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Decision No. 79136

ORIGINAL

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 Salinas Exchange and the Gonzales and Chualar Exchanges and to withdraw message toll telephone service rates now in effect between said exchanges.

Supplemental
Application No. 51114
(Filed July 20, 1971)

OPINION AND ORDER

The Pacific Telephone and Telegraph Company (hereafter referred to as Applicant) by this supplemental application requests the Commission to authorize on an ex parte basis a two-party measured rate service for residence customers and a one-party measured rate service for business customers on a trial basis for a one-year period in the Chualar and Gonzales exchanges.

The Commission, in Decision No. 77311, authorized extended area service in the Salinas, Chualar and Gonzales exchanges with the provision that Applicant develop a plan and rate proposal which will provide a reasonable option or alternative for those of its subscribers who do not desire extended area service and that the plan be presented to the Commission by supplemental application prior to the establishment of the authorized nonoptional extended area service.

Applicant plans to record all aspects of customer development, usage and acceptance during the trial and report the results to the Commission. From the data collected future requirements and related cost and revenue effects can be considered for a future service offering in those exchanges where a significant increase in basic residence rates would occur as a result of establishing nonoptional extended area service.

Implementation of the trial measured rate service will be preceded by improved rural service in Chualar and Gonzales. Improved rural service would reduce suburban eight-party service to four-party service, eliminate four-party residence service and two-party business service within the base rate area of the exchange. The plant for improved rural service is being provided under the Applicant's program for service improvement.

The proposed rate for the two-party measured rate service for residence customers is \$2.95 per month which includes a message allowance of 20 messages and the rate for the one-party measured rate service for business customers is \$7.55 per month, including an 80 message allowance. Calls in excess of the message allowance would be billed at 4.7 cents each.

The rates of the services for the trial are based on those set forth in Decision No. 78851 issued June 22, 1971 in Applicant's statewide rate proceeding.

Implementing the measured rate service trial in Chualar and Gonzales will require additional construction totaling \$70,000.

The Applicant's estimate at this time, pending the results of the trials, is that the complete introduction of this type of service offering in the rural portions of the state would conservatively require a capital expenditure of about \$43 million.

It appears that granting the application will result in improved service in the public interest; therefore, the Commission finds that a public hearing is not necessary and that the company's application should be granted.

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company is authorized to initiate the proposed trial measured rate service for one year in the Chualar and Gonzales exchanges.

2. After not less than five days' notice to the public and to this Commission, Applicant shall make effective in the affected exchanges on the date on which extended area service is established therein, tariffs revised to reflect the changes resulting from this order.

3. The establishment of this trial service shall be at the same time as that of the extended area service authorized by Decision No. 77311.

4. A report of the experience developed during this trial shall be reported to this Commission at least three months before the trial year has elapsed.

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

Dated at San Francisco, California, this 8th
day of SEPTEMBER, 1971.

[Signature]
Chairman
William J. [Signature]
[Signature]
Vernon L. Sturgeon
[Signature]
Commissioners