

ORIGINAL

Decision No. 74431

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

LAKE COUNTY CONTRACTORS' EXCHANGE,)
 Complainant,)
 vs.)
 PACIFIC TELEPHONE COMPANY,)
 Defendant.)

Case No. 8622
(Filed April 24, 1967)

Paul Corbin, for Lake County Contractors'
 Exchange, complainant.
Dudley A. Zinke and Robert E. Michalski,
 for The Pacific Telephone and Telegraph
 Company, defendant.
Edwin E. Nowak and Ermet Macario, for the
 Commission staff.

O P I N I O N

Complainant requests that affirmative action be taken to establish toll-free dialing services in specified areas of Lake County.

After due notice, public hearing was held on August 3, 1967 at Lakeport and on August 4 at Clearlake Highlands before Examiner Gillanders. Complainant and numerous public witnesses presented their evidence. Further hearings were held at Lakeport on January 10 and 11, 1968 for the presentation of defendant's evidence. Further testimony was also presented by public witnesses. The matter was submitted upon receipt of defendant's late-filed exhibit received March 8, 1968 subject to a request by other parties for cross-examination due within 15 days thereafter. No one requested cross-examination; therefore, the matter was submitted for decision on March 25, 1968.

During the course of the proceeding, 21 exhibits were received into evidence, 42 witnesses testified, the testimony of 15 persons was received by stipulation and 482 pages of transcript were recorded.

Exhibit 1 delineates the boundaries of the six exchange areas surrounding Clear Lake, the base rate area boundaries within the exchange boundaries, and the number of main stations within each exchange.

Exhibit 6 shows that the six exchanges have prefixes as follows:

Upper Lake Exchange	275
Lakeport Exchange	263
Kelseyville Exchange	279
Lower Lake Exchange	994
Clearlake Oaks Exchange	998
Nice Exchange	274

Complainant requests toll-free dialing in all directions between the 263, 279, 994 and 998 exchanges. This request will hereinafter be referred to as the six-route extended area plan.

The reasons for the filing of this complaint were set forth in the direct testimony of Mr. Howard Day, past president of the Lake County Contractors' Exchange, a contractor in Lower Lake, and the active head of the Contractors' Exchange when its program to obtain toll-free dialing was undertaken.

A portion of this testimony given on August 3, 1967 follows:

"THE WITNESS: Well, our first meeting regarding this was a regular village exchange meeting wherein we talked of possibly securing this better service for Lake County. The next thing we did was to call the Public Utilities Commission and ask for one of their representatives to appear at one of our meetings to explain the method of obtaining this service. So we had a meeting and it was open to the public and a representative of the Public Utilities Commission was there. The people were allowed to speak and to voice their opinions as to what would be better service for Lake County.

"And predominantly at this time the complaints were of the operator service in long delays of getting calls through or reaching an operator or of never reaching an operator with calls in. And at this time it was mostly secondary, the idea of the amount of the toll. Primarily all of the complaints were based on service.

"At a later date we had a meeting with the representative of the telephone company there who explained that they were in favor of extended service or direct dialing if the situation warranted it and they would assist us with mailing lists and an estimated rate structure on these proposed areas that we had asked for. They did supply the mailing lists. And they, after some about four months it took to get a study through -- at first they said they would have the study within the month of an estimated rate. At this time we met with them again and they said they couldn't get the rate out that quick, that it was quite an involved study to estimate this rate. So from month to month, or actually, from week to week, they were contacted to see if they had this study. And it took some four months before we had this estimated rate study that we could put out in our mailers to our people in the areas that we had chosen.

"After this rate study came out and the proposed response seemed favorable as far as the phone company was concerned, at that time we thought that they would petition the Public Utilities Commission for this service. And then there was no further results from this.

"And then at another meeting we had with them they explained that filing a petition with the PUC for this service would aid as far as they were concerned their position in putting this service into operation. So some three months went by and there seemed to be no more progress insofar as we could tell. So then we invited the representative of the phone company again to a meeting and at this time they still had about the same position, that it was still in a study process and that they couldn't give us any more information. And at this time we suggested that it would be the time to file a formal complaint with the Public Utilities Commission and they thought, well, they'd rather not do that now, although previously they had said it would help. And, of course, the Exchange's position was that if they were sincere in wanting to put this through, the filing of the complaint wouldn't hurt them a bit with the Public Utilities Commission because the only reason they could possibly object to it, as far as we could see, was if they intended to do it anyway.

"That is a brief resume of the start of this, and up until the time the complaint was filed."

In answer to a question during cross-examination Mr. Day testified as follows:

"THE WITNESS: What I'm saying is that the membership is not so concerned with cost to them of the phone service. It is what it costs their customers to call them. In other words, the customers who live outside their toll area will not call the business. I mean, the businessman is not really concerned with the amount of the bill. When it detracts from his customers calling because it is toll service, then he is concerned. This was their idea.

"Q. In other words, in addition to the service aspect which you mentioned previously, there are other considerations which the Association gave the matter?

"A. Yes, sir."

Defendant presented a study (Exhibit 7) which it called a "Seven-Route proposal". Defendant believes as a result of its studies that its proposal is responsive to the needs and desires of the people. Defendant's proposal would provide toll-free dialing only between contiguous exchanges.

The position of each party, at the close of the hearings, is as follows:

Complainant desires a plan that would allow toll-free dialing in both directions between Lakeport (263), Kelseyville (279), Lower Lake (994) and Clearlake Oaks (998) exchanges.

Defendant believes its seven-route proposal is best.

The staff believes that defendant's seven-route proposal should be authorized primarily to eliminate whatever present or future boundary problems exist or may arise. The staff recommended that defendant be directed to study an optional extended service for business and/or residential service among the six exchanges surrounding Clear Lake.

Based upon the testimony and exhibits in this matter, the Commission makes the following findings and conclusions.

Findings of Fact

1. At the first meeting held by complainant most of the complaints regarding telephone service related to the manual toll operations of defendant.

2. Some users of defendant's manual toll system desire extended area service as they believe it will solve their manual toll operation problems.

3. Extended area service will not solve the problem of out-of-county manual toll calls.

4. Some users of defendant's manual toll system desire extended area service as they believe it will increase their business.

5. Some users of defendant's manual toll system do not desire extended area service.

6. Defendant averred that its manual toll service in the Clear Lake area is as good as any manual toll service it provides in the State of California.

7. In September 1966 complainant, with the advice and assistance of defendant, mailed survey cards (Exhibit 3) to 747 residents in the Clearlake Oaks Exchange, 442 cards to residents in the Clearlake Highlands Exchange and 600 cards to residents in the Kelseyville Exchange, for a total mailing of 1,789.

8. No cards were mailed to residents in the Lakeport Exchange as complainant was advised by defendant that such mailing was not necessary for purposes of the survey.

9. No cards were mailed to business or to nonresidence telephone subscribers within the three exchanges polled.

10. The survey was based upon the six-route extended area service plan.

11. The response, as tallied by defendant, was as follows:

	<u>Yes</u>	<u>No</u>	<u>No Comments</u>
Lower Lake	124	74	4
Kelseyville	228	80	9
Clearlake Oaks	<u>176</u>	<u>63</u>	<u>22</u>
	528	217	35

12. 1088 nonpermanent residential phone subscribers in the three exchanges (supra) were not polled.

13. Subsequent to August 4, 1967 defendant presented its seven-route study before 20 local organizations.

14. A total of 792 persons were present at the 20 meetings.

15. No vote was taken nor show of hands requested to determine if people were in favor of defendant's proposal.

16. No other possible serving arrangement was presented by defendant to those in attendance at the 20 meetings.

17. At no time prior to January 10, 1968 were members of the Lake County Contractors Exchange informed that they could receive Interexchange Receiving Service.

18. Interexchange Receiving Service has been available to any business subscriber in the Clear Lake area since at least 1948.
(Schedule 19-T)

19. It is technically feasible to furnish extended area service on an optional basis.

20. Lake County presently has a substantial permanent population consisting of retired persons living on fixed incomes and/or social security, as well as a substantial number of persons living on welfare.

21. It is defendant's position that it should not suffer revenue loss if and when any extended area service plan is placed into service.

22. The six-route extended area service plan requires an increase in revenue of \$92,900 annually from basic exchange rates in four exchanges.

23. The seven-route extended area service plan requires an increase of \$69,900 annually spread over six exchanges.

Conclusions of Law

1. It would be inappropriate for the Commission herein to enter an order affecting the telephone rates of persons who were summarily denied the opportunity to participate in the poll conducted by complainant with the aid and assistance of defendant.

2. Complainant's members have now and have had for a number of years, a service available to them that will satisfy their desire to have customers call them at no charge to the customer.

(Schedule 19-T)

3. Complaints regarding manual toll service should not be resolved by instituting extended area service on a nonoptional basis.

4. In the Clear Lake area, extended area service should be instituted on an optional basis with rates set at such a level that users of such service pay all costs of providing such service.

5. This record does not show what the proper rate should be for optional extended area service.

6. Defendant should be ordered to provide subscribers with the option of subscribing to extended area service to and from any or all of the six exchanges surrounding Clear Lake.

7. No change should be made at this time in defendant's presently authorized rates or telephone service arrangements in any of the six exchanges surrounding Clear Lake.

O R D E R

IT IS ORDERED that:

1. Defendant, 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 the six exchanges surrounding Clear Lake optional extended telephone service to and from any or all of the six exchanges at rates which will be determined by subsequent order.

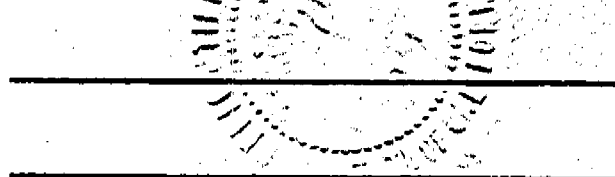
2. Defendant shall periodically report to this Commission, in writing, at intervals no longer than three months, the status and progress of its compliance with this order, and shall promptly request that the Commission grant any further authorization needed to effect compliance with this order.

3. Complainant is entitled to no other relief in this proceeding.

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

Dated at San Francisco, California, this 23rd day of JULY, 1968.

William J. ...
President



Shed P. Monsey
Commissioner

Commissioner Peter E. Mitchell

Present but not participating.

Commissioner A. W. Gtov. being necessarily absent, did not participate in the disposition of this proceeding.