

ORIGINAL

Decision No. 82129

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CONTINENTAL TELEPHONE COMPANY OF
CALIFORNIA, a California corporation,
for Authority to Establish Extended
Area Service between the Tivy
Valley Exchange of Applicant and the
Fresno Exchange of The Pacific
Telephone and Telegraph Company and
to Withdraw Message Toll Telephone
Service Rates now in effect between
said exchanges.

Application No. 54257
(Filed August 21, 1973)

O P I N I O N

Continental Telephone Company of California (Continental) requests authority to establish extended area telephone service(EAS) from Tivy Valley, a Continental exchange, to Fresno exchange of The Pacific Telephone and Telegraph Company (Pacific), at rates determined in accord with the EAS rate plan prescribed in Decision No. 77311, Appendix B. The base rates proposed to be used are the then effective Tivy Valley base rates or Fresno base rates, whichever are higher.

Applicant states that Pacific has advised that it intends to file an application seeking authority to offer optional calling service from Fresno to Tivy Valley.

Tivy Valley exchange is situated east of Continental's Sanger exchange, which is east of Fresno exchange. EAS is presently offered between Tivy Valley and Sanger exchanges. Applicant states that the Tivy Valley exchange encompasses an area of 105 square miles; geographically it is bisected by the Kings River, and contains Pine Flat Dam and a portion of the reservoir; as of June 1973, the exchange had a total telephone main station count of 509, and there were 711 habitable dwellings in the exchange of which 691 were occupied; the land area of the exchange is devoted primarily to agriculture and recreation.

Applicant asserts the following: The people in the Tivy Valley exchange in general have considered themselves tied to Sanger as the commercial center most convenient for some of their everyday needs; however, Fresno is the largest nearby city and Tivy Valley is dependent on Fresno for all major services; Fresno is the economic, governmental, educational, commercial, medical and social center for all the agricultural communities which surrounds it; considering the community of interest that exists between Tivy Valley and Fresno, EAS should be considered an appropriate form of telephone service.

In Exhibit D, attached to the application, are the results of a customer preference survey conducted by Continental in July, 1973. Applicant states the surveyed customers were interviewed to ascertain their preference for present rates and serving arrangements or for EAS to Fresno at increased basic exchange rates. The results of the survey are as follows:

Business Customers	
For the EAS Plan	91%
Against the EAS Plan	3
No Preference	6
Residence Customers	
For the EAS Plan	88%
Against the EAS Plan	10
No Preference	2
All Customers	
For the EAS Plan	89%
Against the EAS Plan	9
No Preference	2

The increases in basic rates for EAS proposed by Continental and presented to customers in making the survey are set forth in Exhibit B and are as follows:

<u>Business</u>	<u>Increase in Basic Monthly Rate</u>
Single Party	\$2.50
Zone 1	2.50
Zone 2	2.50
Zone 3	2.50
Semi-Public Paystation	
Zone 1	1.25
Zone 2	1.25
Zone 3	1.25
Suburban Service	
Zone 3	2.50
PBX/PABX Trunk	
Zone 1	3.75
Zone 2	3.75
Zone 3	3.75
<u>Residence</u>	
Single Party	
Zone 1	.85
Zone 2	.85
Zone 3	.85
Two Party	
Zone 1	.85
Zone 2	.85
Suburban Service	
Zone 3	.85

These increases were developed in accord with the EAS rate plan specified by the Commission in Decision No. 77311. However, Continental proposes that the increases be added to the then effective base rates (future non-EAS basic service rates) of Tivy Valley or Fresno, whichever is higher. This proposal is similar to Continental's proposal in Application No. 53181, wherein it sought authority to introduce Sanger to Fresno EAS. In Decision No. 81767, in Application No. 53181, the Commission authorized the EAS route but ordered rates to be based on the then effective Sanger rates.

In Exhibit C applicant shows the annual cost effects of its EAS proposal. Based on assumption of the "California Plan"^{1/} of EAS settlement with Pacific, Continental estimates the total cost effect on it of introducing EAS would be a loss of \$19,225 annually.

Findings and Conclusion

We find that:

1. A large majority, 89%, of Tivy Valley customers want EAS to Fresno and are willing to pay an additional amount on monthly exchange rates for the service. This degree of support is sufficient to justify establishment of EAS and warrants granting the application without public hearing.
2. Establishment of the proposed extended area service 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 the establishment of the extended area service plan for which rates are hereinafter prescribed.
5. The rates hereinafter prescribed for extended area service are fair and reasonable for such service.
6. The proposed new service will not become effective for as long as two years.
7. The net annual effect of converting toll to EAS on the route from the Tivy Valley exchange to the Fresno exchange is an estimated loss of \$19,225 to Continental, assuming settlement effects on the basis of the "California Plan."

^{1/} A new plan presently being negotiated for determination of EAS settlement amounts.

