

Decision No. 77921

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY and THE VOLCANO
TELEPHONE COMPANY for authority to
establish Extended Area Service
between the Pacific exchange of Jackson
and the Pacific exchanges of Ione and
Plymouth and between Jackson and the
Volcano exchange and Suburban Zones 1
and 2 of the Pioneer exchange of
Volcano Telephone Company and to
withdraw message toll telephone service
rates now in effect between said
exchanges.

(Amended Title)

Application No. 51162
(Filed June 12, 1969;
Amended May 18, 1970)

Richard Siegfried, for applicant The Pacific
Telephone and Telegraph Company.

James W. Welch, for applicant The Volcano
Telephone Company.

Norman S. Waters, for Supervisorial
District 5, interested party.

Ermet Macario, for the Commission staff.

O P I N I O N

By the amended application herein, filed May 18, 1970, The Pacific Telephone and Telegraph Company (Pacific) and The Volcano Telephone Company (Volcano) seek authority to establish extended-area telephone service between certain of their telephone exchanges in Amador and El Dorado Counties, to establish rates therefor and to withdraw message toll telephone service between the affected exchanges.

Public hearing in the matter was held before Examiner Emerson on August 13, 1970 at Jackson. Submission of the matter was taken on September 18, 1970, upon receipt of the latest of three late-filed exhibits and the matter is now ready for decision.

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The record contains eleven exhibits (5 attached to the application and 6 introduced at the hearing) and the testimony of 16 witnesses.

The specific toll routes proposed to be converted to extended-area service are:

Ione to Jackson

Plymouth to Jackson

Volcano to Jackson

Pioneer suburban Zone 1 to Jackson

Pioneer suburban Zone 2 to Jackson

The first 4 of these routes presently have initial-period toll rates of 15 cents, while the fifth route presently is a 20-cent route. Other toll routes in the general area; namely, those between Sutter Creek and the Ione, Plymouth and Jackson exchanges and between Mokelumne Hill and Jackson are 10-cent toll routes which will soon be eliminated in accordance with an earlier decision of this Commission.

The Jackson exchange, which includes the City of Jackson and the communities of Electra, Jackson Gate and Martell, has an estimated population of 4,000 and a telephone development of about 1443 main stations. The City of Jackson is the county seat of Amador County and is the principal trading, social, governmental and economic center of the area.

The Ione exchange, which includes the City of Ione, the community of Buena Vista and surrounding agricultural areas, has a population of about 3200 and a telephone development of 713 main stations. The City of Ione is a significant railroad shipping point. The Preston School of Industry, a modern industrial and vocational establishment devoted to the rehabilitation of delinquent boys, is nearby.

The Plymouth exchange, which includes the City of Plymouth and the communities of Drytown, Fairplay, Fiddletown, Aukum and River Pines, has an estimated population of 2400 and a telephone development of 716 main stations.

The Volcano exchange has a population of about 2400 and 632 telephone main stations. The Pioneer exchange has a population of approximately 1500 and 418 telephone main stations. These two exchanges have large electric power generating stations within them. The area is devoted to recreational facilities and to tourist attractions and contains rapidly developing retirement communities.

A resort-type subdivision, Pine Acres, with about 400 residents, lies partly within the Volcano exchange and partly within the Jackson exchange. The boundary problem thus generated (toll calls from one part to the other part of the subdivision) is presently aggravating to the residents. This area is expected to double in size within a few years. The extended-area telephone service proposed by applicants would eliminate this cross-boundary calling problem.

As is customary in extended-area proposals, a customer-preference survey was conducted by applicants in the five exchanges here involved. In the Jackson exchange, business and residence customers were surveyed by a statistical sampling method. In the other four exchanges, the survey covered each subscriber. The survey was conducted by means of questionnaires which accompanied individualized explanations of present serving arrangements and charges for services, an explanation of the proposed extended-area plan and a statement of specific rates for such plan. The questionnaires were returned to Pacific in postage pre-paid

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envelopes, the responses analyzed and tabulated and the statistical results thereof presented in evidence at the hearing. In summary, this evidence indicates that, overall, 70 percent of the business customers and 58 percent of the residence customers in the five exchanges are in favor of the plan. Expressions of "no preference" (neither for nor against the plan) ranged from 3 to 8 percent in the various exchanges.

No statements in opposition to the proposed plan were expressed at the hearing or have otherwise come to the attention of the Commission. A number of persons, including the County Supervisor for District 5 in Amador County, however, expressed the desire for elimination of the present toll route between Plymouth and Ione and three persons requested that the toll-free area be expanded "county-wide". The Plymouth-Ione route is a 15-cent toll route. The evidence shows that, on the average, only seven-tenths of a call per main telephone is carried between Ione and Plymouth and only one call per main telephone is carried between Plymouth and Ione each month. The average toll revenues per call, per month, for this route are 17 cents and 23 cents, respectively. Neglecting the revenue requirement effect of added costs for necessary new telephone plant, each business subscriber would have to pay about 95 cents more per month and each residence subscriber would have to pay about 30 cents more per month, under the rate-plan formula applicable to extended-area service,^{1/} in order to make this one additional route toll-free. These charges would be additional to the increases of \$1.20 for business and 40 cents for residence service necessary to provide the toll-free routes for which

^{1/} Established by Decision No. 77311 in Application No. 51114, issued June 3, 1970.

subscribers expressed approval in their questionnaires. Unlike the other routes, which found support ranging from 55 to 82 percent, analysis of questionnaire responses shows that not more than 8 percent of the Plymouth respondents and not more than 4 percent of the Ione respondents sought inclusion of the Plymouth-Ione route in the overall plan. The large majority of subscribers in these two exchanges make no calls over the route. They do make substantial use, however, of the other routes in the proposed plan. In view of such facts, we cannot conclude that inclusion of the Plymouth-Ione route is warranted at this time, nor is it economically feasible to provide "county-wide" toll-free service.

In view of the evidence, the more important aspects of which are hereinabove discussed, the Commission makes the following findings of fact:

1. The establishment of extended-area telephone service as proposed by Pacific and Volcano is in the public interest.
2. Inclusion of the Plymouth-Ione toll route in the overall plan for extended-area service is not warranted.
3. The increases in telephone exchange 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 extended-area service in the affected exchanges.

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

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) and The Volcano Telephone Company (Volcano) are, and each of them is, hereby authorized to establish extended-area telephone service between the exchanges of Ione and Jackson, Plymouth and Jackson, Volcano and Jackson, Pioneer suburban Zone 1 and Jackson, and Pioneer suburban Zone 2 and Jackson, as proposed in the amended application herein, within 24 months of the effective date of this order.

2. After not less than five days' notice to the public and this Commission, Pacific and Volcano 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 Exhibits B, C and D attached to the amended application herein and shall coincidentally 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 10th day of NOVEMBER, 1970.

Chairman

[Signature]
William J. Vukasin, Jr.
[Signature]
Vernon L. Sturgeon
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.