

Decision No. 83405

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY for authority
to establish Optional Calling
Measured Service from Pacific's
Exchange of Stockton to The
Continental Telephone Company's
Exchange of Linden and to withdraw
message toll telephone service
rates now in effect on calls from
the Linden Exchange to the
Stockton Exchange.

Application No. 55004
(Filed June 28, 1974)

O P I N I O N

Authorization Requested

The Pacific Telephone and Telegraph Company (Pacific) requests authority to establish Optional Calling Measured Service (OCMS) from Pacific's Stockton exchange to the Linden exchange of the Continental Telephone Company (Continental). Continental filed Application No. 54929 on June 5, 1974 seeking authorization to establish one-way nonoptional service from its Linden exchange to Pacific's Stockton exchange. In accordance with Application No. 54929 this application further proposes to withdraw message toll telephone service rates now in effect on calls from Continental's Linden exchange to Pacific's Stockton exchange. Continental's request will be considered in a separate decision.

Exchange Service Area

Pacific's Stockton exchange covers an area of approximately 471 square miles, has about 71,000 telephone subscribers and an estimated population of 187,000. Stockton is the largest city in the exchange and is the county seat of San Joaquin County. It is the economic, governmental, social, and recreational center for the agricultural communities surrounding it. The Stockton business community offers a wide range of goods and services.

Rates

OCMS will only be available to Stockton residence customers with one-party service. It will allow these customers to make two hours' worth of calls to the Linden exchange per month between the hours of 8:00 a.m. and 8:00 p.m. The charge for this plan would be \$2.75 per month. Any additional time over the two-hour "daytime" allowance would be charged for at \$.03 per minute. In addition to the two-hour "daytime" allowance, customers would be permitted to make as many calls as they like and talk as long as they like during the remaining twelve-hour period from 8:00 p.m. to 8:00 a.m. without charge. This plan can be subscribed to and/or canceled in accordance with the needs of individual residential customers in Pacific's Stockton exchange.

Decision No. 81767 dated August 21, 1973 authorized Pacific to file tariffs for the offering of OCMS in its Fresno exchange on an experimental basis for a period of 24 months. Similar decisions were issued for Pacific's Modesto and Lodi exchanges.^{1/} The Stockton proposal is consistent with Pacific's prior OCMS offerings. The current toll route between the Stockton and Linden exchanges is twelve interexchange toll miles and has a \$.20 initial period day station toll rate.

^{1/} Decision No. 82390 dated January 29, 1974 and Decision No. 81670 dated July 31, 1973.

Community of Interest Factors

Pacific maintains that this proposal is responsive to the needs of Pacific's Stockton exchange customers in view of the high calling volume of Continental's Linden exchange customers to Pacific's exchange customers. The community of interest factors are as follows:

Community of Interest Factors*

<u>Toll Calling Route</u>	<u>Business</u>	<u>Residence</u>
Linden to Stockton	24.5	15.3
Stockton to Linden	.4	.12

*Average number of calls per month per subscriber account.

Service Costs

Gross construction costs to Pacific for providing the proposed one-way nonoptional extended service from Linden to Stockton in Continental's Application No. 54929 amounts to \$22,000. This cost includes both central office equipment and outside plant additions. There will be no additional cost to provide OCMS from Stockton to Linden. The revenue derived from OCMS offsets the toll loss and expense of the offering resulting in a zero dollar effect.

Findings and Conclusion

We find that:

1. OCMS is available to residential subscribers at the option of the subscriber.
2. Establishment of the proposed OCMS is in the public interest.
3. The application of rates presently authorized for OCMS from the Stockton exchange to the Linden exchange is fair and reasonable.

4. The proposed new service may not be available within twenty-four months.

5. The net annual effect of converting toll to OCMS and EAS in the Stockton area is estimated to be zero.

6. Cost and customer acceptance of OCMS is not presently known.

7. Rates for OCMS are experimental.

8. Rates for OCMS were authorized by Decision No. 81767 dated August 21, 1973.

We conclude that the application should be granted.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) shall immediately undertake all necessary action to initiate Optional Calling Measured Service within twenty-four months of the effective date of this order from Pacific's Stockton exchange to the Linden exchange of the Continental Telephone Company's Linden exchange. Pacific is authorized to apply its filed OCMS rates for the offering of OCMS in its Stockton exchange on an experimental basis for a period of twenty-four months.

2. Within six months of the establishment of OCMS and EAS in the Stockton area, Pacific shall report to the Commission, in writing, the actual revenue effect, actual expense change, actual increment investment changes, actual cost of ownership change, and net effect based on the first full three months of OCMS and EAS operations.

3. Within twenty-four months of the effective date of the temporary rate increases authorized herein, Pacific shall apply for further authorization of rates for the services herein ordered based on the results of its studies and customer acceptance of these services.

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

Dated at San Francisco, California, this 4th
day of SEPTEMBER, 1974.

Vernon L. Sturgeon
President
William J. Sturgeon
William J. Sturgeon
William J. Sturgeon
William J. Sturgeon
Commissioners