

ORIGINAL

Decision No. 87546 July 6, 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

RUBY GOLDENBERG, GORDEN GARBELL,
and ALFRED STRAUSS,

Complainants,

vs.

GENERAL TELEPHONE COMPANY OF
CALIFORNIA,

Defendant.

Case No. 10186
(Filed September 30, 1976)

Investigation on the Commission's
own motion into the rates, rules,
charges, tolls, classifications,
contracts, practices, operations,
facilities, and service of
General Telephone Company of
California.

Case No. 10259
(Filed February 15, 1977)

Gorden G. Garbell, Ruby Goldenberg, and
Alfred Strauss, for themselves, complainants.
Edward D. Schoch, Attorney at Law, for
defendant.
Jan Scandella, for Assemblyman Tom Suitt,
interested party.
Ermet Macario, for the Commission staff.

O P I N I O N

Ruby Goldenberg, Gorden Garbell, and Alfred Strauss
(complainants) seek an order requiring defendant General Telephone
Company of California (General) to expand the toll-free zone of
the Marietta exchange to include the communities of Sun City,
Fallbrook, Elsinore, and Hemet, all within a 25-mile radius from
complainants' residence area. To permit the Commission to
investigate and consider alternative solutions and take whatever

action deemed appropriate, an order instituting investigation (Case No. 10259) into General's rates, rules, charges, tolls, classifications, contracts, practices, operations, facilities, and service was issued to determine if the telephone service in the Murietta exchange and surrounding exchanges is reasonable and adequate and what orders should be entered in the lawful exercise of our jurisdiction.

After notice, public hearing on these combined matters was held before Examiner Johnson on February 23 and 24, 1977 in Murrietta Hot Springs and the matter was submitted on March 17, 1977 upon receipt of transcript. Testimony was presented on behalf of complainants by two of the complainants, eight of the local resident customers of General and by Councilman Carter of Lake Elsinore, on behalf of General by the Redlands division manager and by its manager of rates and tariffs, and on behalf of the Commission staff by one of its utilities engineers.

Complainant's Position

Testimony presented on behalf of complainants was to the effect that:

- (1) The toll-free calling area of the Murietta exchange is wholly inadequate in that calls to stores, business establishments, doctors, dentists, and ambulances and other necessary calls are generally all toll calls.
- (2) Sun City, Fallbrook, Hemet, and Elsinore are all less than twenty-five miles from Murietta Hot Springs and therefore their inclusion in the toll-free calling area is not unreasonable.
- (3) General has indicated that the inclusion of those communities in the extended service area would increase base telephone rates \$3.40 a month, which complainants consider exorbitant.
- (4) To obtain such extended service, some residents would be willing to pay a small increase and some residents would be unwilling to pay any increase.

- (5) Some residents defer making purchases and conducting business transactions until they are in the Los Angeles metropolitan area rather than pay toll charges to conduct business with the local establishments.
- (6) Nearby businesses are reluctant to place advertisements in the local newspaper because of the very limited number of prospective customers who are willing to pay toll charges to respond to such advertisements.
- (7) The average telephone bills in the Murietta exchange area are very high. Consequently, General would suffer very little financial hardship if the toll-free area were expanded to include the requested communities without increasing the base rates.
- (8) Existing telephone facilities are entirely inadequate as evidenced by the fact that on occasion it can take several hours to complete a telephone call outside the Murietta exchange.
- (9) Emergency calls cannot always be completed on a timely basis. An incident was cited where a woman asked that an ambulance be called and died before it arrived because of the extended time it took to complete the call.
- (10) Residents frequently experience difficulty in completing local calls and are sometimes informed incorrectly by a recording that the number being called has been temporarily disconnected.
- (11) There are numerous billing errors on every bill received.

General's Position

Testimony presented on behalf of General indicated that:

- (1) To provide extended service would increase the base rates 40 cents a month for Elsinore, 60 cents a month for Fallbrook, \$2 a month for Hemet, and 40 cents a month for Sun City, a total of \$3.40 for the four communities listed in the complaint.

- (2) General plans to convert from Operator Number Identification (ONI) to Automatic Number Identification (ANI) in the near future which should eliminate most of the billing errors.
- (3) General's records give no indication of the service problems testified to at the hearing. As a result of the hearing, General will institute studies to define the problem areas and take steps to eliminate such deficiencies.
- (4) The growth rate of the area is very high and apparently General did not keep pace with the growth even though the number of long distance trunks was increased 18 percent.
- (5) The prolonged incident of difficulty in calling out of the Marietta area most referred to by complainants was due to an electrical storm destroying between 80 and 90 voice repeaters which required two days to replace.
- (6) Extended service would not eliminate the necessity of dialing "1" or "operator" when placing calls outside the Marietta exchange.
- (7) The message toll mileage from Marietta to Elsinore is 11 miles; to Fallbrook, 12 miles; to Hemet-San Jacinto, 21 miles; to Perris, 17 miles; and to Sun City, 11 miles.
- (8) The installation of extended area service (EAS) to Elsinore would increase costs to 64.4 percent of residential customers and 60.3 percent of business customers; to Fallbrook, 89.9 percent of residential customers and 89.9 percent of business customers; to Hemet-San Jacinto, 89.2 percent of residential customers and 87.3 percent of business customers; and to Sun City, 87.3 percent of residential customers and 84.8 percent of business customers. Consequently, General concludes that EAS should not be provided to any of these four communities. from Marietta Hot Springs.
- (9) The Marietta exchange is expected to grow from 985 main telephones in January 1977 to 1,652 in December 1981.

Commission Staff's Position

Testimony presented on behalf of the Commission staff indicated that:

- (1) When EAS is instituted, an EAS rate increment, based on the toll rate mileage between the two exchanges and the rates of customers in the two exchanges, is added to the monthly rate of all subscribers in the originating exchange.
- (2) In order to determine the viability of an EAS route, consideration must be given to the proportion of customers realizing savings under the EAS, the need for the establishment of the EAS as shown in call volumes, surveys, etc., and the cost of such service to the serving utility.
- (3) Based on current call volumes, a large majority of customers would pay higher bills under EAS than they do at present.
- (4) Customer need for EAS is evidenced by a high volume of calls over a route as measured by the community of interest factor (CIF) which equals the average number of messages per customer per month for a specific route.
- (5) Moderate usage is indicated for the Murietta to Elsinore route with a CIF of 3.3 and for the Temecula to Fallbrook route with a CIF of 3.6. The CIF's of .93 for the Murietta to Sun City route, 1.66 for the Murietta to Hemet-San Jacinto route, and 1.00 for the Murietta to Fallbrook route indicate low usage on these routes.
- (6) Because of the loss in toll settlements resulting from conversion of the routes and the added investment and related expenses required to handle the stimulated calling, it is estimated that the increased costs of EAS would exceed the additional revenues that would be realized which would necessitate the subsidization of EAS by the other ratepayers of General.

- (7) Because of the relatively small portion of users benefiting from the proposed EAS, it would be more reasonable to institute a calling plan which would be optional to those heavy users who would benefit from such service and at the same time would not force an increase on the small user.
- (8) One such plan is Optional Calling Message Service (OCMS) which allows two hours of calling between the hours of 8 a.m. and 8 p.m. for a fixed price with overusage billed on the basis of minutes overtime and no billing for such calls between 8 p.m. and 8 a.m. of the following day.
- (9) The staff's engineer recommended the establishment of OCMS from Murietta to Elsinore and Temecula to Fallbrook at a rate of \$2.75 per month with overtime at three cents per minute. Such service would be available only to individual line residential customers.

Discussion

From the record it is quite clear that the two primary issues requiring resolution are: (1) The changes, if any, in calling areas which should reasonably be effected, and (2) the adequacy of the present service to General's customers in the Murietta exchange.

EAS has been before us for a number of years. With respect to such service we have stated:

"Extended area telephone service outside of the metropolitan areas of the state is not a new concept and a goodly number of Pacific's telephone exchanges have had toll-free calling between them for quite a few years. The Commission has consistently viewed these situations from the basic premise that if unreasonable discrimination between customers (or classes of customers) and unreasonable rate burdens on nonparticipating customers are to be avoided, the loss of toll revenues, which occurs when local free-calling areas are expanded, must be offset by reasonably increased exchange revenues. Where this basic premise could be met, EAS plans have been authorized. Where offsetting revenues could

not be obtained at reasonable rates or where a return on the additional investment for an EAS plan could not be provided at reasonable rates, the plans have not been authorized." (Re Pacific Telephone and Telegraph Company (1970) 71 CPUC 160, 162.)

The record shows that the increased costs of providing EAS for the Murietta exchange would exceed the additional revenues to be received from such service resulting in the necessity of such service, if ordered, being subsidized by General's other ratepayers. The record further indicates that relatively few Murietta customers, between 10.1 and 35.6 percent, would benefit from reduced billings were any or all of the four communities in question included within Murietta's extended area. Under these circumstances, requiring the establishment of any of the four considered EAS routes would be inappropriate.

The Pacific Telephone and Telegraph Company (Pacific), according to the record, provides OCMS over more than 80 routes statewide as contrasted to General which to date provides no such service. However, the Murietta to Elsinore route with a CIF of 3.3 and the Temecula to Fallbrook route with a CIF of 3.6 would appear to be logical routes for the establishment of OCMS, especially in view of the record developed in these proceedings. Consequently, we will adopt the staff engineer's recommendation that OCMS be instituted over the Murietta to Elsinore and Temecula to Fallbrook routes on a trial basis for two years during which time information may be assembled and costs tracked in order to determine whether such service should be made a permanent offering and/or modified. Such service is to be made available to the public within 18 months of the effective date of this decision.

The merchants and businessmen of Sun City, Elsinore, Fallbrook, and Hemet have two alternatives to mitigate the hampering effect that toll charges have on conducting business

transactions with residents of Murietta Hot Springs. The first is foreign exchange service whereby toll-free service from Murietta Hot Springs to the business establishment in one of the four communities may be provided by the paying of a mileage fee in addition to the base rate. The other option available to such business men is the utilization of a Zenith number. Such numbers are in effect a commitment to automatically accept the costs of all toll charges made to that number. The cost of such service is equal to the total of such automatically billed collect calls plus a monthly charge. The businessmen in the four communities under discussion would naturally have to make individual determinations as to whether either of these options would be economically advantageous for their particular operations.

The testimony of General's division manager clearly indicates the intention of General to instigate extensive studies to evaluate the quality of the service being rendered and to take corrective action should it be found that the present level of service is deficient. General Order No. 133 establishes uniform standards of service for the installation, maintenance, and quality of telephone service. The standard service range for customer trouble reports is at or below 6.5 per 100 stations. According to the record, the reports for the Murietta area, including Murietta Hot Springs, generally range from 3.7 to 6.1 trouble reports per 100 stations with one month, September, having 8.1 reports per 100 stations due to severe electrical storms. General's witness attributed the discrepancy between the testimony of Murietta Hot Springs residents and the relatively low reported trouble reports per 100 stations to the failure of the residents to report the alleged service deficiencies. He suggested that the failure of the residents to make trouble reports was due to lack of concrete results from previously filed reports and urged that even minor

problems be reported so that trouble patterns could be developed. He further testified that to meet the General Order No. 133 service standards it is necessary to successfully complete 98.3 percent of all calls and that equipment malfunctions and all trunk-busy conditions are the two primary causes of failure to meet this standard. As a result of the service deficiencies brought to light at the hearing, General intends to utilize a dial analyzer on outgoing long distance lines to ascertain the call completion ratio. Such tests are designed to measure the performance of the equipment outside of the Marietta dial office. Measurements of the performance of equipment within the Marietta office will be made by a team of employees physically watching the performance of the equipment. General, according to the testimony, also contemplates examining all of its outside plant for possible trouble sources.

From the record of this proceeding, it is obvious that a complete study of the quality of service rendered through the Marietta exchange is warranted. Such a study will be required by the order that follows.

Findings

1. EAS over the four routes under consideration, Sun City, Fallbrook, Elsinore, and Hemet, would only be of economic benefit to a small percent (10.1 to 35.6 percent) of the Marietta customers and should not be authorized.
2. The increased costs of providing EAS would exceed the additional revenues to be received from such service and result in the necessity of other of General's customers subsidizing the service were it to be ordered.
3. The CIF is equal to the average number of messages per customer per month for a specific route and is approximately 3.3 from Marietta to Elsinore, 0.93 from Marietta to Sun City, 1.65 from Marietta to Hemet-San Jacinto, 1.00 from Marietta to Fallbrook, and 3.6 from Temecula to Fallbrook.

4. The moderate usage from Marietta to Elsinore and from Temecula to Fallbrook justifies the establishment, on a trial basis, of OCMS over these two routes.

5. The sample OCMS tariff in the staff engineer's exhibit which allows two hours of calling between the hours of 8 a.m. and 8 p.m. for \$2.75 a month, an overtime charge of \$.03 per minute, and untimed and uncharged calls between 8 p.m. and 8 a.m. should be implemented on a two-year trial basis during which time information may be assembled and costs tracked in order to determine whether it should be made a permanent offering and/or modified.

6. Such OCMS service should be made available no later than 18 months after the effective date of this order.

7. General should perform a study of the quality of service being rendered in the Marietta exchange and a report summarizing the results of the study forwarded to the Commission staff for review. Such a study is to include: (a) monthly customer trouble reports per 100 telephones; (b) dial tone speed tests accomplished by utilizing a Dial Tone Speed Recorder, Times All Trunk Busy Meters, or equivalent equipment; (c) service observations to measure the ability of the equipment to complete a customer-dialed call over the local and toll message network without the call encountering an equipment malfunction and/or an all paths busy condition; (d) a sample of the answering interval on toll and assistance calls that is representative of the measurement period utilizing an answering time recorder, force administration data system, or equivalent; (e) a complete inspection of outside plant to locate possible trouble sources; and (f) plans, cost estimates, and construction schedules for implementing the system improvements if any, found necessary to conform its standard of service to the uniform standards prescribed by this Commission's General Order No. 133.

Conclusions

1. The relief requested should be denied.
2. OCMS should be made available from Murietta to Elsinore and from Temecula to Fallbrook within 18 months from the effective date of this decision.
3. General should perform a comprehensive study of the quality of service being rendered in the Murietta exchange and submit a summary report of the findings and plans for corrective action to the Commission.

O R D E R

IT IS ORDERED that:

1. The relief requested in the complaint is denied.
2. Optional calling measured service (OCMS) shall be initiated by General Telephone Company of California (General) within eighteen months of the effective date of this order from General's Murietta exchange to General's Elsinore exchange and from General's Temecula exchange to the Pacific Telephone and Telegraph Company's Fallbrook exchange. General shall file the tariff attached to this order as Appendix A for the offering of OCMS on an experimental basis for a period of twenty-four months. Such filing shall comply with General Order No. 96-A. The effective date of the new tariff shall be five days after the date of filing.
3. General shall perform a study of the quality of service being rendered in the Murietta exchange. Such a study is to include the monthly number of customer trouble reports per 100 telephones, dial time speed tests, dial service observation tests, toll operator answering time tests, and physical inspections of outside plant.

4. Within one hundred eighty days of the effective date of this order, General shall submit a summary of the results of the study required by paragraph 3, together with the plans, cost estimates, and construction schedule for implementing improvements, if any, required to conform its standard of service to the uniform standards prescribed by General Order No. 133.

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

Dated at San Francisco, California, this 6th day of JULY, 1977.

Rafael Bateman
 President

William Symons Jr.

James A. Stinson

Richard D. Howell

Commissioners

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APPENDIX A
Page 1 of 4

OPTIONAL CALLING MEASURED SERVICE

APPLICABILITY AND TERRITORY

Applicable to Optional Calling Measured Service in connection with residence individual line service offered under Schedule Cal. P.U.C. No. A-1, Individual Line, Party Line, and Private Branch Exchange Trunk Line Service, furnished within the territory of the exchanges and district areas as set forth under RATES AND SERVICE AREAS of this schedule.

DESCRIPTION OF SERVICE

1. General

- (a) Optional Calling Measured Service is furnished as an adjunct to residence individual line flat rate service and provides for customer dialed communications to one or more exchanges or district areas designated by the customer, and up to a distance of forty rate airline miles.
- (b) For a fixed monthly rate the service provides for unlimited calling to the designated service area between the hours of 8:00 p.m. and 8:00 a.m. daily and two hours of cumulative calling each month between the hours of 8:00 a.m. and 8:00 p.m. Overtime is charged for each additional minute of calling over this two-hour monthly allocation.
- (c) Calls to exchange or district areas not designated by the customer will be furnished under the rates and special conditions specified for Message Unit Service under Schedule Cal. P.U.C. No. H-1 or Message Toll Telephone Service under Schedule Cal. P.U.C. No. B-1.
- (d) Each individual call is computed on the basis of whole minutes during the measured period, a fraction of a minute being considered a whole minute. Calling exceeding the two-hour monthly allocation shall be billed at the overtime rate for each additional minute.
- (e) Timing of calls begins when the connection is established from the calling station to the called station, and ends when such connection is terminated during the 8:00 a.m. - 8:00 p.m. time period. Calls placed that extend into or beyond the measured time period will be charged only for the minutes that are within the 8:00 a.m. - 8:00 p.m. period.
- (f) Optional Calling Measured Service consists of specific service offerings as shown under RATES AND SERVICE AREAS.
- (g) Where a customer subscribes to more than one Optional Calling Measured Service Offering, the measured time period will be computed separately for each service.

APPENDIX A
Page 2 of 4

OPTIONAL CALLING MEASURED SERVICE

RATES AND SERVICE AREAS

The rates shown below comprehend Optional Calling Measured Service on a sent paid, dial station service basis furnished in addition to residence individual line flat rate service at rates and special conditions set forth in Schedule Cal. P.U.C. No. A-1, Individual Line, Party Line, and Private Branch Exchange Trunk Line Service:

<u>Exchange District Rate Area</u>		<u>Offered Date#</u>	<u>Expiration Date*</u>	<u>Monthly Time Allowance</u>	<u>Rate Per Service: Each Exchange or District Area Selected</u>	
<u>From</u>	<u>To</u>				<u>Rate Per Month</u>	<u>Overtime Rate Per Minute</u>
Marietta	Elsinore			2 Hours **	\$2.75	\$.03**
Temecula	Fallbrook			2 Hours **	\$2.75	\$.03**

Date offering commences.

* Date offering will expire unless sooner revised, extended, or canceled by order or resolution of the CPUC.

** Applies between 8:00 a.m. and 8:00 p.m. daily only. Calling between 8:00 p.m. and 8:00 a.m. daily is unlimited.

APPENDIX A
Page 3 of 4

OPTIONAL CALLING MEASURED SERVICE

SPECIAL CONDITIONS

1. General

Except as provided herein, Special Conditions and Rules of the Utility applicable to individual line service also apply to such service furnished in connection with Optional Calling Measured Service.

2. Limitation of Service

- (a) Optional Calling Measured Service does not include Person, Collect, Conference, or other calls requiring operator handling. Such calls will be billed at the message toll rate applicable.
- (b) Optional Calling Measured Service is limited to a maximum of one of each service area for each customer premises.
- (c) Optional Calling Measured Service may not be furnished to any residence individual line service that is interconnected, physically, acoustically or by any other means to any other line, facility, or service at the customers' premises to extend a two-point connection beyond the originating station and called station location.
- (d) Optional Calling Measured Service will not be furnished in connection with either centrex service or foreign exchange service.
- (e) Optional Calling Measured Service will not be furnished for business telephone service.

APPENDIX A
Page 4 of 4

OPTIONAL CALLING MEASURED SERVICE

SPECIAL CONDITIONS--Contd.

3. Availability of Service

The furnishing of Optional Calling Measured Service may require certain physical arrangements of the facilities of the Utility and is therefore subject to the availability of such facilities.

4. Minimum Service Period

The minimum service period for each service offering shown under service areas is one month. Service Offering changes requested by a customer within the minimum service period will be charged for the minimum service period rate.

5. Rates for Fractional Periods

For fractional parts of a month, the basic period and rate charged there-fore are adjusted to be proportionate to the actual number of days in service. The rate for time in excess of the adjusted basic period will be billed on the basis of the actual minutes used at the overtime rate per minute shown above in RATES AND SERVICE AREAS.

6. Customer Premises

The premises of a customer is that as shown in Schedule Cal. P.U.C. No. D&R, Definitions and Rules. In the event the premises is located in more than one exchange, the premises will be considered as in the exchange in which the primary service is located.