

Decision 89 01 042 JAN 27 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DAVID L. & MAMIE MILTON, ET AL.,

Complainants,

vs.

CONTINENTAL TELEPHONE COMPANY
(U 1003 C),

Defendant.

Case 88-05-041
(Filed May 20, 1988)

David L. Milton and Mamie Milton, for
themselves and other Hansen Ranch
Property Owners, complainants.
Orrick, Herrington & Sutcliffe, by Robert
J. Gloistein, Attorney at Law, for
Contel of California, Inc., defendant.

OPINION

Summary

This decision denies David L. and Mamie Milton et al.'s (complainants) request to realign the exchange boundary of the Garberville Exchange to include Hansen Ranch Subdivision (Hansen Ranch) at this time, which would have allowed the complainants the opportunity to obtain telephone line extensions at Contel of California, Inc.'s (Contel) regular tariff rates and charges.

However, complainants are granted two alternative options to the original requirement of Contel¹ that they bear the total

¹ Contel takes the position that the unserved portions of the Hansen Ranch lie outside of the Garberville Exchange in unfiled territory, are very expensive to serve, and therefore complainants should bear all extraordinary costs of service. Otherwise, since these potential customers are in unfiled territory, Contel is not obligated to provide telephone service to them.

cost of installing telephone lines and service drops to their premises within Hansen Ranch as follows:

1. Availability of fixed Mobile Radio Telephone Service (MRTS) anywhere within the boundaries of Hansen Ranch, without imposition of minutes-of-use for air time unless and until crowding of channel use becomes a problem within the Garberville Exchange, and,
2. Availability of one-party "Farmerline Service" with Contel furnishing, without charge to complainants, the necessary individual customer termination interface equipment at a single point within the boundary of Hansen Ranch, and, the necessary cable, pedestals, and drop wire, plus any conditioning equipment (e.g. loading coils, protectors, etc.).

To exercise the second option complainants must furnish at their own expense all poles, anchors, messengers, and lashing and other hardware; or vaults, trenches, and/or conduits, plus all labor necessary to install the line extensions overhead or underground, respectively, within Hansen Ranch.

Basis of Complaint

On May 20, 1988, David L. and Mamie Milton and various other complainants representing 14 premises within Hansen Ranch in Mendocino County filed a complaint (Case (C.) 88-05-041) with this Commission asking that Contel be required to provide telephone service from its Garberville Exchange in Humboldt County to any property owner in Hansen Ranch who is willing to pay the line-extension charges as prescribed in Contel's tariff.

David Milton is the spokesperson for the complainants seeking telephone service in Hansen Ranch. Prior to filing the complaint, he was first informed by Contel's representatives that complainants could obtain a line extension at Contel's regularly filed tariff rates and charges and per-customer free footage allowances.

Later, in early 1988, he was told that most of the applicants for service in Hansen Ranch were in unfiled territory outside of Contel's Garberville Exchange. Therefore, Contel would not extend service to them unless they paid the full extraordinary costs of the line extensions.

On April 1, 1988 Milton met with Mr. Abshire, Contel's new service manager for the Garberville area, and learned that Abshire's boss, Mr. Schmidt, had recommended that Contel file a tariff revision to bring the Hansen Ranch into the Garberville Exchange. However, the final decision would rest with Contel's management.

Following a number of unresponsive conversations with Contel's staff during the first week of April 1988, on April 8, 1988 Milton contacted Douglas Dade of the Telecommunications Branch of the Commission Advisory and Compliance Division and was advised that Contel had written the Commission a letter dated March 29, 1988 stating that initially Contel had not realized that most of the applicants in Hansen Ranch were in unfiled territory, and that Contel had no plans to file a revision to its Garberville Exchange boundary to include Hansen Ranch.

Faced with the prospect of having to advance the full extraordinary costs of extending telephone service to Hansen Ranch, complainants filed this formal complaint on May 20, 1988.

Field Visit and Hearing

On August 1, 1988, the assigned Administrative Law Judge (ALJ), accompanied by Milton and Contel's attorney and two of Contel's technical experts from the Garberville area, toured the route to Hansen Ranch to view and become familiar with the extent of the work and likely investment needed to extend service to complainants.

On August 2, 1988 a public hearing was held in Garberville, California. At that hearing, complainants presented two witnesses who covered the history of Hansen Ranch and telephone

service to it and neighboring areas. Complainants also fully explained their basic needs for telephone service and the basis of their complaint against Contel. Contel presented one witness who explained the technical considerations and cost of various service alternatives in response to the complaint.

Two exhibits presented by Contel were received and complainants identified a third exhibit (a map of Hansen Ranch) which was withdrawn to add additional data and then be late filed. The complainants orally presented a closing argument asking that special notice be taken of Assembly Bills (AB) 461 and AB 1466 (1987 Session) regarding the right of universal telephone service (UTS) in California, and how those bills might apply to this situation.

In response, Contel agreed to explore the issues and prepare a brief to discuss possible alternative telephone service options and to address the applicability of AB 461 and 1466 and the specific issue of UTS to this case. The hearing was concluded on August 2, 1988 and the matter submitted, upon receipt of Late-Filed Exhibit 3 on September 16, 1987 and Contel's brief on October 17, 1988, both were filed approximately two weeks later than earlier planned to accommodate additional time needed by the parties.

Description of the Area

The potential customers in Hansen Ranch's 2,800 acres (more or less) are situated approximately 27 miles southeast of Garberville. About one-half of this distance is over dirt roads. The first 21 miles are county-maintained roads, by Humboldt and Mendocino Counties, respectively. The six miles of remaining dirt road are maintained by the neighboring property owners and/or by the complainants.

The terrain in the area is mountainous, and the travel time needed to reach the proposed services in Hansen Ranch, in good weather, can approximate 1 3/4 hours from Contel's Garberville central office and service center.

Milton testified that the area now known as Hansen Ranch was first a number of homesteads which were settled about 1870. Access to the area was by trails used by the Indians and early settlers. As the nearby towns and industries grew the settlers moved to work in the towns and industries. Thereafter, the homesteads were combined to form larger areas of land. The general area first became known as the Hart Ranch comprising about 1900 acres of land. This parcel was sold to George Thrap in 1928 on a lease option but the depression years prevented the completion of the sale, and the property reverted to Mrs. Hart in 1932 according to Milton.

Eventually Mrs. Hart leased the property to her son-in-law and it became known as the Milsted Ranch. Milton testified that he was informed that there was telephone service on the Milsted Ranch at that time. He further stated that the lines were built by 14 ranchers and consisted of about 17 miles of wire according to facts disclosed to him by Mona James, an elderly woman.

The Milsted Ranch was sold to a Mr. Hansen in the early 1950's, and according to Milton, Hansen logged the ranch and then sold it to investors in the early 1960's. The investors² created the Hansen Ranch Subdivision of 40 acre parcels from 2,800 acres (more or less) of land including the Hansen Ranch.

The resulting 40 acre parcels were then offered for sale as hunting and recreational lands at about \$200 per acre, according to Milton. Milton further testified that telephone and electric service existed at the ranch house in the mid-1960's and buyers were told by the agent for the subdivider that they could avail

² A survey map of the Hansen Ranch prepared pursuant to a July 1964 request of one of the investors Howard E. Kambach was recorded on July 24, 1969 in Mendocino County. (Exhibit 3.) That map clearly establishes the boundaries of the Hansen Ranch consisting of 2,800 acres (more or less).

themselves of these services "whenever we wanted to extend it [sic] to our properties in the future at our expense". (Tr. p. 6.)

Milton admitted, on clarification, that the ranch house was in the portion of Hansen Ranch which was within the Garberville Exchange. He also explained that the buyers such as himself did not plan far into the future about the need for utility services; it was merely a place to go and hunt and vacation.

Milton stated that he purchased his acreage in Hansen Ranch in 1966 and used the property for hunting and recreational purposes until about 1973. At that time he and his wife began improving the property first by building a tent platform and later a retirement residence.

Availability of MRTS

Milton explained that before deciding to retire and move to Hansen Ranch he knew that he would need some form of communication and he inquired of Continental Telephone Company of California (Continental)³ in Garberville and found out that Continental had MRTS without charge for air time. Since this alternative did not involve a line extension it seemed like an appropriate way to go to Milton and in August or September of 1980 he acquired MRTS from Continental.

When asked about the quality of MRTS, Milton opined that it was adequate and in fact "it was more than adequate". He was then asked, "What happened to that service that now makes it inadequate for you?" Milton explained that beginning in April 1987 the complainants received a letter from Contel stating that it was upgrading the system, and Contel would now be charging 50 cents per minute of air time for each incoming and outgoing call.

Milton then asserted that when he protested the air-time charge Contel told him they really did not care as they were not

3 Predecessor of defendant Contel.

pushing mobile telephones these days. Thus, he began pursuing the possibility of getting a line extension for regular telephone services to the potential customers in Hansen Ranch, which as he described earlier, led to the filing of this complaint when those efforts did not lead to a reasonable, affordable conclusion.

Milton then clarified that the preference of the complainants would best be satisfied by basic land-line telephone service because some customers desired to experiment with computers, but admitted that what they needed was communications service and that requirement could be satisfied with radio telephone service provided that the rates and charges were not unreasonable.

Position of Complainants

Before completing his testimony, Milton renewed his request to have the entire Hansen Ranch included in the Garberville Exchange and stated:

"I would like to request that they would see a way clear just to round off their exchange line, and I believe it could be done by just a request to the Commission that would include us. In their answer, they state that there are three other areas in the Garberville area that are similar to the Hansen Ranch. Well, I submit that they are not similar. The Hansen Ranch is surrounded totally by Contel. It's not like we did not have phone service in the area in the past. There is phone service on the ranch. We contend that the whole body of the ranch is one and the same. The dividing line is splitting a group of people.

"To make it a simple statement, it's like the man across the street can have a phone and you can't, and that's what it amounts to. We all contend that we have a right to that service because it was there on that ranch before it was broken up." (Tr. pp. 14-15.)

In support of his position that telephone service had been provided to Hansen Ranch in the past, Milton called Roberta

Drewry who currently resides in Covello, California, to testify. Drewry explained that she was familiar with Hansen Ranch when Mrs. Hart owned it in the 1930's and Drewry lived on the nearby James Ranch. Drewry recalled that there was a telephone at what is now known as the Booth property and that a Mr. Thrap lived there at that time.

Drewry also had some knowledge of telephone service to the area in general, as she had worked for the J. P. Thomas Telephone Company⁴ as an operator in the summer of 1944 after completing her sophomore year in high school.

Drewry explained that the phone service at that time consisted of old farmer lines⁵ (with many parties on each line)

4 J. P. Thomas owned the telephone company serving the Garberville, Willits, Covello, and Laytonville areas until September 1, 1950 when it was sold to The Western Telephone Company (Western) by his daughters who had been managing the telephone company after Thomas' death in 1948. (Source: Exhibit 1, A.32114, June 21, 1951.)

5 Farmer lines built prior to 1950 were common in the more rural areas of California. They were referred to by that name in the telephone utilities' tariffs because they were usually built by the farmers and ranchers whose properties were served by these lines. These farmer lines consisted of one or two galvanized iron wires strung on glass insulators attached either to poles, usually made locally by the farmers, or to trees where practical. When only one wire was used, the line required a ground (earth return) as the second conductor. Because of the high ground (earth) resistance in dry times of the year the one-wire systems did not always work well.

The lines usually served up to ten or more parties and each residence or business served had one magneto (crank-type) telephone set with two or more large dry-cell batteries to provide the necessary current for the talking path. On many lines, all ten or more telephones rang at the same time (non-selective ringing) so ringing codes, using a series of long and short rings, were assigned to each telephone user. The lines were often five to ten

(Footnote continues on next page)

served from magneto boards located in the back of the drugstore in Garberville. She also explained how as an operator she would plug a cord in a given jack and ring a number with the magneto switch. As an example, to ring the number 28J15, she would plug her cord into Jack Number 28 and ring 1 long and 5 short rings to reach that party on the party line.

Drewry later described how the old line that, in the past, served what is now the Hansen Ranch went through that ranch

(Footnote continued from previous page)

miles or more in length from the furthest customer to the point of connection well within the utility's exchange, where these lines were tied to the backbone plant of the utility.

The utilities offered very low basic rates to the customers on the farmer lines, because those customers were responsible for providing materials and all maintenance required on those lines. As an example, in 1950 the basic rate for residence and business farmerline service in the Garberville Exchange was \$6 per year or 50¢ per month. This is contrasted with \$2.75 per month for ten-party residence and \$3.75 per month for ten-party business service then furnished to regular customers in the Garberville Exchange. All toll calls were billed at the same rates for both farmerline and regular customers.

Service on farmer lines was often substandard because maintenance was generally a lower priority than earning a living for the farmers. Weak batteries also caused low quality transmission when they approached the end of their useful life. Many of the early farmer lines were eliminated and/or replaced by regular exchange service in the 1950's and 1960's as the telephone utilities expanded their service areas and replaced their magneto switchboards with dial switching systems in response to the post-World War II growth and modern communications needs in California. The Commission and its staff also took a leadership role during those two decades to improve telephone service and to reduce the number of party lines in California.

to serve what were then the J. P. Thomas⁶ and the Jim Thomas homesteads, located west of the East Branch of the South Fork of the Eel River. Since that line ultimately served his and his brother's homesteads J. P. Thomas maintained that line himself.

Position of Contel

Contel's witness, George J. Weldon, testified as to the current boundaries of the Garberville exchange and as to the line-extension charges that applied, under Contel's tariff schedules, within that exchange. Weldon then explained that four of the complainants who were previously associated with this complaint were within the Garberville Exchange and have since received telephone service.

The first property owner was close enough to the existing lines to avail himself of telephone service within the free 700-foot extension allowance. The other three complainants split a cost of \$2,766 based on Contel's tariff schedules for the remainder of the line extension. Weldon explained that the total cost of the extension to serve the four customers was \$19,764.⁷

The necessary construction to serve the remaining ten complainants would cost about \$139,700, according to Weldon, of which about \$52,000 was earmarked for a type SLC-96 digital-carrier unit to derive the needed additional circuits from the end of Contel's existing cable facilities. This digital-carrier unit would allow Contel to provide one-party service to every complainant within Hansen Ranch. Weldon explained that one-party service is all that Contel now offers in its Garberville Exchange.

6 This is the same J. P. Thomas as described above.

7 Contel's cost per customer was approximately \$4,250, computed as follows: \$19,764 minus \$2,766 (customer charge) divided by 4 equals \$4,249.50.

Weldon also opined that a type DCM-24 digital-carrier unit could alternatively be used instead of the SLC-96 digital-carrier unit at a substantial cost savings; however, the DCM-24 unit could not be used to provide service to high speed computer modems whereas the SLC-96 could. Also, the SLC-96 is especially suited to provide enhanced or special services to customers.

Contel's counsel also requested that the Commission take official notice of the entire formal record in two of Western's past proceedings, A.32114, filed February 9, 1951, with particular attention to the adopted Garberville Exchange area map in that proceeding, and A.42727, filed October 5, 1960 in its review of telephone service to the area around Garberville, California.

In its brief Contel confirmed its position that it did not consider it reasonable to expand its Garberville Exchange (by about 4 square miles) to include the portion of the Hansen Ranch which is currently in unfiled territory. Contel asserts that the cost of extending lines to potential customers in the Hansen Ranch would be high⁸ and the allowable revenues generated would not cover the investment.

Contel Suggested Alternatives

As to alternatives to conventional exchange service to the Hansen Ranch, Contel suggested:

1. Fixed MRTS

This special service would be without a charge for air time.

"To alleviate the monthly billing problem, Contel would propose that the Commission

8 Contel estimated the overall cost to serve the ten pending applications would be \$139,700 and the total amount collectible in line extensions would be about \$13,500, thereby leaving a net investment of \$126,200 or about \$12,620 per customer, whereas its average investment in the Garberville Exchange is \$3,900 per customer.

authorize in this proceeding the inclusion of a narrowly defined fixed MRTS at a reasonable flat monthly rate, with no air-time charges. This option would only be available in cases, such as [complainants], where a subscriber is in such a remote location that the cost of wireline extension (whether within or without the exchange boundaries) is uneconomic, and existing facilities are capable of providing MRTS to a residential location, using a fixed radio and antenna." (Contel Brief, pp. 12, 13.)

2. Farmerline Service⁹

"As a second alternative solution, Contel would propose farmerline service outside the Garberville Exchange boundaries as follow[s]:

⁹ Contel currently provides farmerline service in nine of its exchanges under its Tariff Schedule X-2.

The particular farmerline service proposed herein is a vast improvement over the farmerline service offered in the Garberville Exchange in 1950. The proposed service would be individual line (one-party) service using dial or touch-tone instruments as well as speakerphones, answering machines, and other customer-premises equipment commonly found in service today. While complainants herein would be responsible for building and maintaining the telephone lines to their premises as well as providing and maintaining their own instruments and inside wire, the service from Garberville to the point of interconnection would be provided by Contel's new electronic (digital) switchboard in Garberville. The cable within Hansen Ranch would be regular multi-pair telephone cable installed as close to utility standards as possible.

All signalling and talking path power (voltages and currents) would be supplied by the utility so there would be no batteries for the customers to replace on any basic telephone service.

In nearly every respect the proposed service would be equal to that available within the Garberville Exchange, once the lines are built. Line maintenance should also be minimal if the cable and service drops are properly installed in a manner in keeping with current utility standards.

"(a) A multiple point of demarcation would be established at the end of Contel's existing facilities adjacent to the Hansen Ranch. This facility would be the same Standard Network Interface ('SNI') device used in multi-tenant buildings, would provide for sufficient individual access line connections, would be separately accessible by Contel by key for service. The SNI would allow each subscriber to connect his or her telephone at the connector block to test for integrity of the circuit back to the central office.

"(b) Contel would provide [10] at its cost the requisite cable for installation by the subscribers within Hansen Ranch. The subscribers would own and be fully responsible for maintenance and repair of this cable.

"Contel would individually bill each farmline [sic] subscriber connecting to the network. Except for the ownership responsibilities of Hansen Ranch cabling, each customer would be treated the same as [a] residential subscriber located within the exchange." (Contel Brief, pp. 13, 14.)

Contel's View of Expanding the Service Area

Contel maintains that the Hansen Ranch has been outside of the Garberville Exchange since 1951. Also, Contel's predecessor Western followed proper Commission procedures in establishing the

10 By letter of counsel dated November 11, 1988, Contel has clarified this alternative offer to mean "sell" at its cost and has estimated the cost of the cable at \$11,216. Drop wire, pedestals, and miscellaneous hardware would add another \$3,225 yielding a total materials cost of \$14,441 for underground extensions to the complainants.

limits of its Garberville Exchange boundary and the Commission approved the boundary by D.46071 in A.32114 issued August 14, 1951.

Therefore, Contel asserts that it is not obligated to provide service outside of its designated service areas. Contel then cited a number of relevant Commission decisions and an opinion of the California Supreme Court that consistently held that a utility cannot be required to expand the scope of dedication of its property to the public. (California Water & Telephone Company v. Public Utilities Commission (1959) 51 Cal. 2d 478, 489-492.)

Having lawfully established the limits of its Garberville Exchange boundary, Contel contends it is not obligated to serve the part of Hansen Ranch which is in unfiled territory.

Contel also cited a number of cases dealing more precisely with its concern here, which is not the issue of serving or not serving the complainants, but the requirement of incurring the extraordinary costs of about \$12,620 to serve each complainant versus \$3,900 currently invested to serve each customer in the Garberville Exchange. Thereafter Contel's ultimate position was that it should not be required to provide exchange service to the Hansen Ranch unless the extraordinary costs involved can somehow be offset.

Contel's Comments on AB-1466

Milton had questioned whether the California Public Utilities (PU) Code § 739.3 might allow a change from the general policy that all services be moved towards full cost. In its research of AB-1446 which added § 739.3 Contel maintained that the legislature noted that "the purpose of the program shall be to promote the goals of universal telephone service, and to reduce any disparity in the rates charged by those companies."

Subsequently the Commission by D.88-07-022 dated July 8, 1988 established the California High Cost Fund (CHCF) which created a transfer payment process as contemplated by PU Code § 739.3. The current use of the CHCF limits the monthly residential rate of a

rural or small metropolitan telephone company to 150% of Pacific Bell's equivalent urban residential rate. The balance of the smaller telephone company's revenue requirement is then recovered from the CHCF. The CHCF is sustained by a surcharge on intrastate access charges.

Contel opines that serving Hansen Ranch would not impact the CHCF in the early years and over time it would be included in Contel's overall revenue requirement.

It is Contel's position that PU Code § 739.3 is silent on the issue of extraordinary costs of line extensions and service connections, as well as situations involving service to prospective customers outside a telephone utility's service area.

On the other hand PU Code § 739.3 seems clearly directed towards seeking equality of monthly rates. In addition, Contel had previously concurred that an eligible resident in the Hansen Ranch would be entitled to the prescribed discount on his or her monthly bill.¹¹

Discussion

The record in this proceeding is quite clear that the dwellings that existed prior to August 1951 in what is now known as the Hansen Ranch had party-line telephone service from the Garberville Exchange. Also, in taking official notice of the formal record in A.32114, it is evident from a review of Chart 2 of Exhibit 1 that in May 1951 the Garberville Exchange was very large and encompassed about 580 square miles which included all of what is now known as the Hansen Ranch (see Appendix A).

¹¹ Presumably this concurrence would logically extend to the provision of Universal Lifeline Telephone Service (ULTS) discounts to needy residential customers.

The record in A.32114 describes the difficulty of serving¹² this extremely large exchange with non-continuous telephone service, after the death of the prior owner J. P. Thomas.

In an effort to solve numerous service complaints and to be able to provide continuous telephone service to the Garberville area, Western in A.32114 offered to construct a new central office building, warehouse and garage and to install new switchboards and central office equipment. That equipment would provide direct-dial local service on all lines within the Garberville Exchange. However, to do so Western asked that it be permitted to reduce its Garberville Exchange boundary to include only about 20 of the existing 580 square miles, and to serve the remaining area with toll stations.¹³ (See Appendix B.)

The smaller exchange, as proposed, included the more urban area in and around Garberville and Redway. The Commission approved Western's request by D.46071 dated August 14, 1951.

Over the next 10 years Western substantially improved telephone service in the area, and as it did it was granted further authority to expand its Garberville Exchange and to establish other exchanges in certain portions of the 560 square miles which had

12 Telephone service in the Garberville Exchange in 1951 was furnished from two positions of magneto switchboards with capacities to serve only 170 lines. 502 telephone stations were served over about 400 miles of pole line, a portion of which was in tree construction. One-wire, grounded circuits were used to some extent in the outlying areas. Of the 502 telephone stations served, the majority, 146 residences and 86 business services, were on 10-party lines. Eighty-one more residences and 17 businesses were on four-party lines, and 25 residences and 81 businesses were on two-party lines. Only 8 residences and 29 businesses had one-party service. The party lines had common ringing which meant that customers regularly heard the ringing for other parties on their lines. (Source: Exhibit 1 in A.32114.)

13 Toll station telephones are billed for each call made as a toll call, and have no free local calling area.

been deleted from the Garberville Exchange in 1951. More specifically, in A.42727 (filed October 5, 1960) Western requested authority to expand its Garberville Exchange, and in this expansion it included the portion of the Hansen Ranch which had active toll station telephones. By D.61348 dated January 17, 1961, this Commission granted Western's request.

There is no record evidence suggesting that any customer or applicant for telephone service in the Hansen Ranch at that time (1960) was excluded from the Garberville Exchange. However, nearly four square miles of the Hansen Ranch without active telephones or applicants were left in the unfiled area at that time.

Also, it is a fact that the unserved portion of the Hansen Ranch and several other large adjacent and nearby parcels of land¹⁴ are in an unfiled area totally surrounded by Contel's Garberville, Piercy, Leggett,¹⁵ and Laytonville Exchanges. (See Appendix C.) Therefore, it is unlikely that any other landline telephone company could or would want to serve this area.

To further complicate this issue, Contel and its predecessors previously partially dedicated service within the Hansen Ranch, first, by providing multi-party magneto telephone service over a line maintained by J. P. Thomas;¹⁶ and, second, and more recently (between 1980 and 1987), by providing MRTS without air-time charges.

14 These lands were within the Garberville Exchange when it was 580 square miles in size in 1951.

15 Contel's Leggett Exchange is about eight miles due south of the Hansen Ranch and is not visible on Appendix C. (Exhibit 1, p. 6.)

16 This partial dedication appears to have ended with the issuance of D.46071 on August 14, 1951 which reduced the Garberville Exchange to about 20 square miles.

Contel's first suggested alternative to restore the MRTS without air-time charges to complainants in the Hansen Ranch and other similar areas will resolve the immediate problem and will provide a reasonable interim solution until more permanent service arrangements can be established. Therefore, we will require Contel to implement that suggested alternative promptly.

This requirement to provide MRTS without air-time charges will only apply to the unfiled territory encompassed by the Garberville, Piercy, Leggett, and Laytonville Exchanges of Humboldt and Mendocino Counties. This special MRTS without air-time charges should be confined, except for reporting fires and other life-threatening emergencies, to usage wholly within the specified unfiled service area. This restriction will help to avoid abuses of this service by using it for business purposes as regular MRTS without payment of air-time charges. Therefore, Contel should also be allowed to withdraw this free air-time service with reasonable notice after evidence of any unauthorized repeated use outside the narrowly defined unfiled area.

It is also reasonable to allow Contel to control channel crowding or the recurrence of unreasonably long messages on this special MRTS. Therefore, if and when such problems occur, Contel should be allowed to revise its Tariff Schedule No. L-1 to impose a reduction to a total of 120 minutes¹⁷ of monthly free air time for subscribers to this special service.

As to Contel's suggested second alternative of providing connecting arrangements for farmerline-type service at the boundary of the unfiled territory within the Hansen Ranch, Contel

¹⁷ This is equivalent to 40 three-minute telephone calls each month.

confirms¹⁸ that it would install and use DCM-24 digital-carrier equipment and absorb approximately \$24,000 of costs for that equipment. The balance of cable and other materials, assuming underground installation by complainants would be sold to complainants at Contel's cost of about \$14,441, and complainants would bear all labor and other costs to install these materials within the Hansen Ranch.

Contel's average investment per customer in the Garberville Exchange is currently about \$3,900. It now appears that the presently suggested carrier equipment (Type DCM-24) and the necessary cable and miscellaneous materials and supplies at a total estimated cost of \$38,441 spread among the 10 remaining services needed by complainants would yield an estimated cost of \$3,844.10 per customer. This amount (\$38,441) plus an additional \$500 to cover up to ten hours of Contel's staff time to discuss installation practices with complainants yields a cost per applicant of just under the \$3,900 average per customer investment in the Garberville Exchange. This is about \$350 less than the per customer cost of four new services (\$4,250) recently extended to the portion of the Hansen Ranch which lies within the Garberville Exchange.

We believe that by use of the DCM-24 digital-carrier system, rather than the more expensive SLC-96 system earlier recommended by Weldon (supra), Contel can also provide the necessary additional cable and other installation hardware to complainants without charge and still avoid approximately \$100,000 of extraordinary costs for these line extensions.

18 By letter dated November 11, 1988 to the assigned ALJ Contel's counsel clarified its position on its proposed offering of farmerline service on page 14 of its brief.

We do recognize that the DCM-24 digital-carrier equipment, while capable of providing many basic telephone services and features, may not have adequate capacity to communicate with moderate-to-high-speed computer modems. We will not require Contel to provide that capability on all circuits proposed to serve Hansen Ranch at this time. However, we will encourage Contel to make available any unused metallic pairs, upon request, to serve specific customer needs for such service. Toward this end, if certain other customers outside the Hansen Ranch have no need for such service, and the lines serving them have the added capacity, Contel may, at its option if its facilities and operating conditions permit, rearrange to transfer those customers to the DCM-24 unit and free up those lines for use within the Hansen Ranch.

We believe that this compromise of Contel furnishing the materials specified and complainants furnishing all easements, supporting structures, work equipment, vehicles, and labor to complete the installation is reasonable. In adopting this compromise solution we will authorize Contel to establish reasonable safeguards to ensure that the materials provided to complainants will be installed on a reasonable schedule and not be merely placed in extended storage or lost or damaged through improper temporary storage awaiting installation. We will also authorize Contel to require complainants to secure non-exclusive easements of a type it ordinarily seeks for its own cable routes in rural areas for the full length of these installations. This will permit Contel at its own discretion to expand its Garberville Exchange to include the Hansen Ranch if future customer density warrants such expansion. Meanwhile, complainants will have to furnish their own maintenance for these facilities.

This compromise is substantially less than complainants are requesting. However, because of the location of the Hansen Ranch and the travel time to it, it appears that the complainants

are the only persons who can install these materials at a reasonable labor cost. In doing so complainants will have their choice of overhead and underground construction.¹⁹ Because of the three and one-half hour travel time to and from the Hansen Ranch and the potential for complainants to use equipment ideally suited to the one task of installing these lines, complainants should likely be able to install these lines at less than one-half the cost that either Contel or its contractor would incur, even assuming that complainants would pay themselves the same labor rate and overheads as the contractor would pay. Thus, the Commission's goal of cost-minimization would be advanced if complainants installed these materials. ✓

In the event that complainants choose overhead construction they will be responsible for providing at their expense all poles, anchors, messengers, cable lashing wires or clamps, and insulating materials, plus all installation labor.

If underground construction is chosen, complainants will be responsible for providing at their expense all trenching, plowing, backfilling, and fill materials, plus any required underground conduits, vaults or boxes, plus all installation labor.

The cable, service drops, pedestals, and other miscellaneous hardware together with the DCM-24 carrier equipment will be used by and useful to Contel in rendering telephone service to the farmerline customers within the Hansen Ranch. Therefore, the cost of these materials and supplies and equipment are to be included as a part of Contel's utility plant in service.

¹⁹ Under the Commission's electric and telephone utilities' line extension rules, when all lots in a subdivision are over three acres in size, subdividers and/or customers have their choice of overhead or underground construction. Lots in the Hansen Ranch are all substantially larger than three acres in size.

Lastly, it is reasonable to require complainants to maintain the cable and service drops installed by them within the Hansen Ranch until such time as Contel may elect to expand its exchange boundaries to include that area. Contel should delay the expansion of the Garberville Exchange for a minimum period of three years following completion of the line extensions by complainants. This delay will allow complainants an opportunity to recover some pro rata portion of their cost of installation, labor, and work equipment from subsequent applicants for service within the Hansen Ranch.²⁰ Since Contel is not receiving line-extension payments from the complainants, it would not be practical or wise for it to become involved with such issues.

Thereafter, when and if Contel expands the Garberville Exchange to include the remainder of the Hansen Ranch, it will be under no obligation to refund any amounts to the complainants. At that time Contel will negotiate the purchase of complainants' remaining interest at a reasonable cost, and assume the maintenance requirements of the lines and will simply apply its regular rates and non-recurring charges for any new service connections to those lines or its line-extension charges for any further extensions from those lines.

As to complainants' reference to AB-461, AB-1466 and PU Code § 793.3 we have concluded that these legislative actions and the PU Code provisions all apply to the offering of UTS and ULTS at reasonable monthly rates after telephone service is installed and available.

Nothing in that legislation currently applies to relief from line-extension and/or installation charges for subdividers,

²⁰ Contel normally refunds certain portions of line-extension charges to original extendees when new applicants tie-in to the line during a three-year period following completion of the line extension.

developers, or individuals who purchase property without telephone service extensions to their property line, as is the case here. Nor is there any new legislative requirement or authority which would direct or permit this Commission to require a utility to expand its service area, dedicated to the public, against its will or to bear extraordinary costs to provide service outside of its dedicated service area.

Findings of Fact

1. Prior to August 14, 1951 the Garberville Exchange contained approximately 580 square miles including all of the lands now known as the Hansen Ranch.

2. The main ranch house in what is now in the unfilled area of the Hansen Ranch did have ten-party telephone service during the 1940's, prior to its destruction by fire on an undisclosed date.

3. Telephone service to the Hansen Ranch in 1951 and earlier consisted of ten-party telephone service with common ringing served from magneto switchboards in Garberville.

4. By D.46071 dated August 14, 1951 in A.32114, this Commission authorized Contel's predecessor Western to reduce the Garberville Exchange to 20 square miles based on a commitment by Western to substantially upgrade and improve service for that area.

5. The lands now known as the Hansen Ranch were excluded from the Garberville Exchange by the authority granted Western on August 14, 1951 in D.46071 to reduce the size of Garberville Exchange.

6. The original telephone line which served the area now known as the Hansen Ranch was built in the 1920's by a group of 14 ranchers in the area, according to Milton's research and discussions with an elderly woman who lived in the area at the time.

7. When the Garberville Exchange was expanded by D.61348 dated January 17, 1961 any and all then-existing toll telephone stations in the Hansen Ranch were converted to exchange services.

However, a large portion (approximately four square miles) of the ranch without telephone service was left in unfiled territory.

8. When the 2,800 acres (more or less) of the Hansen Ranch were later subdivided into 40-acre parcels in the mid-1960's, the developer did not extend telephone or other utility services to the subdivided parcels.

9. The 40-acre parcels of the Hansen Ranch Subdivision were sold primarily for hunting and other recreational purposes and the purchasers were aware of the lack of utilities to these individual parcels of land at the time of purchase.

10. Complainants presented evidence supporting the urgent need for telephone service in the remote Hansen Ranch area, prior to and after establishing their permanent residences there.

11. Initially, to avoid the expense of extending telephone lines, complainants were informed by Contel's predecessor of the availability of MRTS without air-time charges and some of them opted for this service and found it adequate for their needs.

12. In April 1987 Contel informed complainants that it was upgrading the MRTS and would thereafter charge 50 cents per minute for air-time charges on all incoming and outgoing calls. At that point, the use of MRTS as a substitute for basic landline telephone service became unaffordable to complainants and thereby unsatisfactory for their needs.

13. Contel's suggested alternative of restoring the MRTS without air-time charges to customers in the unfiled areas of the Hansen Ranch will provide an acceptable and adequate interim solution, until more permanent service arrangements can be established. This change is urgently needed now.

14. In restoring this MRTS without air-time charges, it may be necessary for Contel to impose some reasonable limit on free air-time use if channel crowding or long message-holding times become a problem in the future.

15. Complainants' request that this Commission require Contel to expand its Garberville Exchange to include all areas of the Hansen Ranch and offer telephone line extensions to them, at regular tariff rates and charges, would likely cause Contel to incur up to \$100,000 in extraordinary investment.

16. Contel, while not opposed to extending telephone service to complainants, is specifically opposed to extraordinary expenses or investment to do so.

17. An element of service which has driven up the extraordinary costs of providing landline telephone service to the Hansen Ranch is that party-line telephone service is no longer available in the Garberville Exchange; therefore, one cable pair is required at each subscriber's premises for each individual line telephone (one-party) service.

18. Contel's counsel's latest alternative offer to provide and install only the DCM-24 digital-carrier system and connecting arrangements for farmerline service at the exchange boundary would, as presented, result in less investment for each new service in the Hansen Ranch than its average cost to extend service within its Garberville Exchange.

19. Contel could, based on estimates presented by its counsel, provide and install the DCM-24 digital-carrier system and connecting arrangements for farmerline service at the boundary of the exchange and in addition provide the necessary cable, protection equipment, and miscellaneous materials to the ten remaining unserved complainants, for their subsequent installation, at a cost slightly less than the average cost to extend services to a similar number of new customers within the Garberville Exchange.

20. The Commission's goal of cost-minimization would be advanced if complainants install the farmerline service because favorable logistics would permit complainants to install the lines for less than half the cost than Contel would need to expend. ✓

21. Contel would retain ownership of the DCM-24 digital-carrier system as well as the cable, drop wire, pedestals, and other miscellaneous hardware provided for installation and use by complainants within the Hansen Ranch. Since that equipment and related material and supplies would, when installed, become used and useful in rendering telephone service it may then become a part of, and included with, Contel's utility plant in service.

22. The DCM-24 digital-carrier system proposed for service to the Hansen Ranch may not have adequate capacity to communicate with moderate-to-high-speed computer modems. To meet this limited potential requirement, upon specific individual request, Contel may, subject to availability, transfer an existing service to the DCM-24 and use that pair of wires to provide the necessary capacity to meet that specific request.

23. PU Code § 739.3 is clearly directed towards seeking equality and affordability of monthly rates and provision of appropriate ULTS discounts to eligible residents. It does not apply to subsidies for extraordinary costs of line extensions or to require a utility to serve outside of its dedicated service area.

Conclusions of Law

1. It would not be reasonable or lawful for this Commission to require Contel to incur the extraordinary costs to expand its Garberville Exchange to include the Hansen Ranch at this time.

2. Contel's offer to restore MRTS without air-time charges within the Hansen Ranch is a reasonable interim solution and should be approved without further delay due to the urgent need for telephone service by complainants.

3. It is reasonable to require Contel to provide one-party farmerline service to the complainants at the boundary of its Garberville Exchange at monthly rates and non-recurring charges similar to those within that Exchange.

4. It is also reasonable to require Contel to provide the necessary cable, drop wire, pedestals, and miscellaneous hardware

for installation of line extensions by complainants within the Hansen Ranch in non-exclusive easements similar to those generally used by Contel for its own installations.

5. It is considered proper and reasonable for Contel to retain title and sufficient control over complainants' use and installation of the cable, drop wire, pedestals, and miscellaneous materials furnished to the complainants for their telephone line extensions, to ensure that these supplies are used for provision of telephone service to them and other applicants with the understanding that Contel may at some future date expand its Garberville Exchange to include the Hansen Ranch. Contel should, when installed and available for service, include these materials and supplies and related equipment in its utility plant in service.

6. AB-461, AB-1466 and PU Code § 793.3 as modified in 1987 are all related to the offering of UTS and ULTS at affordable and reasonable rates and should not be interpreted to require a utility to incur extraordinary costs to extend telephone lines outside of its service areas.

7. Contel should be required to provide one-party farmerline service at the ULTS rate for the Garberville Exchange to any of the complainants who meet the income eligibility qualifications for ULTS.

8. Contel should not be required to provide telephone services capable of use with high speed computer modems to complainants within the Hansen Ranch at this time.

9. Because of the urgent need for telephone service within the Hansen Ranch, this order should be made effective today.

ORDER

IT IS ORDERED that:

1. Within 10 days after the effective date of this order Contel of California, Inc. (Contel) shall revise its MTS Tariff

Schedule No. L-1 to provide for MRTS without air-time charges to customers residing within the unfiled territory encompassed by the Garberville, Piercy, Leggett, and Laytonville Exchanges of Humboldt and Mendocino Counties. This special MRTS without air-time charges shall be confined, except for reporting fires and other life-threatening emergencies, to usage wholly within the specified unfiled service area. Contel may withdraw this free air-time service from any individual customer with reasonable notice after evidence of any unauthorized repeated use by that customer outside the narrowly defined unfiled area.

Contel shall also include the offering of ULTS rates for eligible residential customers to this special MRTS.

Contel may, upon evidence of future channel crowding and/or other deterioration of MRTS service quality in its Garberville Exchange, impose a reduction to 120 minutes of monthly free air time for each subscriber to this special service, by further revision of its Tariff Schedule No. L-1.

This special service, as well as any rates, rules, and conditions therefor shall apply only to Contel and its customers in the area defined above, and is not intended to establish a precedent for similar services elsewhere, except as may apply upon separate review and further order of this Commission.

2. Contel shall, within 30 days after the effective date of this order, make available one-party farmerline service to complainants at a point of demarcation within the Hansen Ranch at the regular non-recurring charges and monthly rates (including ULTS to eligible residential customers) as apply to regular one-party exchange services within its Garberville Exchange. Each one-party service will be provided through a SNI connector block housed in a secure metal enclosure similar to those used in multi-tenant buildings.

3. Upon receipt of ten or more applications for service accompanied by payment for appropriate non-recurring charges for

one-party telephone services from complainants together with copies of non-exclusive easements for placement of cable to complainants, Contel shall furnish, without charge, the necessary cable, drop wire, pedestals, loading coils, protectors, and other miscellaneous hardware to complainants for their installation of the telephone cable and drop wires to their premises.

4. Contel is further authorized to establish reasonable controls to insure that the materials and supplies furnished to complainants will be installed on a timely basis and not damaged, lost, or placed in indefinite storage by them. Such reasonable control may include but is not limited to the allocation of materials on an as-needed-basis for each week of work activity.

5. Contel shall retain title and ownership of the materials supplied to complainants, but shall make these materials available for telephone service to them and to any new applicants for telephone service within the Hansen Ranch. These materials and supplies and related equipment, made available for use within the Hansen Ranch, shall be included with Contel's utility plant in service when complainants' telephone services are operational.

6. Contel may, as a condition to providing free materials and supplies for line extensions within Hansen Ranch, require a hold-harmless agreement from complainants to release it from any responsibility or liability for injury to them during the course of their installation efforts.

7. Contel shall not be required to provide any poles, anchors, messengers, lashing wire and clamps, or other hardware for overhead construction; or vaults, conduits, trenches, and back-fill material for underground construction of the line extensions within that portion of the Hansen Ranch which is outside of the Garberville Exchange. All labor and work equipment necessary for such line extensions shall be provided by complainants.

8. Contel shall not expand its Garberville Exchange to take in the entire Hansen Ranch for a period of three years following

completion of the line-extension option authorized here. Thereafter, when Contel, at its discretion, determines that the farmerline facilities can be used to its advantage in serving new customer growth at costs similar to those then experienced in the Garberville Exchange, it may then negotiate to purchase the complainants' remaining interest therein at reasonable cost.

9. Complainants shall maintain the line extensions until Contel chooses to expand the Garberville Exchange to include the entire lands of the Hansen Ranch.

10. Complainants shall be liable for any unanticipated fees, taxes, or other costs that may be assessed by any governmental authority against them or Contel solely due to the installation or maintenance of these lines. The Commission's General Counsel shall inform complainants in writing of this requirement without delay. ✓

11. Contel shall provide up to ten hours of technical advice, including any necessary specifications and drawings, detailing proper practices for installation of cable, drop wires, loading coils, and other hardware for this line-extension option.

12. Except as set forth in Ordering Paragraphs 1 through 10 above, the complaint is denied.

This order is effective today.

Dated JAN 27 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. CHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.

David Weiss

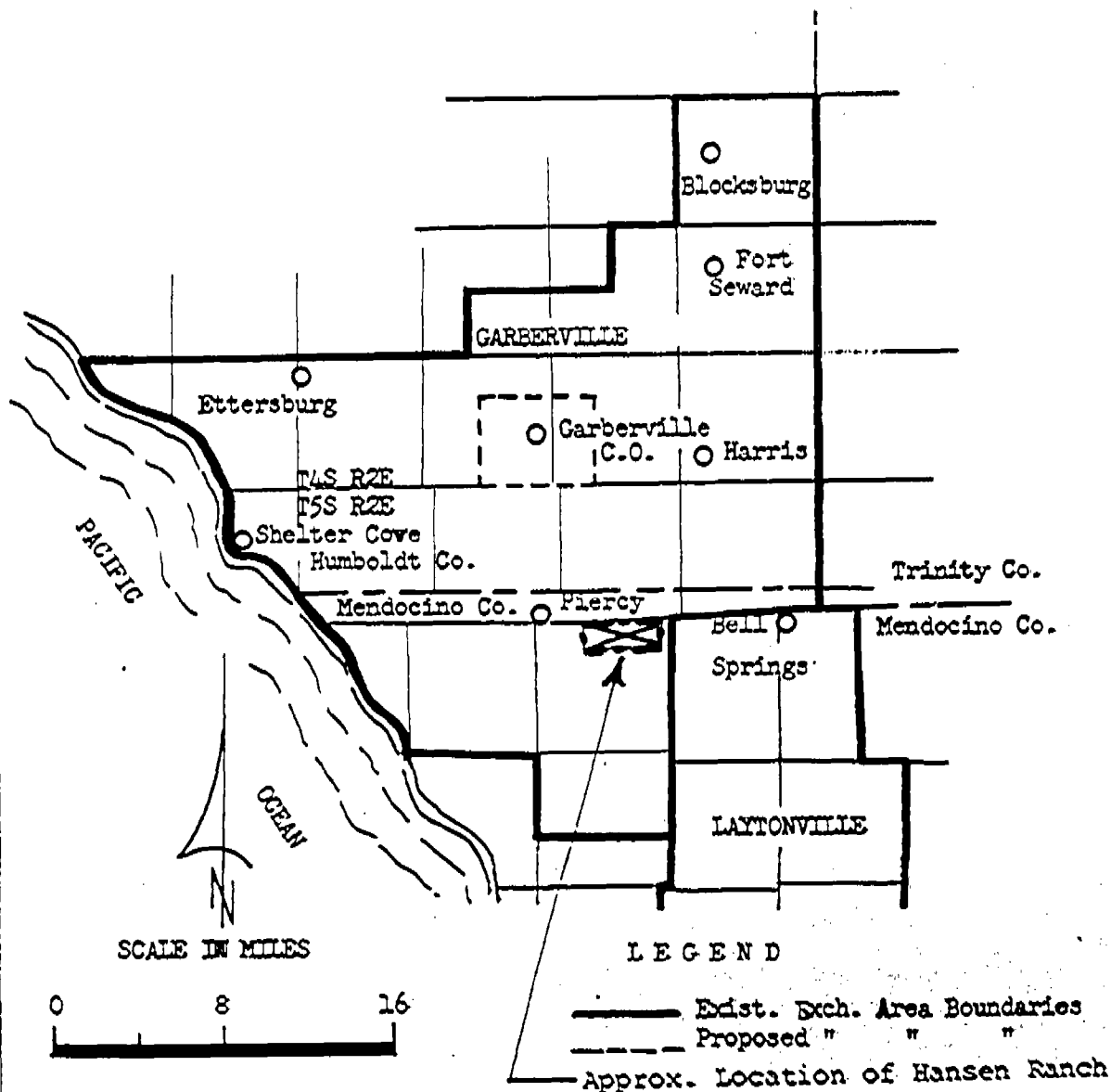
David Weiss, Executive Director

ds

THE WESTERN TELEPHONE COMPANY

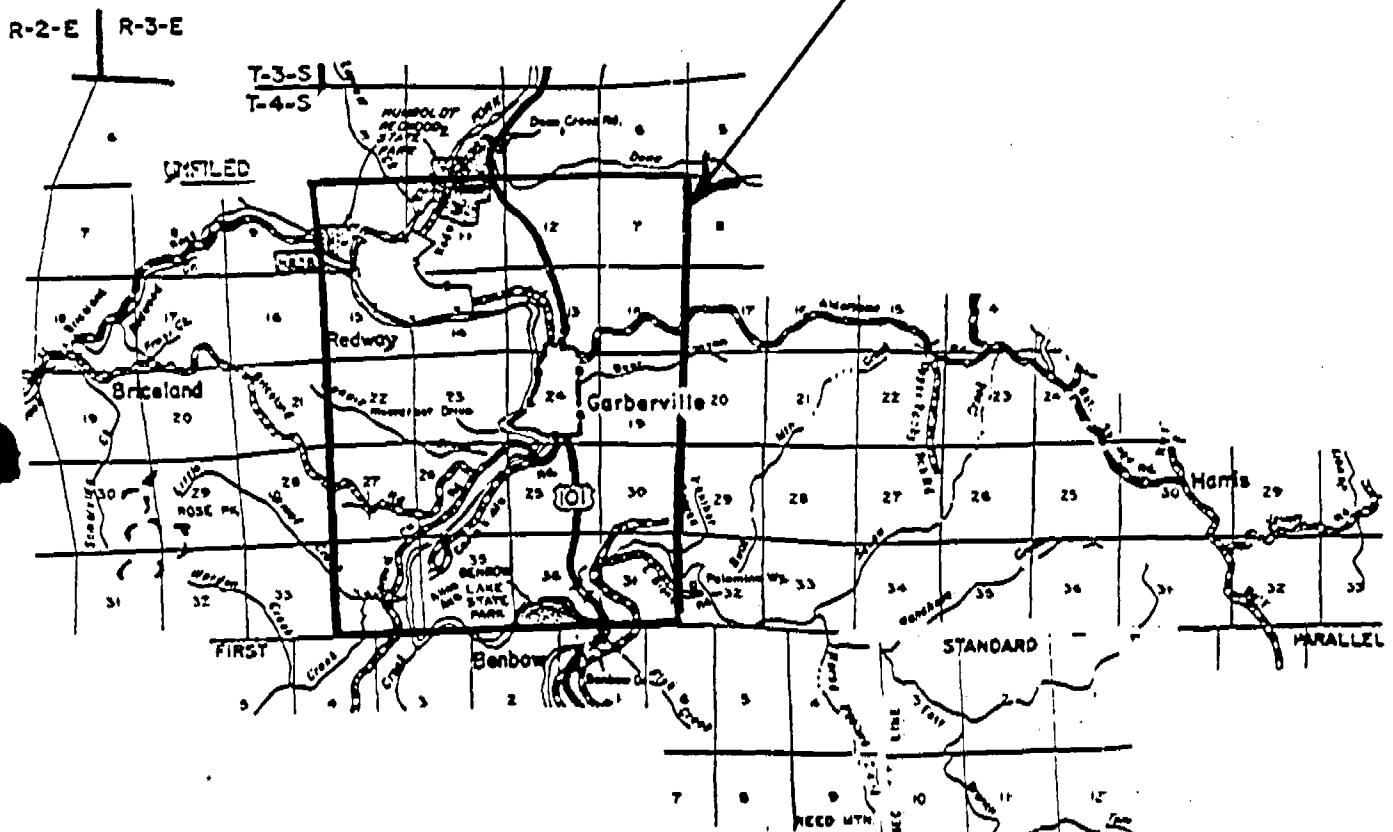
CARBERVERVILLE EXCHANGE

May 1951



* Chart modified to show approximate location of Hansen Ranch.

Boundary of the Garberville Exchange
as authorized by Decision 46071
dated August 14, 1951. _____



This map was prepared using data contained in Exhibit B attached to A.32114, as modified by Exhibit 2 received in evidence in that proceeding and by placing that data on a recent map containing the approximate boundaries of Hansen Ranch.

Approximate Boundary of Hansen Ranch

Map Scale 1 inch = 2 miles

are the only persons who can install these materials at a reasonable labor cost. In doing so complainants will have their choice of overhead and underground construction.¹⁹ Because of the three and one-half hour travel time to and from the Hansen Ranch and the potential for complainants to use equipment ideally suited to the one task of installing these lines, complainants should likely be able to install these lines at less than one-half the cost that either Contel or its contractor would incur, even assuming that complainants would pay themselves the same labor rate and overheads as the contractor would pay. Thus, the Commission's goal of cost-minimization would be advanced if complainants installed these materials.

In the event that complainants choose overhead construction they will be responsible for providing at their expense all poles, anchors, messengers, cable lashing wires or clamps, and insulating materials, plus all installation labor.

If underground construction is chosen, complainants will be responsible for providing at their expense all trenching, plowing, backfilling, and fill materials, plus any required underground conduits, vaults or boxes, plus all installation labor.

The cable, service drops, pedestals, and other miscellaneous hardware together with the DCM-24 carrier equipment will be used by and useful to Contel in rendering telephone service to the farmerline customers within the Hansen Ranch. Therefore, the cost of these materials and supplies and equipment are to be included as a part of Contel's utility plant in service.

19 Under the Commission's electric and telephone utilities' line extension rules, when all lots in a subdivision are over three acres in size, subdividers and/or customers have their choice of overhead or underground construction. Lots in the Hansen Ranch are all substantially larger than three acres in size.

Lastly, it is reasonable to require complainants to maintain the cable and service drops installed by them within the Hansen Ranch until such time as Contel may elect to expand its exchange boundaries to include that area. Contel may elect to delay the expansion of the Garberville Exchange for a minimum period of three years following completion of the line extensions by complainants. This delay will allow complainants an opportunity to recover some pro rata portion of their cost of installation, labor, and work equipment from subsequent applicants for service within the Hansen Ranch.²⁰ Since Contel is not receiving line-extension payments from the complainants, it would not be practical or wise for it to become involved with such issues.

Thereafter, when and if Contel expands the Garberville Exchange to include the remainder of the Hansen Ranch, it will be under no obligation to refund any amounts to the complainants. At that time Contel will assume the maintenance requirements of the lines and will simply apply its regular rates and non-recurring charges for any new service connections to those lines or its line-extension charges for any further extensions from those lines.

As to complainants' reference to AB-461, AB-1466 and PU Code § 793.3 we have concluded that these legislative actions and the PU Code provisions all apply to the offering of UTS and ULTS at reasonable monthly rates after telephone service is installed and available.

Nothing in that legislation currently applies to relief from line-extension and/or installation charges for subdividers, developers, or individuals who purchase property without telephone service extensions to their property line, as is the case here.

²⁰ Contel normally refunds certain portions of line-extension charges to original extendees when new applicants tie-in to the line during a three-year period following completion of the line extension.

Nor is there any new legislative requirement or authority which would direct or permit this Commission to require a utility to expand its service area, dedicated to the public, against its will or to bear extraordinary costs to provide service outside of its dedicated service area.

Findings of Fact

1. Prior to August 14, 1951 the Garberville Exchange contained approximately 580 square miles including all of the lands now known as the Hansen Ranch.
2. The main ranch house in what is now in the unfilled area of the Hansen Ranch did have ten-party telephone service during the 1940's, prior to its destruction by fire on an undisclosed date.
3. Telephone service to the Hansen Ranch in 1951 and earlier consisted of ten-party telephone service with common ringing served from magneto switchboards in Garberville.
4. By D.46071 dated August 14, 1951 in A.32114, this Commission authorized Contel's predecessor Western to reduce the Garberville Exchange to 20 square miles based on a commitment by Western to substantially upgrade and improve service for that area.
5. The lands now known as the Hansen Ranch were excluded from the Garberville Exchange by the authority granted Western on August 14, 1951 in D.46071 to reduce the size of Garberville Exchange.
6. The original telephone line which served the area now known as the Hansen Ranch was built in the 1920's by a group of 14 ranchers in the area, according to Milton's research and discussions with an elderly woman who lived in the area at the time.
7. When the Garberville Exchange was expanded by D.61348 dated January 17, 1961 any and all then-existing toll telephone stations in the Hansen Ranch were converted to exchange services. However, a large portion (approximately four square miles) of the ranch without telephone service, was left in unfilled territory.

8. When the 2,800 acres (more or less) of the Hansen Ranch were later subdivided into 40-acre parcels in the mid-1960's, the developer did not extend telephone or other utility services to the subdivided parcels.

9. The 40-acre parcels of the Hansen Ranch Subdivision were sold primarily for hunting and other recreational purposes and the purchasers were aware of the lack of utilities to these individual parcels of land at the time of purchase.

10. Complainants presented evidence supporting the urgent need for telephone service in the remote Hansen Ranch area, prior to and after establishing their permanent residences there.

11. Initially, to avoid the expense of extending telephone lines, complainants were informed by Contel's predecessor of the availability of MRTS without air-time charges and some of them opted for this service and found it adequate for their needs.

12. In April 1987 Contel informed complainants that it was upgrading the MRTS and would thereafter charge 50 cents per minute for air-time charges on all incoming and outgoing calls. At that point, the use of MRTS as a substitute for basic landline telephone service became unaffordable to complainants and thereby unsatisfactory for their needs.

13. Contel's suggested alternative of restoring the MRTS without air-time charges to customers in the unfilled areas of the Hansen Ranch will provide an acceptable and adequate interim solution, until more permanent service arrangements can be established. This change is urgently needed now.

14. In restoring this MRTS without air-time charges, it may be necessary for Contel to impose some reasonable limit on free air-time use if channel crowding or long message-holding times become a problem in the future.

15. Complainants' request that this Commission require Contel to expand its Garberville Exchange to include all areas of the Hansen Ranch and offer telephone line extensions to them, at

regular tariff rates and charges, would likely cause Contel to incur up to \$100,000 in extraordinary investment.

16. Contel, while not opposed to extending telephone service to complainants, is specifically opposed to extraordinary expenses or investment to do so.

17. An element of service which has driven up the extraordinary costs of providing landline telephone service to the Hansen Ranch is that party-line telephone service is no longer available in the Garberville Exchange; therefore, one cable pair is required at each subscriber's premises for each individual line telephone (one-party) service.

18. Contel's counsel's latest alternative offer to provide and install only the DCM-24 digital-carrier system and connecting arrangements for farmerline service at the exchange boundary would, as presented, result in less investment for each new service in the Hansen Ranch than its average cost to extend service within its Garberville Exchange.

19. Contel could, based on estimates presented by its counsel, provide and install the DCM-24 digital-carrier system and connecting arrangements for farmerline service at the boundary of the exchange and in addition provide the necessary cable, protection equipment, and miscellaneous materials to the ten remaining unserved complainants, for their subsequent installation, at a cost slightly less than the average cost to extend services to a similar number of new customers within the Garberville Exchange.

20. The Commission's goal of cost-minimization would be advanced if complainants install the farmerline service because favorable logistics would permit complainants to install the lines for less than half the cost than Contel would need to expand.

21. Contel would retain ownership of the DCM-24 digital-carrier system as well as the cable, drop wire, pedestals, and other miscellaneous hardware provided for installation and use by complainants within the Hansen Ranch. Since that equipment and

related material and supplies would, when installed, become used and useful in rendering telephone service it may then become a part of, and included with, Contel's utility plant in service.

22. The DCM-24 digital-carrier system proposed for service to the Hansen Ranch may not have adequate capacity to communicate with moderate-to-high-speed computer modems. To meet this limited potential requirement, upon specific individual request, Contel may, subject to availability, transfer an existing service to the DCM-24 and use that pair of wires to provide the necessary capacity to meet that specific request.

23. PU Code § 739.3 is clearly directed towards seeking equality and affordability of monthly rates and provision of appropriate ULTS discounts to eligible residents. It does not apply to subsidies for extraordinary costs of line extensions or to require a utility to serve outside of its dedicated service area.

Conclusions of Law

1. It would not be reasonable or lawful for this Commission to require Contel to incur the extraordinary costs to expand its Garberville Exchange to include the Hansen Ranch at this time.

2. Contel's offer to restore MRTS without air-time charges within the Hansen Ranch is a reasonable interim solution and should be approved without further delay due to the urgent need for telephone service by complainants.

3. It is reasonable to require Contel to provide one-party farmerline service to the complainants at the boundary of its Garberville Exchange at monthly rates and non-recurring charges similar to those within that Exchange.

4. It is also reasonable to require Contel to provide the necessary cable, drop wire, pedestals, and miscellaneous hardware for installation of line extensions by complainants within the Hansen Ranch in non-exclusive easements similar to those generally used by Contel for its own installations.

5. It is considered proper and reasonable for Contel to retain title and adequate control over the use and installation of the cable, drop wire, pedestals, and miscellaneous materials furnished to the complainants for their telephone line extensions, with the understanding that these supplies are necessary for provision of telephone service to them and other applicants and that Contel may at some future date expand its Garberville Exchange to include the Hansen Ranch. Contel should, when installed and available for service, include these materials and supplies and related equipment in its utility plant in service.

6. AB-461, AB-1466 and PU Code § 793.3/as modified in 1987 are all related to the offering of UTS and ULTS at affordable and reasonable rates and should not be interpreted to require a utility to incur extraordinary costs to extend telephone lines outside of its service areas.

7. Contel should be required to provide one-party farmerline service at the ULTS rate for the Garberville Exchange to any of the complainants who meet the income eligibility qualifications for ULTS.

8. Contel should not be required to provide telephone services capable of use with high speed computer modems to complainants within the Hansen Ranch at this time.

9. Because of the urgent need for telephone service within the Hansen Ranch, this order should be made effective today.

ORDER

IT IS ORDERED that:

1. Within 10 days after the effective date of this order Contel of California, Inc. (Contel) shall revise its MRTS Tariff Schedule No. L-1 to provide for MRTS without air-time charges to customers residing within the unfilled territory encompassed by the Garberville, Piercy, Leggett, and Laytonville Exchanges of Humboldt

for installation of line extensions by complainants within the Hansen Ranch in non-exclusive easements similar to those generally used by Contel for its own installations.

5. It is considered proper and reasonable for Contel to retain title and adequate control over the use and installation of the cable, drop wire, pedestals, and miscellaneous materials furnished to the complainants for their telephone line extensions, with the understanding that these supplies are necessary for provision of telephone service to them and other applicants and that Contel may at some future date expand its Garberville Exchange to include the Hansen Ranch. Contel should, when installed and available for service, include these materials and supplies and related equipment in its utility plant in service.

6. AB-461, AB-1466 and PU Code § 793.3 as modified in 1987 are all related to the offering of UTS and ULTS at affordable and reasonable rates and should not be interpreted to require a utility to incur extraordinary costs to extend telephone lines outside of its service areas.

7. Contel should be required to provide one-party farmerline service at the ULTS rate for the Garberville Exchange to any of the complainants who meet the income eligibility qualifications for ULTS.

8. Contel should not be required to provide telephone services capable of use with high speed computer modems to complainants within the Hansen Ranch at this time.

9. Because of the urgent need for telephone service within the Hansen Ranch, this order should be made effective today.

ORDER

IT IS ORDERED that:

1. Within 10 days after the effective date of this order Contel of California, Inc. (Contel) shall revise its MRTS Tariff

and Mendocino Counties. This special MRTS without air-time charges shall be confined, except for reporting fires and other life-threatening emergencies, to usage wholly within the specified unfiled service area. Contel may withdraw this free air-time service from any individual customer with reasonable notice after evidence of any unauthorized repeated use by that customer outside the narrowly defined unfiled area.

Contel may, upon evidence of future channel crowding and/or other deterioration of MRTS service quality in its Garberville Exchange, impose a reduction to 120 minutes of monthly free air time for each subscriber to this special service, by further revision of its Tariff Schedule No. L-1.

This special service, as well as any rates, rules, and conditions therefor shall apply only to Contel and its customers in the area defined above, and is not intended to establish a precedent for similar services elsewhere, except as may apply upon separate review and further order of this Commission.

2. Contel shall, within 30 days after the effective date of this order, make available one-party farmerline service to complainants at a point of demarcation within the Hansen Ranch at the regular non-recurring charges and monthly rates (including ULTS to eligible residential customers) as apply to regular one-party exchange services within its Garberville Exchange. Each one-party service will be provided through a SNI connector block housed in a secure metal enclosure similar to those used in multi-tenant buildings.

3. Upon receipt of ten or more applications for service accompanied by payment for appropriate non-recurring charges for one-party telephone services from complainants together with copies of non-exclusive easements for placement of cable to complainants, Contel shall furnish, without charge, the necessary cable, drop wire, pedestals, loading coils, protectors, and other miscellaneous

hardware to complainants for their installation of the telephone cable and drop wires to their premises.

4. Contel is further authorized to establish reasonable controls to insure that the materials and supplies furnished to complainants will be installed on a timely basis and not damaged, lost, or placed in indefinite storage by them. Such reasonable control may include but is not limited to the allocation of materials on an as-needed-basis for each week of work activity.

5. Contel shall retain title and ownership of the materials supplied to complainants, but shall make these materials available for telephone service to them and to any new applicants for telephone service within the Hansen Ranch. These materials and supplies and related equipment, made available for use within the Hansen Ranch, shall be included with Contel's utility plant in service when complainants' telephone services are operational.

6. Contel may, as a condition to providing free materials and supplies for line extensions within Hansen Ranch, require a hold-harmless agreement from complainants to release it from any responsibility or liability for injury to them during the course of their installation efforts.

7. Contel shall not be required to provide any poles, anchors, messengers, lashing wire and clamps, or other hardware for overhead construction; or vaults, conduits, trenches, and back-fill material for underground construction of the line extensions within that portion of the Hansen Ranch which is outside of the Garberville Exchange. All labor and work equipment necessary for such line extensions shall be provided by complainants.

8. Contel shall not expand its Garberville Exchange to take in the entire Hansen Ranch for a period of three years following completion of the line-extension option authorized here.

9. Complainants shall maintain the line extensions until Contel chooses to expand the Garberville Exchange to include the entire lands of the Hansen Ranch.

10. Complainants shall be liable for any unanticipated fees, taxes, or other costs that may be assessed by any governmental authority against themselves or Contel solely due to the installation or maintenance of these lines. The Commission's General Counsel shall inform complainants in writing of this requirement without delay.

11. Contel shall provide up to ten hours of technical advice, including any necessary specifications and drawings, detailing proper practices for installation of cable, drop wires, loading coils, and other hardware for this line-extension option.

12. Except as set forth in Ordering Paragraphs 1 through 10 above, the complaint is denied.

This order is effective today.

Dated _____, at San Francisco, California.