

ORIGINAL

Decision No. 77421

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE)
 AND TELEGRAPH COMPANY for authority)
 to establish Extended Area Service)
 in the San Luis Obispo area, in-)
 volving the exchanges of San Luis)
 Obispo, Arroyo Grande, Morro Bay,)
 Pismo Beach and Nipomo and to)
 withdraw message toll telephone)
 service rates now in effect between)
 said exchanges.)

Application No. 51012
 (Filed April 17, 1969;
 Amended January 6, 1970)

OPINION AND ORDER

By the amended application herein, The Pacific Telephone and Telegraph Company (Pacific) seeks authority to establish extended-area telephone service (EAS) between its San Luis Obispo, Arroyo Grande, Morro Bay and Pismo Beach exchanges and between its Nipomo and Arroyo Grande exchanges and to withdraw its message toll telephone service over the routes affected.

The following are the routes, interexchange mileages and present basic toll rates involved:

<u>Between Exchanges</u>	<u>Miles</u>	<u>Toll Rate</u>
San Luis Obispo - Arroyo Grande	13	20¢
San Luis Obispo - Morro Bay	12	15¢
San Luis Obispo - Pismo Beach	10	15¢
Arroyo Grande - Nipomo	9	15¢

The San Luis Obispo exchange has a population of 38,000 and includes three developed areas: the City of San Luis Obispo and the communities of Baywood Park and Avila Beach.

The City of San Luis Obispo is the County's largest city and for years has been the economic, governmental and social center for a number of agricultural, railroad and vacation-type communities

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surrounding it. Magnifying its importance is its isolated and strategic geographical location, straddling the main highway and railroad, midway between San Francisco and Los Angeles. Over 100 miles away are the nearest comparable cities--Salinas to the north, Santa Barbara to the south and Bakersfield to the east.

The exchanges of Morro Bay, Arroyo Grande and Pismo Beach are contiguous to the San Luis Obispo exchange, having grown toward San Luis Obispo to become an integral part of the greater San Luis Obispo area. Exchange population is about 22,200 in Arroyo Grande, 12,500 in Morro Bay and 5,400 in Pismo Beach.

According to Pacific, cross-boundary calling problems now exist between the San Luis Obispo and Morro Bay exchanges and between the San Luis Obispo and Pismo Beach exchanges. The residential community of Baywood Park in the San Luis Obispo exchange is adjacent to the common San Luis Obispo-Morro Bay exchange boundary. This means that customers in Baywood Park pay a 15-cent toll charge to call the City of Morro Bay, of which Baywood Park is a suburb. Similarly, Sunset Palisades, a residential community in the Pismo Beach exchange is adjacent to the San Luis Obispo-Pismo Beach common exchange boundary and is a continuation of Avila Beach, located in the San Luis Obispo exchange; however, its customers pay a 15-cent toll charge to call into the San Luis Obispo exchange.

Extended Area Service between the Nipomo exchange and the Arroyo Grande exchange has been requested because of the reliance of Nipomo customers on Arroyo Grande for certain economic, social and governmental functions. The community of Nipomo has a population of 4,200 and is the only densely developed area in the exchange. It contains a small business community.

Pacific has received widespread and continuous customer demand for Extended Area Service in San Luis Obispo County for several years. Critical comments about short-haul toll rates to nearby communities have substantially increased in recent years. Many social, fraternal and governmental organizations have expressed dissatisfaction with present calling areas.

Applicant's proposed rates are based upon the EAS formula authorized by this Commission's Decision No. 77311, in Application No. 51114, issued June 3, 1970. As applied to this EAS plan, the specific monthly rates are as follows:

	Present Rates All Ex- changes (1)	Proposed EAS Rates				
		San Luis Obispo	Arroyo Grande	Morro Bay	Nipomo	Pismo Beach
<u>Business</u>						
Individual Line	\$ 9.00	\$10.60	\$11.05	\$10.20	\$10.75	\$10.75
Two-Party Line	6.75	8.35	8.80	7.95	8.50	8.50
Suburban Line	6.25	7.85	8.30	7.45	8.00	8.00
Semi-Public Coin	4.50	5.50	5.75	5.25	5.50	5.50
PEX Trunks	13.50	15.75	16.50	15.25	16.00	16.00
Farmer Line	2.75(2)	4.35	4.80	*	*	*
<u>Residence</u>						
Individual Line	\$ 4.75	\$ 5.20	\$ 5.35	\$ 5.15	\$ 5.35	\$ 5.35
Two-Party Line	3.65	4.10	4.25	4.05	4.25	4.25
Four-Party Line	2.95	3.40	3.55	3.35	3.55	3.55
Suburban Line	3.45	3.90	4.05	3.85	4.05	4.05
Farmer Line	1.50(2)	1.95	2.10	*	*	*

* Service not offered.

(1) Rates applicable within Base Rate Area.

(2) Farmer Line Services not presently offered in Morro Bay, Nipomo and Pismo Beach exchanges.

Note: The amount of the monthly increase for extended area service applicable to the Baywood Park and Avila Beach special rate areas in the San Luis Obispo exchange is the same as that for the base rate area.

In order to determine the degree of customer acceptance for its plan, Pacific conducted a survey by statistical sampling of the customers in each exchange. In the satellite exchanges (outside of San Luis Obispo exchange) 76 percent of all customers want Pacific's EAS plan, with individual exchanges ranging from 69 percent in Nipomo to 84 percent in Morro Bay. Seventy-seven percent of the residence customers and seventy-six percent of the business customers in the satellite exchanges favor Pacific's plan. In the core exchange (San Luis Obispo) 66 percent of the business customers and 53 percent of the residence customers favor the plan.

No opposition to Pacific's proposal has been directed to the Commission's attention.

The Commission makes the following findings of fact:

1. Public hearing in this matter is not necessary.
2. The establishment of extended area telephone service as proposed herein by Pacific is in the public interest.
3. Increases in rates as herein authorized are justified.
4. Present exchange rates, insofar as they differ from those herein authorized, will become unjust and unreasonable upon establishment of EAS between the San Luis Obispo, Arroyo Grande, Morro Bay, Pismo Beach and Nipomo exchanges.

The Commission concludes that the amended application herein should be granted. Accordingly,

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is hereby authorized to establish extended area telephone service between the San Luis Obispo exchange and the Arroyo Grande, Morro Bay and Pismo Beach exchanges and between the Arroyo Grande and Nipomo exchanges within 24 months of the effective date of this order.

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2. After not less than five days' notice to the public and this Commission, Pacific shall make effective in the affected exchanges on the date on which extended area service is established therein, tariffs revised to reflect the rate changes set forth in Exhibit B attached to the amended application herein and shall coincidentally therewith withdraw message toll telephone rates in effect between said exchanges.

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

Dated at San Francisco, California, this 30th day of JUNE, 1970.

William S. Jones
President

August
W. J. Brown

John A. ...

James L. Sturgeon
Commissioner

