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Decision No. 87615 JUL 19 1977

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

PONDEROSA HOMES,

Complainant,

vs.

THE PACIFIC TELEPHONE AND
TELEGRAPH COMPANY,

Defendant.

Case No. 10198
(Filed November 1, 1976)

Utility Consultants, Inc., by Dale L.
Clemens, for complainant.
Duane G. Henry, Attorney at Law, for
defendant.

O P I N I O N

Complainant Ponderosa Homes (Ponderosa) seeks an order requiring defendant The Pacific Telephone and Telegraph Company (Pacific) to shift the Brea-Placentia exchange boundary approximately 870 feet east to the easterly boundary of Tract 8825 so as to provide continuity to the system design for the tract. At the hearing, complainant modified its request to shift the boundary farther to Valencia Avenue, approximately one-half mile east of the existing boundary.

Public hearing was held before Examiner Johnson at Los Angeles on March 7, 1977 and the matter was submitted upon receipt of late-filed Exhibit 3 due March 17, 1977. Testimony was presented on behalf of Ponderosa by Mr. Clemens of Utility Consultants, Inc., and on behalf of Pacific by its operations administrator.

Complainant's Position

Testimony presented on behalf of complainant indicated that:

- (1) At the time Kraemer Boulevard was established as the boundary line between the Brea and Placentia exchange, the area was predominantly grass land. Beginning in 1975 the land began to be developed at an accelerating rate.
- (2) The progress of land development can only be eastward from Kraemer Boulevard and for community continuity the boundary should be moved eastward.
- (3) The complaint requested that the boundary be moved approximately 870 feet east to the easterly boundary of Tract 8825. At the hearing this was changed to Valencia, approximately one-half mile east of the present boundary, to coincide with the city of Brea city limit.
- (4) The additional estimated cost of \$22,280 for serving the area from the Placentia exchange rather than the Brea exchange would unnecessarily increase the purchase price of the lots to be developed east of the present boundary.
- (5) The net acreage of Lot 17 of Tract 8825 is 14.50 acres and of Lot 18 of Tract 8825 is 18.95 acres and it is estimated that five or six houses per acre will ultimately be built.

Defendant's Position

Testimony and exhibits presented on behalf of Pacific indicated that:

- (1) When a new exchange boundary is initially established, the exchange boundary is drawn to encompass the existing community and projected areas of future growth.
- (2) Once established, boundaries should retain a substantial degree of permanency to permit long-range planning for outside plant facilities, central office facilities, and other associated equipment.

- (3) Pacific might consider exchange boundary changes if the community of interest of the subscribers, within an exchange, or their toll-calling patterns change but neither Pacific nor this Commission, as indicated by various decisions, advocate changing boundaries solely to reduce developer's costs.
- (4) The Brea and Placentia exchanges include the same prefixes in the local calling areas.
- (5) Pacific plans to install a second central office in the Placentia exchange to be in service in November 1977.
- (6) Moving the exchange boundary east to Valencia as requested by Ponderosa would necessitate a revision in planning relating to the second central office in the Placentia exchange.
- (7) Pacific does not consider political boundaries or city limits as permanent in nature and, therefore, inappropriate as boundaries.
- (8) The entire area between Kraemer and Valencia is ripe for development.
- (9) To serve Ponderosa from the Placentia exchange would require 3,900 feet of new construction and 3,500 feet of reinforcement as compared with 7,010 of new construction and 11,200 of reinforcement to serve it from the Brea exchange.
- (10) Line extension charges for line leading to a subdivision are equal to 75 percent of the difference between the conduit plant design and the aerial facilities required to accommodate four cables.
- (11) Each of the ten filed plans of development for different portions of Track 8825 constitutes a subdivision as defined in Rule 1 of Pacific's tariffs.

Discussion

In support of its position to maintain existing exchange boundaries, Pacific, in its answer to the complaint, referred to two of our past decisions as follows: Rancho Santa Rosa v Pacific Telephone and Telegraph Company (1973) Decision No. 82200 and Wells v Pacific Telephone and Telegraph Company (1957) 56 CPUC 53.

Two of the findings from Decision No. 82200 were quoted by Pacific's witness at the hearing as follows:

"6. There are no telephone service problems at the present time and there is nothing in the record to indicate that there will be any in the foreseeable future.

"7. The relief requested is not sought for the purpose of correcting existing or reasonably foreseeable service problems, but merely to reduce complainant's costs as the developer of Rancho Santa Rosa."

The witness further testified that the relief requested was denied. On page 5 of Decision No. 82200, however, the following quote appears:

"The Commission is fully cognizant of the many times it, in various ways, has stated the general principles that telephone exchange or other public utility boundaries should retain a substantial degree of permanency, that such boundaries should not and need not be modified to coincide with change in municipal or other political boundaries merely because political boundaries are changed, and that maintaining established telephone exchange boundaries tends to allow economical construction and operation. Indeed, there are more decisions to such effect than those cited by defendant. The general principles involved have been stated repeatedly over a period of more than 40 years. However, in all cases general principles must of necessity be applied reasonably to the circumstances and to the specific record before the Commission.

"Where particular circumstances warrant, no violence to principle is done when departure therefrom is authorized. The merits of a particular case are of no less importance than the established or inferred general principle and may reasonably require overriding of the principle on occasion. Such is the situation presently before the Commission." (Wells v Pacific Telephone and Telegraph Company (1957) 56 CPUC 53, 57.)

The decision then went on to order the exchange boundary changes requested by complainant.

The first referenced decision related to the transfer of a portion of the service area of one utility to another utility and the second referenced decision encompassed the transfer of 407 subscribers from one exchange to another to improve the quality of service. In the instant proceeding neither the quality of service nor the service area of another utility is at issue. However, the basic concept that utility boundaries should retain a substantial degree of permanency is very much at issue in this proceeding. The record is quite clear that Pacific's construction plans reflect the retention of existing boundaries as indicated by the proposed construction of Placentia Central Office No. 2 and the approximate 11,200 feet of reinforcement facilities necessary to serve out of Brea as contrasted to the approximate 3,500 feet of reinforcement necessary to serve out of the Placentia exchange. It is obvious that requiring Pacific to serve Ponderosa out of the Brea exchange as requested by Ponderosa would place an unreasonable and unnecessary burden on Pacific's ratepayers.

It should be noted, however, that the extension rule provides for assessing the applicant a nonrefundable amount equal to three-quarters of the difference in cost between underground and overhead facilities for extending the line from existing distribution facilities to a point 200 feet from the boundary line of the subdivision to be served. According to the record, Pacific's

nearest existing distribution facilities are in the Brea exchange and are located at the corner of Associated Road and Birch Street, approximately 2,200 feet from Ponderosa's proposed development in Lots 17 and 18 of Tract 8825 which is located in the Placentia exchange. It could be argued that the computations for the nonrefundable assessment should be based on the distance from the nearest existing distribution facilities to the proposed subdivision. However, Pacific's Rule No. 1 - Definitions, defines distribution facilities as "...cables, ...extending from the serving central office to the points of connection with service connection facilities." (Schedule Cal. P.U.C. No. 36-T, 9th Revised Sheet 8) and line extension as "...extension of existing distribution facilities to new service connection facilities,..." (Schedule Cal. P.U.C. No. 36-T, 10th Revised Sheet 10). The retention of the existing exchange boundaries would result in Placentia being the serving central office and the nonrefundable assessment computations being made for the distance from the nearest distribution facilities in the Placentia exchange to a point 200 feet from the boundary line of the subdivision to be served.

The record is clear that Ponderosa has previously paid \$15,046 in line extension charges. As a result the justification for two separate line extension charges for a single subdivision was questioned. Schedule Cal. P.U.C. 36-T, Rule 1 - Definitions, defines subdivision as: "Improved or unimproved land under a definite plan of development wherein it can be shown that there are reasonable prospects within the next three years for five or more nontemporary main telephones and PBX trunk line terminations, at a density of at least one per acre." The record shows that there are at least ten filed plans of development for different portions

of Tract 8825, each of which is a separate subdivision under the above-quoted tariff definition. Specifically, Lots 17 and 18 with a combined net acreage of 34.35 acres, with plans for five or six residences per acre, fall well within this definition of subdivision. Under these circumstances the extension rule provides for line extension charges, computed as described above, to be assessed from existing distribution facilities to a point 200 feet from the boundary line of this new subdivision.

The prefixes included in the local calling area for the Brea exchange are identical with the prefixes included in the Placentia area. Furthermore, the message unit cost differentials for calling outside the local calling areas are only slightly higher for the Placentia exchange than for the Brea exchange. Service provided the subscribers will be essentially the same whether provided from the Brea or Placentia exchange. There are no interexchange charges involved and, therefore, no community of interest conflicts. Therefore, it is obvious that the relief requested is sought for the purpose of reducing Ponderosa's line extension costs.

Findings

1. Lots 17 and 18 of Tract 8825, with a combined net acreage of 34.35 acres and plans for near future installation of five or six houses per acre, fall within the definition of subdivision as set forth in Pacific's Schedule Cal. P.U.C. 36-T, Rule 1 - Definitions.

2. The prefixes included in the local calling area are the same for the Brea exchange as for the Placentia exchange and the cost differentials for calling outside the local exchanges for these two exchanges are minor.

3. The relief sought is for the purpose of reducing Ponderosa's line extension charges rather than to improve service.

4. Requiring Pacific to serve Ponderosa out of its Brea exchange rather than the Placentia exchange as planned is uneconomical and would place an unnecessary and unreasonable burden on its ratepayers.

5. Line extension charges should be based on the distance between existing distribution facilities extending from the serving central office to a point 200 feet from the boundary line of the subdivision to be served.

6. The existing exchange boundaries should be maintained.

The Commission concludes that the relief requested should be denied.

O R D E R

IT IS ORDERED that the relief requested is denied.

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

Dated at San Francisco, California, this 19th day of JULY, 1977.

John J. DeRish

Robert B. Baker
President

William J. Snow, Jr.

Vernon L. Sturgeon

Robert W. Gualle

Commissioners