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Decision No. 87686 AUG 2 - 1977 ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Nick Notarnicola, et al.,

Complainants,

vs.

Continental Telephone Company of California and Pacific Telephone and Telegraph Company,

Defendants.

Case No. 9934
(Filed June 22, 1975)

Nick Notarnicola, for himself, complainant.
Orrick, Herrington, Rowley & Sutcliffe, by Robert J. Gloistein, Attorney at Law, and Del Williams, for Continental Telephone Company of California; and William E. Rowland, Attorney at Law, for The Pacific Telephone and Telegraph Company; defendants.
William L. Knecht, Attorney at Law, for California Farm Bureau Federation, intervenor.
Ermet Macario, for the Commission staff.

OPINION

This is a complaint by 32 residents of Exeter and Visalia against Continental Telephone Company of California (Continental) and The Pacific Telephone and Telegraph Company (Pacific). Continental serves Exeter residents; Pacific serves Visalia residents. The present toll charge for calls between the two communities is 15 cents. The complaint seeks elimination of the toll charge and institution of Extended Area Service (EAS) between the two communities; EAS would provide unlimited calls between the two communities for a fixed monthly charge, imposed on all residential and business subscribers. Complainants contend that EAS is warranted by economic and social conditions which make Exeter dependent on Visalia and which tend to create a need for frequent toll calls between the two communities.

Continental answered the complaint, alleging that EAS would produce a revenue deficiency of $135,000. This estimate was based on an assumption that the EAS charges would be based on the "Salinas" rates.[1/] Continental admitted conducting two customer surveys in Exeter to determine the degree and level of customer interest in EAS service. It alleged that results of the surveys did not demonstrate an overwhelming demand for EAS. Continental denied that either survey constituted an offer to provide the service described in the survey materials. Continental further alleged that it had attempted to satisfy the complaint by providing Farmersville Foreign District Area Service (FDAS) to a limited number of Exeter subscribers.

Pacific's answer indicated that it was only indirectly involved in the complaint and that it was prepared to take whatever steps might become necessary to respond to any changes ordered in Continental's service arrangements for Exeter. The California Farm Bureau Federation (Farm Bureau) intervened. Its petition asserted that the Farm Bureau had conducted negotiations with defendant Continental to develop an acceptable alternative to measured toll service.

1/ A general system of EAS rates was adopted by the Commission in App. of PT&T Co., Salinas, etc., EAS (1970) 71 CPUC 160. These rates are applied throughout Pacific's system. In a recent decision in Continental's rate case (D.86802 in A.55376) the Commission ordered them applied throughout Continental's system. That decision has been stayed by a petition for rehearing by Continental. It is anticipated, however, that the rehearing will not affect the EAS rate levels.

Hearings were held on November 18, 19, and 20, 1975 in Exeter before Examiner Gilman. During the course of the hearings testimony taken during one day of hearing on Continental's most recent rate increase application, A.55376, was incorporated into the record. Much of the testimony was addressed to the issues involved here. This matter was taken under submission as of April 5, 1976 upon the filing of concurrent briefs. At the request of the principal complainant, submission was set aside to allow the filing of closing briefs. After several extensions, complainants' closing brief was filed on June 29, 1976.

Background

Originally Exeter was served by Central California Telephone Company (Central), a small, independent telephone utility. The boundary between Central's service area and Pacific's Visalia service area was within a few yards of a major north-south street. This street soon became the central artery of a community now known as Farmersville. As a result of this unfortunate boundary location, a Farmersville resident who lived just to the east of the boundary could not call across town without a toll charge and vice versa. Many Farmersville subscribers reacted to this intolerable situation by purchasing out-of-area service from Pacific. Even this was not a satisfactory situation, since such a customer would pay a toll charge for a call to a neighbor who had remained on Central's service.

Consequently, the two companies collaborated on special offerings to subscribers located in the immediate vicinity of Farmersville. Under these offerings, Central's (later Continental's) Farmersville customers were permitted to call across the border toll free. In addition, Farmersville customers of both companies were offered EAS to both Visalia and Exeter. These special offerings were approved by the Commission in D.64130 in A.44469 (1962). A Farmersville resident pays an extra $1.50 per month for these toll-free privileges.

The fact that Continental's Farmersville customers now enjoy toll-free calling to Visalia is certainly a major factor in generating the widespread interest in obtaining EAS for Exeter. The record would support an inference that it is those Exeter subscribers who reside just outside the Farmersville area who have the strongest feeling that toll charges for Visalia calls are discriminatory.

Alternative Programs

The alternatives open to the Commission include two optional and two mandatory plans. Under the first mandatory plan, Extended Service or EAS, all measured toll charges for calls between Visalia and Exeter would be eliminated. As consideration for unlimited calling between the two points, all customers in each exchange would pay a fixed monthly charge in addition to the regular exchange rates. Two alternative EAS rate levels were considered. The first, designed to be fully compensatory, would require each Exeter residential subscriber to pay an additional $4.70, and each Exeter business subscriber, $8.40 additional per month. The second alternative rate level would be based on the table of rates established in App. of PT&T Co., Salinas, etc., EAS, supra, which provides a rate increment of $0.60 for residential and $1.75 for business customers in exchanges like Exeter.

Under the lower rate increment, Continental would have been expected to make up the resulting revenue deficiency, approximately $4.00 per residential customer per month, either by seeking authority to impose higher rates on its own customers in other exchanges, or by seeking a more favorable EAS settlement plan. The latter course, if successful, would have shifted the burden to Pacific's customers. None of the parties suggested that the general rate levels established in A.55376 were high enough to allow Continental to absorb the revenue deficiency.

The second mandatory alternative would affect only a portion of Exeter's residents. This proposal would extend the boundaries of the present Farmersville Special Rate Area to include part of the Exeter exchange. All customers within the new boundaries would be assigned a new 594 telephone number. The monthly EAS charges would be the same as those now imposed on subscribers located within the Special Area. When the EAS rates established in Continental's rate case (A.55376, supra) are made effective, the residential customers in the Special Area would pay an additional \$1.50, and business customers \$2.25 per month, in consideration for toll-free calling to both Visalia and Exeter exchanges. No customer in the expanded area would be able to retain his old number to avoid EAS charges.

The first optional plan, Foreign District Area Service or FDAS, would offer any Exeter subscriber an opportunity to obtain a 594 number and the toll-free calling range now available to Farmersville subscribers (i.e., including both Visalia and Exeter). A customer selecting this option would pay the Farmersville EAS charge, plus a monthly rate of \$0.75 per one-fourth mile for the distance between his location and the present Farmersville boundary.

The second optional alternative, Optional Call Measured Service (OCMS), would allow Exeter single-party residence customers to choose to pay an extra \$2.75 per month for unlimited Visalia calls between 8:00 p.m. and 8:00 a.m. In addition, they could place calls totaling up to two hours per month during peak hours. For peak-hour calls exceeding the minimum, a charge of \$0.03 a minute would be imposed. These rates and the time allowances are both tentative. After observing changes in traffic patterns, either could be adjusted to minimize potential cross-subsidy and also to limit peak-hour traffic growth.

Position of the Parties

Continental points out that the institution of EAS between Exeter and Visalia would create a substantial revenue deficiency (from $94,000 to $135,000) at Salinas rate levels. It points out that there are only three possible methods to deal with the deficiency: more favorable EAS settlements arrangements among connecting companies; compelling Continental to absorb the deficiency; or a special, very high, EAS charge imposed only in Exeter. It argues that none of these is warranted by the record.

A fully compensatory EAS rate, on the other hand, would require an EAS charge of $8.40 a month for business subscribers and $4.70 a month for all residential subscribers. The utility argues that any business customer who now makes fewer than 56 toll calls per month under such rates would find EAS a losing proposition. The same would be true, it claimed, for any residential customer who does not make at least 31 Visalia calls per month. Continental asserts that there are, at the most, 34 business customers and 63 residence customers who could benefit from EAS at this rate level; it emphasized that even under the substantially lower Salinas EAS rate pattern, a majority of customers would receive no cost saving. Under Continental's analysis, the various surveys show that EAS would be unpopular at anything approaching a compensatory rate.

The utility also points out that institution of EAS would cause a substantial increase in Exeter-Visalia traffic. This would, in turn, cause a need for additional plant, producing a drain on the company's limited capital resources.

Continental argues that the Exeter community would not be discriminated against by a refusal to grant EAS. It points out that the proposed Exeter-Visalia route is not comparable to the five other Continental-Pacific EAS routes recently authorized by this Commission. The revenue deficiency for this route is far in excess of that projected for any other recent EAS route. Only Ripon-Modesto is comparable in terms of the C.I.[2] factor; in that instance the revenue deficiency would be less than one-quarter of that for Exeter-Visalia.

Continental argues that it should not be required to make FDAS generally available to Exeter subscribers. It points out that each FDAS service requires the assignment of a scarce 594 telephone number, which otherwise could be retained for use by a new Farmersville subscriber. Continental declares that it has already experienced difficulties in maintaining the availability of this particular service. It claims that because of central office limitations and the need to retain 594 numbers for Farmersville customers, it would not be possible to continue to offer FDAS except on a very limited basis. Even at the time of the submission, the number of FDAS services provided had led to a number of held orders in the 594 exchange. Continental at that time had capacity to serve only 17 new subscribers in the Farmersville area. This was little more than one year's anticipated growth.

Continental asserts that the Farm Bureau's suggestion to expand the Special Rate Area would result in a "creeping expansion of EAS across the Exeter exchange". It claims that expansion would produce traffic growth and hence impose a potential burden on Continental's available capital resources. It finally notes that there is no evidence concerning the territory to be included in the expansion, the revenue deficiency which would result, or the acceptability of a compensatory EAS charge to Farmersville and Exeter subscribers.

Continental has reservations concerning the merits of OCMS. Nevertheless, it would not object to an order adopting the staff's recommendation, if the service is noted as being experimental and subject to further modification to adjust for revenue deficiencies.

2/ The C.I. or Community of Interest factor is a standard test used in evaluating EAS proposals. It is based on the number of phone calls per month per customer between the two communities tested.

Concurrent with a Commission order authorizing OCMS, Continental proposes to withdraw FDAS for all except single-party business customers. It argues that OCMS would eliminate the need for FDAS for residential customers. On the other hand, making FDAS available to single-party business customers would assertedly satisfy the business need for extended two-way calling service between Visalia and Exeter.

To the extent that FDAS service is continued, it would be on an experimental basis and Continental would continue to monitor the resulting toll revenue loss. Continental indicates that after sufficient experience has accumulated to determine the revenue impact, it would seek to adjust its FDAS rates to approach a compensatory level. In addition, Continental indicates that it might have to limit FDAS to portions of Exeter in the proximity of Farmersville. Staff supports an optional program. It contends that an EAS program would compel all Exeter customers to pay a substantially higher rate to subsidize the calling habits of a minority of customers. It points out that half of the residential customers in the Exeter area generated over 90 percent of the residential toll calls to Visalia and that half of the business customers placed nearly 95 percent of the business toll calls to Visalia.

Staff concludes from these statistics that if EAS were instituted at a rate merely sufficient to offset the billed toll revenue lost, one-half of each consumer group would thereby be compelled to subsidize the calling habits of the other half. It also points out that instituting EAS at less than that rate would cause the calling habits of some Exeter residents to be subsidized by some other consumer group elsewhere. It asserts that if a compensatory rate were imposed, many customers would find that the increase would be greater than their prior toll billing for Visalia calls. Staff calculates that compensatory rate increments are $8.40 for one-party business and $4.70 for a one-party residence service.

Staff notes that in the 1970 survey, with suggested EAS increments at $4.75 for business and $1.35 for residential service, the EAS proposal was disfavored by a majority of those responding. It concludes therefrom that only a tiny fraction of the EAS customers would support anything like a fully compensatory rate.

The Farm Bureau notes that Continental did not raise the revenue deficiency issue when it instituted EAS in Tivy Valley, Ripon, and Linden. It suggests that the company is discriminating by raising the issue here, and that there is support for a finding that Continental plans to resist all future EAS proposals as a means to achieve a more favorable settlement plan for EAS projects which involve more than one telephone utility. The Farm Bureau asserts that it is adverse to the public interest for a company to resist an otherwise satisfactory proposal because of its dissatisfaction with a settlement agreement. The Bureau expressed sympathy toward Continental's projected revenue deficiency but argues that not every utility service should be expected to be compensatory.

The complainants' brief indicates that they support the Farm Bureau's position with the exception of the following two items. The complainants find OCMS not objectionable but rank it behind a true EAS or a hybrid EAS proposal with continuation of the present Foreign District Area Service in the 594 exchange. They claim that the least acceptable alternative would be to retain the present situation, even providing that Continental were willing to make FDAS more widely available. They contend that the proper way to expand the district would not be to move the district boundary, but rather to reduce the mileage rates. They feel that Continental should be ordered to expand the availability of EAS in this fashion regardless of whether the Commission selected EAS or OCMS. In conclusion, the complainants indicate that the basic objection to EAS stems from the fact that there is no equitable EAS revenue settlement plan between the two different telephone companies. They feel that communities are left to suffer while utilities argue among themselves.

Settlements and the Revenue Deficiency

Any call which passes through the central offices of two different telephone utilities will produce revenue to only one of the two cooperating companies. The company which receives the payment for the call must then settle with the other company, dividing the revenue by an agreed-upon formula.

The revenues produced by the existing toll charges for calls between Exeter and Visalia are settled between Pacific and Continental. If EAS were instituted, the EAS charges would be settled under one of two formulas which differ from that used for toll settlements. Under the more favorable of the two EAS formulas, Continental would lose approximately $100,000 per year of settlement revenue. Virtually all of this difference is directly attributable to the difference between toll and EAS settlement formulas.

Both Continental and complainants have assumed that the toll settlement agreement is fair and that both EAS settlements are unfair to Continental. If there were a basis for this assumption, we might well conclude that consumers' remedies should not be delayed because of quarrels between members of the telephone industry.

However, it is equally arguable that the EAS settlement is fair and the toll settlement unfair; thereby enabling Pacific's customers to claim a reduction in toll rates. If that view prevailed, Continental would have to replace the lost subsidy by charging its own customers higher exchange rates. Thus the end product of a challenge to present settlement agreements could well be higher rates for all of Continental's customers.

Therefore, we cannot ignore the deficiency as a mere product of industry foot dragging. Nor will we assume that the deficiency is a temporary inconvenience which can or will be eliminated before Continental is severely injured. We must, rather, conclude that Exeter residents now enjoy a substantial benefit which results from present toll settlements. If we institute EAS, this benefit would be lost for the foreseeable future.

We could authorize EAS at the $0.60 residential rate level, but this results in other groups of customers in other exchanges subsidizing each Exeter resident's "free" calls to Visalia in the amount of approximately $4.00 a month.[3/] We cannot find a justification for requiring such a large subsidy.

We could require EAS to be provided at a special rate level high enough to eliminate the subsidy, i.e., a compensatory rate. However, a compensatory increment would be so high ($4.70 a month or $8.40 a month) that the service would be both unpopular and unprofitable for virtually every Exeter subscriber; under this alternative, a residential subscriber who averages fewer than 30 calls a month will pay more for each Visalia call than under conventional toll charges. The extra amount he would pay each month would subsidize the very few who call more frequently. EAS at compensatory rates would be a disaster for Exeter's poor and elderly. They would be compelled to pay an additional $4.00 or more a month to subsidize the calling habits of a tiny minority of Exeter subscribers.

Mandatory EAS will injure some groups of consumers and it will, therefore, not be adopted. Likewise, imposing EAS on a portion of the Exeter exchange would produce comparable injuries in proportion to the number of subscribers receiving the service. Therefore, an expansion of the Farmersville area will not be ordered.

An optional program is needed to allow low-income and low-usage subscribers to avoid a rate increase. Of the two optional programs considered, FDAS and OCMS, the former is less satisfactory.

Our first objection to FDAS is the method of accomplishing the change in billings. An Exeter customer opting for FDAS loses his old Exeter number and is assigned a new 594 telephone number, one

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3/ If, as complainants suggest, the EAS settlement formula were revised to be more favorable to Continental, the end result would be to compel Pacific's customers to support the subsidy. Otherwise the subsidy would be borne by all of Continental's other customers.

of a series previously reserved for subscribers located within the Farmersville Special Rate Area. These numbers are currently in short supply. Increasing the available numbers to accommodate Farmersville's growth plus the anticipated demand by FDAS customers would require substantial capital expenditures.

Even though the expenditures may not be a major burden on Continental's resources, the changes would not improve the service ability of Continental's plant and may, thus, be considered wasted. We think Continental's limited capital should be reserved for functional improvements.

We should not overlook the fact that the changes in telephone numbers may seriously inconvenience some subscribers, particularly businesses. A more serious problem is inflexibility. Once instituted, FDAS will produce an unpredictable amount of traffic growth. Once a customer has unrestricted calling there is no practical way to modify his calling patterns to avoid premature upgrading of Continental's intercity plant. Finally, FDAS will produce a loss of toll revenues, since it will be settled under an EAS formula. We will, therefore, find that a general permanent offering of FDAS is inadvisable.

Thus but for two drawbacks, we have demonstrated that OCMS is the only satisfactory alternative. It allows for variations to control traffic growth. It will promote plant utilization in off-peak hours. Since OCMS will be settled as a toll service, Continental would be able to offer a significant amount of unmeasured calling for an attractive price. And this price can be adjusted to minimize the per capita deficiency.

The limitations of OCMS are that it is a one-way offering and that it is proposed only for residence customers. While an OCMS residence subscriber receives a certain amount of toll-free outbound calls to Visalia, the service does not eliminate charges for Visalia subscribers who want to call them, nor does it provide any option for business subscribers.[4/]

To satisfy this problem we will order FDAS to be retained as a stopgap, two-way service available to business and residence customers using surplus Farmersville numbers. Business subscribers should have first call on the available numbers since they are likely to make the most intensive use of a scarce resource.

We will require Continental to study and report back on a permanent optional two-way service and a business OCMS to be offered in addition to conventional and one-way residential OCMS services as a substitute for FDAS. Until a new service is available, existing FDAS subscribers should continue to receive the service at existing rates.

Discrimination Issues

Complainants contend that failure to institute EAS in Exeter would be discriminatory. They failed, however, to show that Exeter is comparable to other exchanges which recently began to receive EAS from Continental. In each exchange compared, the difference in both projected and existing calling patterns were significant, and justified a different result. More important, we know of no exchange where EAS produces a deficiency of $4.00 a customer. Instituting EAS with such a deficiency would be discriminatory.

Complainants have suggested that Continental's reluctance to support EAS is a violation of its utility obligations in view of the widespread community interest in EAS.

We have directed the following comments to another utility which enthusiastically sponsored numerous EAS offerings:

> "It has been our experience that those who do want the service are most vocal. With the prospect of a telephone bill being reduced from $20 or $50 or as much as $150 per month to some

4/ OCMS is presently offered by Pacific in numerous exchanges but only to residence one-party subscribers. We are informed that Pacific and the Commission staff have considered development of an optional plan for business customers, but they have been unable to devise a feasible plan that would have reasonable likelihood of being self-supporting.

such figure as $6 to $13 per month, people or businesses with such bills clamor for EAS and are ably represented by organizations such as Chamber of Commerce, the Farm Bureau, and other special-interest organizations or associations. Those who have no desire for the service and whose bills would be increased rather than lowered usually are not organized and are rarely vocal but when surveyed by the questionnaires which this Commission has the telephone company send to its subscribers, they state their objections to paying more so that others may be subsidized.

"With the exception of 'trial' or 'experimental' plans in the two largest metropolitan areas, none of Pacific's EAS proposals have provided any option or alternative and, except for the plans rejected by the Commission, those subscribers who have not needed or wanted the service have been forced either to take Pacific's EAS plan or do without telephone service. Beyond 'the majority rules' concept, Pacific seems to have no other standard or criterion by which it measures the reasonableness of an EAS proposal. It seems to overlook the problems of the unorganized minority, those who need basic unadorned telephone service and simply cannot afford the increased telephone bill which EAS would force upon them. These latter are perhaps best typified by those for whom 'Lifeline' service was provided in Pacific's last general rate proceeding--the elderly, the poor, the infirm, the shut-in, those unable to pay more yet who desperately need the protection which basic telephone service can provide. These have been ignored in Pacific's EAS proposals." 5/

If Continental had failed to call the Commission's attention to the defects of EAS-based alternatives, it would have been subject to similar criticism.

There has been no proposal that we should eliminate the discrepancy between Farmersville and Exeter subscribers by increasing rates or reducing service within the Special Rate Area. Nevertheless, it is conceivable that an optional offering such as that

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5/ This quotation is taken from the Salinas EAS decision (supra, 71 CPUC at pp.164-165).

ordered here might well be acceptable and advantageous to a majority of Farmersville subscribers. In light of what we have learned about EAS in this proceeding, Continental would be well-advised to reevaluate its Farmersville offerings.

Findings

1. A substantial minority of Exeter subscribers makes numerous Visalia calls and needs a method of assessing charges which would reduce overall billings.

2. A new service to meet this need should not require an increase in total monthly charges for subscribers on limited or fixed incomes, or for subscribers who make few Visalia calls.

3. The service should be offered at rates which are not subsidized by other exchanges.

4. The service should not permit uncontrolled calling during peak hours.

5. The service should be settled under the toll formula.

6. The service should not require Continental to accelerate capital expenditures to make many 594 numbers available immediately.

7. OCMS is the only acceptable alternative.

8. Continental offered FDAS to certain Exeter subscribers. It should be required to continue providing such service at existing rates until it is ready to offer the service described in Finding 11.

9. As routine plant additions produce new 594 numbers, they should be allocated first to actual or projected new Farmersville subscribers and then to prospective Exeter FDAS subscribers; there are insufficient 594 numbers to satisfy requests for FDAS. Subscribers should be selected at random or on a first-come, first-serve basis, or on another nondiscriminatory basis.

10. Exeter business customers who elect FDAS will be likely to make more intensive use of the service. Business subscribers should have priority over residential subscribers.

11. Continental should be required to commence studies of the feasibility of replacing FDAS in the Exeter exchange with an optional service which would allow Exeter subscribers to place and receive toll-free calls to and from Visalia and of a business OCMS plan.

12. Instituting EAS in Exeter would discriminate against those compelled to subsidize the revenue deficiency.

13. Continental's rates and service are unreasonable and inadequate in that they do not provide an offering by which Exeter subscribers can elect to be able to place a limited number of calls during peak hours and unlimited off-peak calls for a fixed monthly charge.

14. Continental's rates and service are unreasonable and inadequate in that they do not provide an offering by means of which Exeter subscribers can elect to receive toll-free calls from Visalia.

15. There is no showing that Pacific's service is inadequate or its rates unreasonable.

Conclusions

1. Continental should be ordered to institute OCMS, to provide FDAS with surplus 594 numbers, to prepare and present studies for a service which will allow Exeter subscribers to receive toll-free calls from Visalia telephones, and to continue existing FDAS service.

2. This complaint, insofar as it pertains to Pacific, should be dismissed.

O R D E R

IT IS ORDERED that:

1. Optional Calling Measured Service (OCMS) shall be initiated by Continental Telephone Company of California (Continental) within ninety days after the effective date of this order from its Exeter exchange to the Pacific Telephone and Telegraph Company's Visalia exchange. Continental 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.

2. Until further order of the Commission, Continental shall continue to provide Foreign District Area Service (FDAS) to all Exeter subscribers now receiving such service. It shall, within sixty days after the effective date hereof, in accordance with General Order No. 96-A, adopt tariff provisions defining surplus Farmersville numbers, consistent with the discussion in this decision. The tariff provisions adopted shall offer surplus Farmersville numbers on a nondiscriminatory basis to Exeter one-party business subscribers, and then to other one-party Exeter subscribers.

3. Continental shall make a study and file the results thereof with the Commission within one hundred eighty days after the effective date of this order, of the feasibility of (a) replacing FDAS in the Exeter exchange with an optional service which would allow Exeter subscribers to place and receive toll-free calls to and from Visalia, and (b) offering an OCMS-type plan to Exeter business subscribers.

4. The complaint, insofar as it relates to The Pacific Telephone and Telegraph Company, is dismissed.

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

Dated at San Francisco, California, this 2nd day of AUGUST, 1977.

Robert Batinovich
President

William Symons Jr.

Vernon L. Sturgeon

Commissioners

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dedrick, being necessarily absent, did not participate in the disposition of this proceeding.

C. 9934

OPTIONAL CALLING MEASURED SERVICE

APPLICABILITY

Applicable to Optional Calling Measured Service in connection with residence individual line service offered under Schedule No. A-1, Individual and Party Line Service.

TERRITORY

Within the exchange area of the Exeter exchange as said area is shown under Schedule No. AB, Exchange Area Maps.

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, as defined under RATES.

(b) For a fixed monthly rate the service provides for unlimited calling to the designated service area between the hours of 8 p.m. and 8 a.m. daily and two hours of cumulative calling each month between the hours of 8 a.m. and 8 p.m. Overtime is charged for each additional minute of calling over this two-hour monthly allocation.

(c) Calls to exchanges or district areas not designated by the customer will be furnished under the rates and special conditions specified for Message Toll Telephone Service under Schedule 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 a.m. - 8 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 a.m. - 8 p.m. period.

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OPTIONAL CALLING MEASURED SERVICE

RATES

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 No. A-1, Individual and Party Line Service.

From	To	Monthly Time Allowance	Rate Per Month	Overtime Rate Per Minute
Exeter exchange	Visalia exchange	2 Hours*	$2.75	$0.03*

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

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 for each customer premise.

(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.

OPTIONAL CALLING MEASURED SERVICE

SPECIAL CONDITIONS (Cont'd.)

2. Limitation of Service (Cont'd.)

(d) Optional Calling Measured Service is furnished as an adjunct to residence individual line service only and will not be furnished in connection with foreign exchange service.

(e) Optional Calling Measured Service will not be furnished for business telephone service.

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 therefor 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.

6. Customer Premises

The premises of a customer is that as shown in Schedule No. AC, 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.

7. Expiration of Offering

Optional Calling Measured Service is available only on an experimental basis. This service offering will be completely withdrawn on ______________________________ unless sooner revised, extended or
(two years after effective date)
cancelled by order or resolution of the California Public Utilities Commission.