

ORIGINAL

Decision No. 77774

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Sunset Hills Homeowners Association,
a non-profit association,
Complainant,

vs.

The Pacific Telephone and Telegraph
Company, a corporation, and
The General Telephone Company,
a corporation,
Defendants.

Case No. 9055
(Filed April 29, 1970)

In the Matter of the Application of
The Pacific Telephone and Telegraph
Company and General Telephone Company
of California for determination whether
the public interest requires the estab-
lishment of extended service between
Applicant's Moorpark and Thousand Oaks
Exchanges and, in the event it is
determined that the public interest
requires the establishment of such
service, for authority to establish
rates for said extended service, to
cancel and withdraw present exchange
service rates in said exchanges and
to cancel and withdraw message toll
telephone service rates now in effect
between said exchanges.

Application No. 51929
(Filed May 29, 1970)

Robert E. Michalski, for Pacific Telephone &
Telegraph Company; and A. M. Hart,
H. Ralph Snyder, Jr., and Walter Rook, by
H. Ralph Snyder, Jr., for General Telephone
Company of California, both applicants in
A-51929 and defendants in C-9055.

Dr. Sidney Adler and Albert W. Greene, for
Sunset Hills Homeowners Association,
complainant in C-9055 and interested party
in A-51929.

Raymond C. Clayton, City Attorney, for City of
Thousand Oaks, intervenor in C-9055 and
interested party in A-51929.

Dr. Ray Hearon, for Moorpark College; Ed Jones, in
propria persona; Stewart S. Nolton, for Senator
R. J. Lacomarsino; and Frank Baird, for
John T. Conlon, Chairman of the Ventura
County Board of Supervisors, interested parties
in C-9055.

Tibor I. Toczauer, for the Commission staff.

O P I N I O N

The complainants in Case No. 9055 allege that in the Sunset Hills Tract in the City of Thousand Oaks in Ventura County, California, the base rate for telephone service for residents varies from \$11.00 to \$14.00 per month, if residents choose a Thousand Oaks telephone (prefix 495 or 497), while the base rate to residents of the rest of Thousand Oaks amounts to \$5.10 per month; and that the only other option available to the residents of Sunset Hills is a Moorpark telephone (prefix 529) at a base rate of \$6.05, which makes every call to Thousand Oaks a toll call with a charge of 15¢ for the first three minutes; and that as a result, whenever residents with a Moorpark telephone (prefix 529) call immediate neighbors or basic city services, such as police, fire department, and local schools, they incur a 15¢ toll call.

The complainants further allege that this inequity results from the fact that the Sunset Hills tract, though within the city limits of Thousand Oaks, is under the jurisdiction of Pacific Telephone and Telegraph Company (Pacific), while the rest of Thousand Oaks is served by General Telephone Company of California (General); that Pacific claims to use trunk lines belonging to General and thus provides "foreign service" to these residents of Thousand Oaks; and that the net result, however, is that, although Sunset Hills residents receive a single service, they are compelled to pay more than a double rate.

The complainants request an order that the present base rates charged to 495 and 497 telephone prefixes in the Sunset Hills tract be reduced to \$5.10 per month and that 529 telephone prefix subscribers in the Sunset Hills tract be able to call the City of Thousand Oaks toll free.

Each defendant admitted the allegations of the complaint. Each defendant stated as an affirmative defense that it and its co-defendant are conducting studies to determine the economic effect of extended service between the Moorpark and Thousand Oaks exchanges and intend to file an application in or about May 30, 1970 offering said service.

In accordance with their answers Pacific and General filed the above entitled joint application on May 29, 1970 in which they request that this Commission issue an order:

1. Determining whether or not the public interest requires the establishment by Pacific and General of extended telephone service of Pacific's Moorpark Exchange and General's Thousand Oaks Exchange.
2. If the Commission finds that the establishment of such extended service is in the public interest, authorizing applicants to proceed with the changes in and additions to their telephone plant necessary to that end, and further, authorizing applicants coincident with the provision for extended service between the exchanges, to file and make effective new rates for extended service.

After due notice a public hearing was held before Examiner Rogers on August 4, 1970 at Thousand Oaks. The matters were consolidated for hearing and submitted on said date.

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The exchanges of Moorpark and Thousand Oaks are contiguous to each other and in Ventura County.

The telephone service in Moorpark exchange is furnished by Pacific. This exchange includes the Sunset Hills service area which is physically a portion of the City of Thousand Oaks and covers 54.62 square miles. As of December 31, 1969, there were 1,332 main telephones therein. The 1960 population was 2,902. The 1970 estimated population is 5,190.

The City of Thousand Oaks is located generally south of Moorpark. The old U.S. Highway 101 was the main street. The new Ventura Freeway (U.S. Highway 101) traverses the city from east to west, south of Ventura Boulevard. Thousand Oaks had 2,934 inhabitants in 1960. The 1970 population is just under 35,000. The city limits have been extended east to the Los Angeles County line and north to Moorpark. The Sunset Hills area has been absorbed into the City of Thousand Oaks.

The main social and economic centers that serve the Sunset Hills development are in the City of Thousand Oaks. The estimated population of Sunset Hills is 750 persons. Churches, medical centers, hospitals, super-markets, retail stores, city offices, theaters, gasoline stations, schools, recreational facilities, department stores, post offices, barber shops, beauty shops, and automobile sales agencies which serve the Sunset Hills residents are all located south of Sunset Hills inside the city limits of Thousand Oaks. Except for the residents employed by Moorpark College, which is approximately three miles north of the Sunset Hills area, the entire community of interest of Sunset Hills is to the west, south, or east thereof.

The entire area of Thousand Oaks and Moorpark is undergoing a rapid transition. Just a decade ago these areas were essentially rural. Today a large urban complex is being developed.

The demand for extended area service between the Moorpark and Thousand Oaks exchanges began to grow in 1966 when the Sunset Hills area in the southeast corner of the Moorpark exchange began to develop. Although this subdivision is in the Moorpark exchange, it also lies within the City of Thousand Oaks. City officials have objected to application of toll charges within their city limits. Evidence of the fact that the Moorpark local calling area may not meet the calling needs of Sunset Hills residents, is the extent of Thousand Oaks Foreign Exchange service development within the tract. As of February, 1970, there were 135 such foreign exchange services in the tract and only 79 subscribers to Moorpark local service. As the tract develops, forecasts indicate that by January 1, 1972 and without extended area service, foreign exchange services will grow to 280 with 170 local Moorpark services.

In late 1969 the Thousand Oaks city officials adopted a resolution which asked for extended area service as herein proposed. Pacific has received a petition from some 100 Moorpark subscribers requesting extended area service to Thousand Oaks.

The City Council of Thousand Oaks filed a resolution protesting the charges for service between the Sunset Hills area and Thousand Oaks, a resolution supporting the application to provide extended service and a resolution supporting toll free interim service between Sunset Hills and Thousand Oaks (Exhibit No. 10).

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Pacific's rate proposal, made in accordance with the EAS rate formula specified by Decision No. 77311, in Application No1 51114, issued June 3, 1970, is as follows:

	<u>Moorpark - Rate Per Month</u>		
	<u>Present</u>	<u>E.A.S. Increment</u>	<u>Proposed*</u>
<u>Business</u>			
Individual Line	\$ 9.00	\$1.75	\$10.75
Two-Party Line	6.75	1.75	8.50
Suburban Line	6.25	1.75	8.00
PEX Trunk	13.50	2.50	16.00
Semi-Public Coin	4.50	1.00	5.50
<u>Residence</u>			
Individual Line	\$ 4.75	.60	\$ 5.35
Two-Party Line	3.65	.60	4.25
Four-Party Line	2.95	.60	3.55
Suburban Line	3.45	.60	4.05

*The proposed rates have been determined by application of the Extended Area Service Rate Plan set forth in Appendix B to Decision No. 77311.

Present and proposed rates shown above reflect conversion of Sunset Hills Special Rate Area to a Base Rate Area.

Present and proposed rates shown above do not reflect increases proposed in Pacific's Application No. 51774.

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General will offer the extended service at the following rates:

	<u>Thousand Oaks Rate Per Month</u> (1)		
	<u>Present</u>	<u>E.A.S. Increment</u>	<u>Present Rate Plus Increment</u>
<u>Business</u>			
Individual Line	\$11.50	\$.25	\$11.75
Two-Party Line	8.00	.25	8.25
Suburban Line	6.50	.25	6.75
PEX Trunk	17.25	.25	17.50
Semi-Public Coin	5.75	.25	6.00
<u>Residence</u>			
Individual Line	\$ 5.10	---	\$ 5.10
Two-Party Line	3.85	---	3.85
Four-Party Line*	3.20	---	3.20
Suburban Line	3.70	---	3.70

*Available to services established or applied for prior to September 30, 1969.

(1) Present rates shown above do not reflect increases proposed in General's First Supplemental Application No. 49835 or Application No. 51904.

A customer survey of the two exchanges shows that 53 percent of the Moorpark customers, both business and residential, prefer the proposed EAS plan and that in Thousand Oaks, where the only change would be 25 cents per month additional on the business phones, 58 percent favored the proposed plan.

There was no opposition to the proposed plan offered by Pacific and General.

A Pacific engineer stated that it would take approximately 21 months from the effective date of a Commission order herein authorizing the proposed change until the change could be completed. The engineer stated however that Pacific could put an interim service in effect within 30 days after a decision by the Commission. This interim order would establish a temporary district area in the Moorpark exchange, including the existing special rate area and provide a non-optional extended service offering between Thousand Oaks and the proposed district area.

Under this plan, Pacific would be able to provide local toll free calling to Thousand Oaks, in addition to the Moorpark exchange. The present Moorpark services would have to be number changed to identify the services in this area so as to eliminate the toll charges on calls to Thousand Oaks from these telephones. The Sunset Hills residents who presently have Thousand Oaks foreign exchange service could change to this new Moorpark service or not, as they choose. The engineer said most would find it financially advantageous to do so. Pacific's proposed interim plan requires paralleling plans by General to provide local toll free calling to

Sunset Hills from Thousand Oaks exchange. This interim plan of Pacific's represents the maximum near term capability of Pacific to solve the telephone service problems of its Sunset Hills subscribers. Pacific recognizes the shortcomings of these plans compared to the proposed full extended area service between Moorpark and Thousand Oaks; however, Pacific believes they are a giant step in the right direction and fully responsive to the expressed needs of the Sunset Hills area.

A General witness said it can institute non-optional extended service between the Thousand Oaks exchange and portions of the Moorpark exchange by the establishment of a nonstandard dialing arrangement whereby Thousand Oaks exchange customers can call and receive calls to and from the Moorpark exchange customers assigned the 523 prefix which is the proposed prefix for the Sunset Hills subdivision. This would require a 25¢ increase for business customers. This interim arrangement will require the customer to dial "1" plus the 7 digits to place a local call or free call to the 523 prefix customer within the Moorpark exchange.

The disadvantage of this arrangement is that it can result in customer-dialing irregularities and service difficulties. Because it is common knowledge to the telephone-using public in this area that the digit "1" indicates a charged-for call, some of these customers will not dial the "1" when dialing the toll-free 523 prefix. In addition, new customers coming into the Thousand Oaks exchange or the general public having access to public telephones knowing that 523 was within the local calling area (toll free), may

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omit dialing of the digit "1". When this is done, the customer will reach wrong numbers within the Thousand Oaks exchange.

The engineer said General has considered the offering of an optional one-way extended service from the Thousand Oaks exchange into the Sunset Hills subdivision whereby only those customers desiring the service would subscribe to the service at a rate of \$1 per month for residence service and \$2 for business service. This arrangement would not require all business customers to pay but only those customers, both business and residence, desiring the service.

This was the same service arrangement at the same rate level that was in effect between certain areas in the Company's Pomona and Ontario exchanges for a period of nearly 7 years prior to the introduction of extended area service between those two exchanges.

Either of these interim arrangements can be placed in effect within 30 days after Commission authorization.

Pacific, concurrently with establishing the interim plan, proposes to establish a Base Rate Area in Sunset Hills, with rates shown as proposed on page 6 of this decision. Considering the prayer of the complaint concerning the emergency nature of the remedy sought, to expedite the relief, the Base Rate Area establishment will also be authorized in this decision. The departure from the well established proposal - advice letter filing route of Base Rate Area treatment is exceptional in this case, based on the unique circumstances, and shall not be considered as establishing a precedent for the future.

General proposes a temporary surcharge for the interim as in the first full paragraph above. This shall be adopted except that all Sunset Hills area customers buying Thousand Oaks Foreign Exchange service shall be able to call the Moorpark Exchange without the surcharge.

A representative of the Moorpark College located in the Pacific Telephone territory urged that the Commission give temporary authority for toll free telephone service between the college and the City of Thousand Oaks. He stated that it costs the college approximately \$2,000 a month in telephone calls to Thousand Oaks. There appears to be no way, at reasonable cost to Pacific, by which interim service can be furnished between the college and Thousand Oaks.

There were no appearances in opposition to the proposals of the telephone companies concerning their proposed extended area service or rates. The parties generally objected to the estimated time required (approximately 21 months from the date of decision herein) to complete the service.

Findings of Fact

On the record the Commission finds that:

1. After due notice public hearing has been held, evidence has been adduced and matters herein have been submitted.
2. The establishment of extended telephone service (EAS) between the Moorpark exchange of the Pacific Telephone and Telegraph Company and the Thousand Oaks exchange of General Telephone Company of California is in the public interest.
3. Increases in exchange rates 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 the extended area service between the affected exchanges.

5. The proposed interim plans for toll free calling between the Sunset Hills area and Thousand Oaks are in the public interest.

The Commission concludes that the joint application of Pacific and General should be granted and that interim toll free service should be ordered.

O R D E R

IT IS ORDERED that:

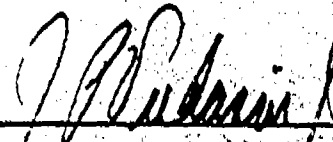
1. The Pacific Telephone and Telegraph Company and the General Telephone Company of California are hereby ordered to establish extended telephone service between the Moorpark exchange of Pacific and the Thousand Oaks exchange of General within 21 months after the effective date of this order.


2. Within 30 days after the effective date of this decision the Pacific Telephone and Telegraph Company and General Telephone Company of California shall establish interim toll free calling service between the Sunset Hills area of Pacific and the Thousand Oaks exchange of General as specified in the opinion.

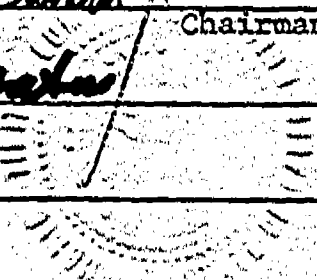
3. After not less than five days' notice to the public and to the Commission Pacific and General shall make effective, in the affected exchanges on the date in which the extended service is established therein, tariffs revised to reflect the rate changes set forth in Exhibits three and eight herein and the interim rates, insofar as the latter are applicable to the Sunset Hills area of Pacific, and to the Thousand Oaks exchange of General and coincidentally shall cancel and withdraw message-toll telephone rates between said exchanges.

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

Dated at San Francisco, California, this 29th day of SEPTEMBER, 1970.



Chairman






Commissioners

Commissioner William Simons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.