

ORIGINAL

Decision No. 77571

## 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 )  
 between the Red Bluff Exchange and )  
 the Exchanges of Corning, Gerber and )  
 Los Molinos and between the Corning )  
 Exchange and the Gerber Exchange and )  
 to withdraw message toll telephone )  
 service rates now in effect between )  
 said exchanges. )

Application No. 51612  
 (Filed January 9, 1970;  
 Amended June 24, 1970)

Robert E. Michalski, for applicant.  
California Farm Bureau, by Ralph Hubbard;  
Gerber Community Club, by Shannon O.  
Patterson; interested parties.  
Ernet Macario, for the Commission staff.

O P I N I O N

By this application, The Pacific Telephone and Telegraph Company (Pacific) seeks authority to establish extended area telephone service (EAS) between its Red Bluff, Corning, Gerber and Los Molinos exchanges, to set rates therefor and to withdraw message toll rates over the routes affected.

After due notice, public hearings in the matter were held before Examiner Emerson on June 23, 1970 at Corning and June 24, 1970, at Red Bluff. During the course of the hearing, at which 34 public witnesses and one company witness were heard, Pacific agreed to consider an additional route (Corning-Los Molinos) and the application is therefore considered as having been amended to such extent. The matter is submitted and ready for decision.

The toll routes proposed to be eliminated by this EAS plan are the following:

<u>Between Exchanges</u>	<u>Miles</u>	<u>Rate</u>
Red Bluff-Corning	18	25¢
Red Bluff-Gerber	10	15¢
Red Bluff-Los Molinos	13	20¢
Corning-Gerber	10	15¢
Corning-Los Molinos	9	15¢

The Red Bluff and Corning exchanges do not have a common boundary. Lying between them are the Gerber and Los Molinos exchanges.

The Red Bluff exchange has an estimated population of 17,000 and a main station telephone development of about 5,700. Included in the exchange is the City of Red Bluff and the communities of Antelope, Bend, Dairyville, Hooker, Los Robles, Proberta and Red Bank. The City of Red Bluff is the County Seat of Tehama County and is one of the major trading, social, governmental and economic centers for the upper Sacramento Valley.

The Gerber exchange has an estimated population of 1,700 and a main station telephone development of 470. It encompasses the communities of Gerber and an area known as El Camino. Gerber has a small business center. Being almost equidistant between Red Bluff and Corning, it has interests in both cities.

The Los Molinos exchange has an estimated population of 2,700 and a main station telephone development of 625. Included in the exchange is the community of Los Molinos and the town of Tehama. Like the surrounding area, Los Molinos' economy is based on agriculture. It is located 15 miles southeast of Red Bluff and has a small, modern shopping area. It relies on both Red Bluff and Corning for many goods and services.

The Corning exchange contains the City of Corning, second largest in Tehama County and has an estimated population of 6,600 and a main station telephone development of 2,150. Corning is located 18

miles south of Red Bluff, 11 miles south of Gerber, and 9 miles southwest of Los Molinos. The City of Corning has a modern shopping area. It depends on Red Bluff for some of its needs.

Interest in expanded calling areas for these exchanges has been evident for several years; individual telephone subscribers, elected officials, agricultural associations, service clubs and other groups having expressed their desires for such service by letters and petitions directed to Pacific and at various meetings with Pacific's employees.

In order to determine the degree of customer acceptance for its EAS plan, Pacific conducted a survey by statistical sampling of customers' views in each exchange. The results of such survey show substantial public support of the plan except in the Corning and Red Bluff exchanges.

The Corning survey shows that 53 percent of the business customers and 43 percent of the residence subscribers<sup>1/</sup> in such exchange do not want extended service at the rates which would be charged for the service.<sup>2/</sup> The Red Bluff survey shows that 39 percent of the business customers and 45 percent of the residence customers do not want EAS. In the light of the testimony of public witnesses and in view of the fact that \$2.70 of the \$3.30 proposed monthly business increase for Corning and all of the proposed Red Bluff residence rate increase

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<sup>1/</sup> In viewing these percentage figures, it should be noted that their "reliability" (as defined by the company's statisticians who analyzed questionnaire responses) is plus or minus 7 percent; thus public rejection of the plan for this segment may be anywhere between 46 percent and 60 percent for business customers and between 36 and 50 percent for residence customers.

<sup>2/</sup> The applicable rates are those determined by the EAS rate formula authorized by Decision No. 77311 in Application No. 51114, issued June 3, 1970.

is attributable to the Corning-Red Bluff toll route, we interpret such public rejection as being wholly directed to that route. Further, when viewing the "community of interest factors" (as measured by an actual 1969 count of toll messages on a per station basis), the fact that the Corning-Red Bluff route is only approximately one-half that for Los Molinos to Red Bluff and less than one-third of that for Gerber to Red Bluff lends ample support for such interpretation and for a conclusion that the Corning-Red Bluff route has not found sufficient usage or public support to warrant its inclusion in this EAS plan. On the other hand, the evidence respecting usage and public support for the Gerber to Corning route and the Los Molinos to Corning route seems clearly to warrant their inclusion in the plan.

In view of the evidence, the Commission makes the following findings of fact:

1. After due notice, public hearing has been held, evidence has been adduced, and the matter herein has been submitted.
2. Establishment of extended area telephone service (EAS) between the Red Bluff and Gerber exchanges, between the Red Bluff and Los Molinos exchanges, between the Gerber and Corning exchanges, and between the Los Molinos and Corning exchanges is in the public interest.
3. Increases in exchange rates for said exchanges as herein authorized are justified.
4. Present exchange rates, insofar as they differ from those authorized herein, will become unjust and unreasonable upon establishment of EAS between the aforesaid exchanges.

The Commission concludes that the application herein should be granted to the extent set forth in the following order.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is hereby authorized to establish extended area telephone service between the following exchanges within 24 months of the effective date of this order:

- Between Red Bluff and Gerber
- Between Red Bluff and Los Molinos
- Between Gerber and Corning
- Between Los Molinos and Corning

2. After not less than five days' notice to the public and to 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 rates set forth in Appendix A attached to this order 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 4th day of AUGUST, 1970.

[Signature]  
Chairman

[Signature]

[Signature]

[Signature]  
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.

Appendix A

EAS RATES

<u>Service</u>	<u>Rate Per Month</u>			
	<u>Red Bluff</u>	<u>Gerber</u>	<u>Los Molinos</u>	<u>Corning</u>
<b>Business:</b>				
1-party	\$9.60	\$11.95	\$12.70	\$10.20
2-party	7.35	9.70	10.45	8.95
Suburban	6.85	9.20	9.95	7.45
PBX trunk	14.25	17.75	19.00	15.25
Semipublic	5.00	6.00	6.50	5.25
Farmer Line	3.35	**	**	3.95
<b>Residence:</b>				
1-party	4.75*	5.75	6.00	5.15
2-party	3.65*	4.65	4.90	4.05
4-party	2.95*	3.95	4.20	3.35
Suburban	3.45*	4.45	4.70	3.85
Farmer Line	1.50*	**	**	1.90

\* No change from present rate.  
 \*\* Service not offered.