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ORIGINAL

Decision No. 76482

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to consolidate its Emmet, Panoche and Tres Pinos exchanges into a single exchange to be designated Tres Pinos and establish Emmet and Panoche special rate areas within the new Tres Pinos exchange, San Benito County, California.	Application No. 50928 (Filed March 4, 1969)

Robert E. Michalski, for applicant.
Rex Bryan, for William Butts Telephone Company and Bryan Telephone Company, protestants.
Neal C. Hasbrook, for California Independent Telephone Association; William L. Knecht, for California Farm Bureau Federation; and R. D. Crowe, in propria persona; interested parties.
Ermet Macario, for the Commission staff.

O P I N I O N

Applicant seeks authority to consolidate its Emmet, Panoche, and Tres Pinos exchanges; to include in the consolidation approximately 21.5 square miles of unfiled territory; to designate the consolidated exchange as the Tres Pinos exchange; to establish the present Emmet and Panoche base rate areas as special rate areas within the enlarged Tres Pinos exchange; to discontinue the Emmet and Panoche toll rate centers; and to cancel and withdraw message toll telephone rates between the three existing exchanges.

Public hearing was held before Examiner Gillanders in Hollister on June 27, 1969. Copies of the application were served and notice of hearing was published, posted and mailed to each customer, in accordance with this Commission's rules of procedure.

The matter was submitted on July 1, 1969, upon receipt of late-filed Exhibit 7.

Testimony on behalf of applicant was presented by a supervisor in its Northern California Regional Rate Administrator's office and by the Plant Extension Studies Engineer for its Central Counties Area.

The Farm Bureau assisted in developing the record by presenting six witnesses who testified as to service in their localities. A witness for protestants testified as to the effects applicant's proposal would have on the operations of protestant's systems. Other interested parties and the staff assisted in developing the record by conducting cross-examination of the various witnesses.

The record shows that the Panoche exchange was established in 1911; that it includes 34 square miles of territory; that there is an estimated population of about 100; that as of January 1, 1969 there were 28 telephone customers; and that there are no businesses in Panoche with the exception of a tavern. The Emmet exchange was established in 1915; it covers approximately 52 square miles; it has an estimated population of 120; it contains 36 customers; and there are no businesses or commercial establishments actually in Emmet.

According to applicant the North Electric CX 30 central office equipment which serves Emmet and Panoche is reaching its capacity and its studies show that the most economical way to provide the necessary changes in serving arrangements is to serve the area from the existing Tres Pinos office. Applicant claims that the elimination of toll charges between the three exchanges and the recentering of the Emmet and Panoche toll to Tres Pinos would result

in an approximate annual loss of $3,200 a year. The increase in exchange revenue resulting from the change of Emmet and Panoche base rate areas to special rate areas is approximately a $700 annual increase. Applicant made three separate studies in order to determine that consolidation, while requiring gross construction of $320,000 was the least expensive by $110,000. Applicant claims its consolidation plan will provide what it considers standard service, i.e., such things as seven-digit numbering and direct distance dialing. The consolidation plan envisions no change in serving arrangements to the existing 132 telephone subscribers in the existing Tres Pinos exchanges as there have been no service complaints from these customers.

The positions of various parties to this proceeding are as follows:

Applicant is going to replace its old equipment in any event and it hopes that its consolidation procedure will be authorized as it feels that it is the most economical plan and one which will give the people in the area the greatest and the broadest calling area.

Protestant Bryan believes that granting applicant's request will be an ill service to his Pinnacles exchange.

The staff endorses the offering of suburban four-party service in lieu of present suburban eight-party service and the withdrawing of residence four-party service within the base rate area. The staff believes that the elimination of toll charges from Emmet and Panoche to Hollister is in the area of unduly preferential rate treatment and for that reason recommends that the consolidation not be approved.

The Farm Bureau believes it would be intolerable to preclude the customers in the two exchanges from having the service described in the application just because someone has taken the posture that the Commission should maintain something, some measurement, some averages, some standards.

As applicant has testified that it intends to replace its existing outmoded and deteriorated plant within two years regardless of the outcome of this application, the only issue before us is whether or not applicant's proposal is in the overall public interest. Protestant and staff argue that it is not, while applicant and Farm Bureau argue that it is.

For the following reason we find and conclude that applicant's proposed consolidation should be approved: The people served by the existing plant in the Panoche and Emmet exchanges have for years suffered from inadequate telephone service and now are entitled to modern telephone service.

All parties are placed on notice that our decision in this matter is based solely on the peculiar facts as disclosed in this record and are not to be cited as precedents in future cases regarding telephone serving arrangements.

O R D E R

IT IS ORDERED that after receipt by this Commission of a satisfactory certification by applicant that it has placed in service within two years after the effective date of this order the consolidation described in its application, applicant may be authorized by supplemental order to file the revised rate schedules attached to this order as Appendix A. Such filing shall comply with

General Order No. 96-A. The effective date of the revised schedules shall be four days after the date of filing. The revised schedules shall apply only to service rendered on and after the date thereof.

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

Dated at San Francisco, California, this 25th day of November, 1969.

William Symons Jr.
President

Commissioners

Commissioner A. W. GATOV abstained.

APPENDIX A

Applicant's rates, charges and conditions are changed as set forth in this appendix.

1. Discontinue Emmet and Panoche Exchanges.
2. Enlarge the Tres Pinos Exchange and establish the Emmet and Panoche special rate areas as shown on Exhibit A attached to the application.
3. Rates -

	Rate Per Month		
	Tres Pinos BRA	Emmet SRA	Panoche SRA
BUSINESS			
1-Party	$ 9.00	$11.60	$12.25
2-Party	6.75	8.15	8.50
PBX Trunks	13.50	16.10	16.75
Semi-public	4.50	7.10	7.75
Suburban 8-Party	Not Offered	Not Offered	Not Offered
Suburban 4-Party	7.50**	7.50**	7.50**
Farmer Line	2.75	3.15*	3.25*
RESIDENCE			
1-Party	4.75	7.35	8.00
2-Party	3.65	5.05	5.40
4-Party	Not Offered	Not Offered	Not Offered
Suburban 8-Party	Not Offered	Not Offered	Not Offered
Suburban 4-Party	4.00**	4.00**	4.00**
Farmer Line	1.50	1.90*	2.00*

* Applicable to service connecting at the SRA.

** Available only in suburban area.

Other rates and rules in accordance with tariffs on file with the California Public Utilities Commission.