Rate Area,
Toll Rate Center and extended
service between the Hamburg and
Oak Knoll Exchanges.

Application No. 49610
(Filed August 17, 1967;
Amended December 7, 1967)

Michael B. Foley, of Elkus, Salinger &
Rosenberg, for applicant.
Neal C. Hasbrook, for California Independent
Telephone Association, interested party.
Thomas Lew and Alexander Chocas, for the
Commission staff.

O P I N I O N

The Siskiyou Telephone Company in its application as originally filed sought authority to increase telephone exchange service rates, to upgrade its service by furnishing only 1- and 2-party service in all base rate areas and 4-party suburban service in all exchanges, to establish a new exchange and toll center, Oak Knoll, within the present Hamburg exchange and to establish extended area service between these two exchanges.

After applicant's review of the analysis by the Commission staff of applicant's operations and earnings, applicant withdrew its general request for increased rates and charges for exchange telephone service.

The authority being requested under the amended application is as follows:

1. To eliminate 4-party flat rate residence service in all base rate areas and provide only 1- and 2-party flat rate service.

2. To reduce rates for 2-party flat rate residence service from \$3.40 per month to \$3.10 per month.

3. To eliminate 8-party flat rate business and residence suburban service and to provide, in lieu thereof, 4-party flat rate business and residence suburban service in all exchanges.

4. To establish a rate of \$4.50 per month for 4-party flat rate business suburban service and a rate of \$3.55 per month for 4-party flat rate residence suburban service. (The present rate for 8-party flat rate business suburban service is \$3.75 per month, and for 8-party flat rate residence suburban service is \$3.40 per month.)

5. To establish a new Oak Knoll Exchange with its own toll center within the existing Hamburg Exchange and provide extended area service between these exchanges.

6. To make the above rates and withdrawal of 8-party suburban services and 4-party residence services effective as construction in each exchange is realized in carrying out the proposed upgrading.

After due notice, hearing on this application was held before Examiner Coffey in Yreka on April 23, 1968, on which date this matter was submitted.

Applicant owns and operates a telephone system in Western Siskiyou County furnishing (1) telephone exchange service to the Etna, Fort Jones, Hamburg, and Happy Camp service areas, (2) toll service among these areas and the Sawyers Bar toll area, (3) toll service outside these areas to Yreka exchange of The Pacific Telephone and Telegraph Company, and (4) telegraph services among these areas and to the offices of Western Union Telegraph Company in Redding.

Much of the service area served by these exchanges is bounded by government forest lands. Recreation and campsites are available for public use. Many of the private land holdings are

being subdivided for "vacation housing" projects. Highway construction now underway or in the planning stages will increase the accessibility of this area which should promote its growth.

At the present time all subscribers within the existing Hamburg Exchange are served from one central office. Due to the great distances involved and population growth in the area, this method of service is no longer economically feasible. Applicant proposes that extended service be instituted between the proposed Oak Knoll Exchange and the Hamburg Exchange without additional charge so that subscribers within the existing Hamburg Exchange area will have the same local calling privileges after establishment of the proposed Oak Knoll Exchange as they presently enjoy.

Applicant's construction program for the years 1967 through 1970 anticipates upgrading services by eliminating 4-party residence service within all base rate areas and establishing 4-party suburban service in all exchanges by eliminating the existing 8-party suburban services, establishing a new central office for the proposed Oak Knoll exchange, and modifying, replacing and expanding the existing microwave and multiplex system to conform to Consultative Committee International Telegraph and Telephone (CCITT) standards.

Applicant presently needs more central office equipment and outside plant facilities to meet the needs of growth and upgrading. The lack of facilities is especially crucial in the Fort Jones exchange where no upgrading is permitted due to all cable pairs being used.

Applicant's microwave and multiplex equipment is no longer being manufactured and replacement parts are difficult to obtain. In addition, this equipment does not meet CCITT specifications which makes procurement of compatible equipment likewise difficult.

1. Applicant's facilities are at or near capacity and will need to be increased to meet future growth requirements and upgrade services.

2. The microwave and multiplex systems will need to be replaced within the near future because of the difficulty in procuring replacements.

3. Because of the delay in toll settlements and nonrecognition of the toll settlements in the proper accounting period, applicant's financial statements do not reflect the true operating results. The time lag on the final toll settlements, which may take from one year or more before funds are available, may cause some financial difficulty to the applicant in meeting its current liabilities.

4. Applicant's proposed withdrawing of 8-party business and residence suburban services and replacement with 4-party business and residence suburban services would increase rates by \$.75 and \$.15, respectively, for those customers now receiving 8-party service.

5. Applicant's proposal to increase its rates for existing 8-party business and residence suburban service by replacement of 8-party service with 4-party service is not reasonable for existing subscribers to 8-party suburban service.

6. Applicant's proposal to establish new 4-party flat rate business and residence subscriber services at rates of \$4.50 per month and \$3.55 per month, respectively, is reasonable.

7. Applicant's proposal to improve service and efficiency by establishing a new Oak Knoll Exchange with its own toll center within the existing Hamburg Exchange and to provide extended area service between these exchanges is reasonable.

8. The increases in rates and charges authorized herein are justified; the rates and charges authorized herein are reasonable; and

the present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.

The Commission concludes that the amended application should be granted as set forth in the order which follows with the exception that the 8-party flat rate suburban business and residence service shall be closed, and not withdrawn, to new subscribers at such time as 4-party service is established.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order and before three years after said effective date, in conformance with General Order No. 96-A, applicant is authorized to file tariff schedules which will:

- (a) Establish a new exchange, designated Oak Knoll, with boundaries substantially as indicated on Exhibits G and H attached to the application.
- (b) Establish the Oak Knoll Base Rate Area with boundaries substantially as indicated on Exhibits G and H attached to the application.
- (c) Establish the Oak Knoll Toll Rate Center.
- (d) Establish extended service between applicant's Hamburg and Oak Knoll Exchanges.
- (e) Establish, coincident with the establishment of the Oak Knoll Exchange, Oak Knoll Exchange rates as proposed in Exhibit E attached to the amendment to the application.

The effective date of any new or revised schedules filed under this authorization shall be the effective date of this order, or five days after the date of filing, whichever is later. The revised schedules shall apply to service rendered on or after the effective date thereof.

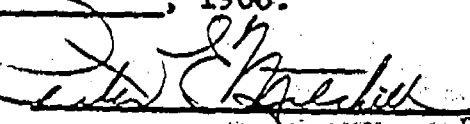
2. After the effective date of this order and before three years after said effective date, applicant is authorized to file

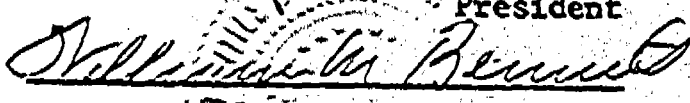
revised rate schedules for services as set forth in Exhibit E attached to the amendment to this application for each exchange, coincident with the completion of construction under applicant's REA "F" loan in each exchange, with the exception that the 8-party flat rate suburban business and residence service shall be closed, and not withdrawn, to new subscribers at such time as 4-party service is established. Such filings shall comply with General Order No. 96-A. The effective date of revised schedules shall be the effective date of this order, or five days after the date of filing, whichever is later. The revised schedules shall apply only to service rendered on and after the effective date thereof.

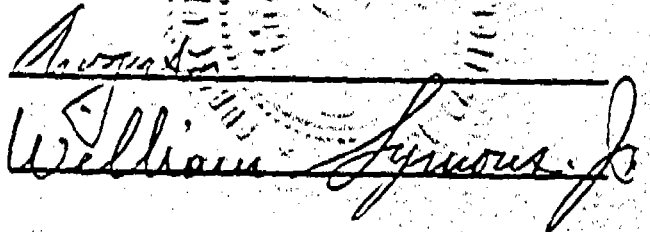
3. Applicant shall revise its accounting procedures for toll service revenues by accruing at the end of each year for that year an estimated amount for toll adjustments.

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

Dated at San Francisco, California, this
5th day of JUNE, 1968.



President




Commissioners

Commissioner Fred P. Morrissey, being necessarily absent, did not participate in the disposition of this proceeding.