

es/avm

Decision No. 88941 JUN 13 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

THOMAS J. McMANAMON,

Complainant,

vs.

PACIFIC TELEPHONE AND
TELEGRAPH COMPANY,

Defendant.

Case No. 10353
(Filed June 14, 1977)

Thomas J. McManamon, for himself,
complainant.
Stanley J. Moore, Attorney at Law,
for defendant.

O P I N I O N

Complainant Thomas J. McManamon seeks an order requiring defendant The Pacific Telephone and Telegraph Company to redefine the local calling areas of the La Crescenta, La Canada, and Glendale exchanges in such a manner as to provide fair and equitable local calling area privileges.

Public hearing was held before Administrative Law Judge N. R. Johnson in Los Angeles on February 28, 1978 and the matter was submitted upon receipt of transcript. Testimony was presented on behalf of complainant by himself and on behalf of defendant by one of its operations managers.

Complainant's Position

Testimony presented by complainant indicated that:

1. There is a glaring inequity in the number of prefixes included in the La Crescenta exchange free calling area as compared to the number of prefixes included in the free calling area of the adjoining La Canada subexchange and the adjoining Glendale exchange.

2. There appears to be no justification for the establishment of the boundaries of the La Crescenta exchange.

Defendant's Position

Testimony presented on behalf of the defendant indicated that:

1. The La Crescenta exchange was established by Decision No. 15192 dated July 17, 1925 in Application No. 11027. Prior to this decision the area was served jointly by defendant as part of its Glendale exchange and Home Telephone and Telegraph Company as a part of its Pasadena exchange.

2. The La Crescenta exchange includes, in addition to the La Crescenta exchange, the Glendale, Pasadena, and Sunland-Tujunga exchanges, the Burbank district area of the Burbank exchange, and District Area No. 3 of the Los Angeles exchange. The La Canada exchange includes the entire La Crescenta exchange plus the Alhambra exchange and District Area No. 4 of the Los Angeles exchange. The Glendale exchange includes the entire La Crescenta exchange plus the North Hollywood exchange and District Areas Nos. 1, 2, 4, 7, 10, 11, 13, and 14 of the Los Angeles exchange.

3. The most important criterion to evaluate the adequacy of a local calling area is the measure of ability to meet customer calling needs for basic goods and services.

4. Decision No. 73998 dated April 16, 1968 states:
"The number of prefixes which may be dialed is not a significant factor in determining an unlimited, toll-free dialing area, because this, in turn, is dependent upon variable factors which include density of population, geography..."

5. The Los Angeles extended area, established by Decision No. 26716 dated January 10, 1934, included the Glendale and Pasadena exchanges but did not include the La Crescenta exchange. The local calling area for each subscriber consisted of all exchanges or district areas in the Los Angeles extended area within six toll-route miles of the subscriber's exchange.

6. The application of these parameters resulted in the local calling area of the Glendale exchange including the Pasadena exchange, the Burbank district of the Burbank exchange, and District Areas Nos. 2, 3, 4, and 14 of the Los Angeles exchange and the inclusion of the Pasadena, Glendale, and Alhambra exchanges and District Areas Nos. 3 and 4 in the local calling area of the La Canada district area of the Pasadena exchange. The La Crescenta exchange was not part of the Los Angeles extended area so there was no extension of its local calling area at that time.

7. Decision No. 74917 dated November 6, 1968 eliminated all zero to eight-mile toll and multimessage-unit routes resulting in the addition of the Pasadena district area of the Pasadena exchange and District Area No. 3 of the Los Angeles exchange to the local calling area of the La Crescenta exchange, the addition of the Burbank district area of the Burbank exchange to the La Canada district area of the Pasadena exchange, and the addition of the North Hollywood exchange of District Areas Nos. 1, 7, 10, 11, and 13 of the Los Angeles exchange to the local calling area of the Glendale exchange.

8. The expansion of the local calling area of the La Crescenta exchange would result in an annual revenue loss of approximately \$642,000 and would necessitate capital expenditure to handle the stimulated volumes on a local service basis.

9. Decision No. 73998 states in part: "A rate structure which attempts to provide all customers throughout PT&T's service area with approximately the same number of prefixes which they can dial toll-free must either place a disproportionate revenue burden on the densely populated urban areas or cause significantly higher rates in rural or suburban areas."

10. The residence subscribers that have a need or desire for larger local calling areas have available at additional charge either optional residence telephone service or foreign exchange service.

Discussion

It is clear from the record that the La Canada, La Crescenta, and Glendale exchanges are contiguous and that all three exchanges have as the northerly limits of their free-calling areas the Burbank, Sunland-Tujunga, and Pasadena exchanges. It is equally obvious that the La Crescenta exchange has a smaller free calling area than either the La Canada or Glendale exchanges and that because of the relatively dense population of the additional free calling areas of these two exchanges, the number of prefixes included in the free calling area is markedly greater for the La Canada and Glendale exchanges than for the La Crescenta exchange.

As testified to by defendant's witness, we have repeatedly held that the relative number of prefixes in the free calling area is not a proper criterion for the evaluation of the reasonableness of exchange boundaries. As long as the basic customer calling needs, i.e., schools, police, fire, ambulance, hospitals, doctors, dentists, banks, attorneys, shopping centers, etc., are met, the exchange boundaries cannot be classified as unreasonable. The record is clear that the La Crescenta exchange meets the basic calling needs of the subscribers.

Complainant notes in his complaint that 45 prefixes are included in the free calling area of La Crescenta as compared to 68 prefixes in the La Canada exchange and 172 prefixes in the Glendale exchange. He further notes that all 45 of the La Crescenta exchange free calling prefixes are included in both the La Canada and Glendale exchanges with the result that there is not a single prefix in the free calling area of the La Crescenta exchange that is not also included in the free calling areas of the La Canada and Glendale exchanges. In his opinion, such an arrangement is both unreasonable and discriminatory.

As we have previously held, Decision No. 73998 et al, a rate structure that would provide all customers the same number of free calling prefixes must either place a disproportionate revenue on densely populated urban areas or cause high rates in rural or suburban areas. In addition, a review of the exchange maps (Exhibits 1, 2, and 3) reveals that the La Canada exchange is to the east of the La Crescenta exchange and the additional free calling area for the La Canada exchange is to the east and south of the La Crescenta exchange. Similarly,

the Glendale exchange is south of the La Crescenta exchange and the additional free calling area included in the Glendale exchange is south of the free calling area of the La Crescenta exchange. Under these circumstances, the additional free calling areas of the La Canada and Glendale exchanges are not unexpected.

The record also shows that the number of subscribers in the La Crescenta exchange that pay message units for calls to prefixes included in the local calling area of the La Canada and Glendale exchanges is relatively small. These customers have the option of utilizing optional residence telephone service or foreign exchange service. Both of these options provide larger local calling areas for an additional monthly charge. Those La Crescenta customers who place message-unit calls to prefixes in the local calling area of the La Canada and Glendale exchanges might possibly benefit economically by selecting one of these available options.

Findings

1. The La Crescenta, La Canada, and Glendale exchanges are contiguous.
2. There are 45 prefixes in the local calling area of the La Crescenta exchange as compared to 68 in the La Canada exchange and 172 in the Glendale exchange.
3. The La Crescenta exchange meets the basic calling needs of the subscribers located within the exchange.
4. The design of exchange boundaries to provide the same approximate number of prefixes in the local calling area would either place a disproportionate revenue burden on the densely populated urban areas or cause significantly higher rates in rural or suburban areas.
5. The present La Crescenta exchange boundaries are neither unreasonable nor discriminatory and, therefore, do not require modification.



6. The number of La Crescenta subscribers who place message-unit calls to prefixes included in the local calling area of the La Canada and Glendale exchanges are relatively few and might benefit economically by availing themselves of optional residential telephone service or foreign exchange service.

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 thirty days after the date hereof.

Dated at San Francisco, California, this 13th day of JUNE, 1978.

Abstain
Robert Batminal

William J. Quinn President
Lyndon L. Sturgeon
Charles E. Hoyle
Clair L. Deibel Commissioners