

ORIGINAL

Decision No. 88059 NOV 1 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ROSAMOND CHAMBER OF COMMERCE, INC.,

Complainant,

vs.

PACIFIC TELEPHONE AND TELEGRAPH
COMPANY,

Defendant.

Case No. 10305
(Filed April 6, 1977)

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY for authority to
establish extended service from the
Rosamond Exchange of Pacific Telephone
to the Lancaster Exchange of General
Telephone Company and to withdraw
message toll rates now in effect on
calls from Rosamond to Lancaster.

Application No. 57436
(Filed July 11, 1977)

O P I N I O N

By formal complaint, Case No. 10305, filed April 6, 1977 with this Commission, the Rosamond Chamber of Commerce, Inc., representing residents and telephone subscribers in the Rosamond exchange of The Pacific Telephone and Telegraph Company (Pacific), requests that Pacific be ordered to:

1. Eliminate the toll charges for calls from Rosamond to Lancaster.
2. Install enough lines to provide all Rosamond residents and businesses with adequate telephone service and allow for reasonable expansion of service requirements.
3. Install direct dialing service in Rosamond.

In its answer to the complaint filed May 11, 1977, Pacific admits that Rosamond could be better served by the provision of extended area service (EAS) to the Lancaster area under a plan which Pacific has devised; it avers that it will, within 60 days, seek Commission approval of said plan by filing an appropriate application; and it denies that the complainant is entitled to any further relief; and following the Commission's receipt and disposition of Pacific's application for providing one-way nonoptional EAS from Rosamond to Lancaster, requests that the complaint be dismissed.

Pursuant to its answer to the complaint, Pacific, by Application No. 57436 filed July 11, 1977, seeks an order of this Commission authorizing the establishment of one-way nonoptional EAS from its Rosamond exchange to General Telephone Company's (General) Lancaster exchange.

Pacific proposes to provide EAS to Lancaster as reflected under its existing tariffs by adding to the basic monthly service rates the applicable EAS increments as authorized by this Commission's Decision No. 77311 as shown in Attachment B of Pacific's application. General concurs with Pacific's plan.

Pacific contends that its extended service proposal is responsive to the needs of the Rosamond exchange customers in view of the high calling volumes to Lancaster shown by the Community of Interest Factors of eight for residence customers and 14 for business customers. In addition, its study conducted in 1971 showed that 87 percent of the business customers and 89 percent of the residence customers favored the EAS plan with the applicable incremental charges. Pacific contends that the study results are still valid, as testified to in the recent hearings involving the Palmdale-Lancaster route in Cases Nos. 10117, 10121, 10183, and 10264.

For Pacific, the establishment of the proposed EAS plan will result in an estimated decrease in gross annual revenues of \$26,900. However, the proposed plan will also reduce operating expenses and carrying charges on plant by approximately \$100,400 annually. This savings is due principally to reduced expense for operator wages because all Rosamond to Lancaster toll calls are now manually completed. Thus, the net effect on Pacific of the revenue and expense decrease associated with the proposed EAS plan is an estimated savings of \$73,500 annually. The cost to General to implement the plan is negligible.

Pacific requests that it be granted 24 months from the effective date of this authorization to establish and implement the service changes in its application; and that the effective date of this order be concurrent with the establishment of EAS between the Palmdale and Lancaster exchanges, supra.

The Commission's staff made an independent study of the complaint and Pacific's application and submitted the results of that study in the form of a written report, herein marked as Exhibit No. 1.

The staff report points out that Pacific did not admit to a held order problem in its answer to the complaint, nor did it address itself to complainant's request for direct distance dialing (DDD). However, Pacific plans the following projects to provide relief for the current held orders:

1. Place 65,000 feet of buried cable in the southwest area of the exchange. This project will provide relief for three held orders and also for any future growth in this area. The scheduled completion date is October 31, 1977.

2. Place 43,000 feet of buried cable in the west and northwest area of the exchange. This project will provide relief for two held orders and also for future growth in these areas. The scheduled completion date is January 31, 1978.
3. Place a terminal at Willow Springs Raceway. The terminal will provide access to existing cable at that location. This project will provide relief for one held order. The scheduled completion date is August 31, 1977.

The above information indicates that any minor held order problem in the Rosamond exchange should be eliminated upon completion of the three proposed construction projects.

Pacific has a statewide master plan for the conversion of all central offices to DDD, which do not now have that serving arrangement. For the Rosamond Community Dial Office, the installation of DDD service is scheduled to start in late 1979 with an in-service date of early 1980.

The staff found that the above-mentioned actions would satisfy complainant.

The applicable EAS increments established in Decision No. 77311 on June 3, 1970 are 60¢ for residence service and \$1.75 for business service. The same EAS increments apply today; however, the staff proposed to increase the standard EAS monthly increments as part of Pacific's general rate proceeding, Application No. 55492, now pending before this Commission. Staff Exhibit No. 222 in that proceeding would increase the applicable monthly EAS rate increment for residence service to 70¢ and for business service to \$2.05. These proposed higher EAS rate increments do not void the survey results because toll charges for this route have increased 67 percent since 1971 for a three-minute day toll call.

Findings

1. Telephone service in the Rosamond exchange is provided by Pacific, and telephone service in the Lancaster exchange is provided by General. Presently, there is no EAS from Rosamond to Lancaster.

2. The community of Rosamond depends heavily on the community of Lancaster for provision of most of its goods, services, and facilities.

3. There is a strong public demand for one-way nonoptional EAS from Pacific's Rosamond exchange to General's Lancaster exchange at the applicable EAS rate increments.

4. The costs to provide such service to both Pacific and General are insignificant in comparison with both utilities' total revenues and will not create an undue burden on their other rate-payers, many of whom already have the benefits of EAS.

5. One-way nonoptional EAS from Pacific's Rosamond exchange to General's Lancaster exchange is in the public interest and will not result in undue discrimination.

6. The EAS rate increments authorized should be those applicable at the time the service is established.

7. The one-way nonoptional EAS from Pacific's Rosamond exchange to General's Lancaster exchange should be implemented concurrent with the establishment of two-way nonoptional EAS between Pacific's Palmdale exchange and General's Lancaster exchange in Case No. 10117, et al., but no later than 24 months from date of authorization.

8. The held order problem in the Rosamond exchange is a minor one and will be satisfactorily eliminated upon the completion of Pacific's proposed outside plant facility construction projects.

9. Pacific's scheduled date for implementing DDD service in the Rosamond exchange is reasonable and will not result in undue discrimination.

10. Pacific should be held accountable for carrying out its commitments to provide relief for the held orders and to provide DDD service in the Rosamond exchange.

11. Pacific has taken reasonable and responsive action to satisfy each issue of Case No. 10305; therefore, a public hearing is not necessary.

12. Case No. 10305, as to any other issues, should be dismissed without prejudice.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company shall undertake all necessary action to establish one-way nonoptional EAS from its Rosamond exchange to General Telephone Company of California's Lancaster exchange within 24 months of the effective date of this order. This service arrangement shall be implemented using the appropriate EAS increments in effect at the time the service is established.

2. Concurrent with the establishment of EAS from Rosamond to Lancaster, Pacific is authorized to withdraw message toll telephone rates for calls from the Rosamond exchange to the Lancaster exchange.

3. Pacific shall meet its commitment dates for providing relief to the held orders and for implementing DDD service in the Rosamond exchange.

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4. Within six months of the establishment of EAS authorized herein, Pacific shall report to the Commission, in writing, the actual revenue effect, actual expense charge, actual incremental investment charges, and net effect, based on the first full three months of EAS operations.

5. Case No. 10305, as to all other issues, is dismissed without prejudice.

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

Dated at San Francisco, California, this 1st day
of NOVEMBER, 1977.

Robert B. Berman
President
William J. ...
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Commissioners