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Decision No. 89126 JUL-25 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to establish two-way non-optional Extended Area Service between the Mt. Shasta Exchange and the Weed Exchange and between the Mt. Shasta Exchange and the Dunsmuir Exchange, and to withdraw message toll telephone rates now in effect on calls between those exhcanges.

Application No. 57997  
(Filed April 12, 1978)

O P I N I O N

The Pacific Telephone and Telegraph Company (Pacific) by the above-entitled application requests authority to establish two-way non-optional Extended Area Service (EAS) between the Mt. Shasta and Weed Exchanges and between the Mt. Shasta and Dunsmuir Exchanges and to withdraw message toll telephone service rates now in effect on calls between those exchanges.

Pacific's Mt. Shasta Exchange has a population of approximately 5,000 and a main station development of about 2,100. The Mt. Shasta Exchange is located in Siskiyou County and contains a complete variety of commercial, governmental and educational (through high school) facilities and services. Public transportation is limited to Greyhound Bus Service.

Pacific's Weed Exchange has an estimated population of approximately 3,900 and a main station development of about 1,550. It is located in Siskiyou County to the north of the Mt. Shasta Exchange. Like Mt. Shasta, Weed contains a complete variety of commercial, governmental and educational facilities and services.

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The only Junior College in the area is located in Weed. Public transportation is limited to Greyhound Bus Service.

The Dunsmuir Exchange has an estimated population of 3,000 and a main station development of about 1,500. The exchange is just south of the Mt. Shasta Exchange in Siskiyou and Shasta Counties. A complete variety of commercial, governmental and educational (through high school) facilities and service are available. Public transportation includes Greyhound Bus, Amtrak passenger service, car rentals, taxi service and a municipal airport.

The calling pattern between the exchanges are presented below:

<u>From</u>	<u>To</u>	<u>Average Calls Per Month Per Customer</u>	
		<u>Residence</u>	<u>Business</u>
Dunsmuir	Mt. Shasta	3.70	9.77
Mt. Shasta	Dunsmuir	2.60	7.94
Mt. Shasta	Weed	2.75	7.78
Weed	Mt. Shasta	3.97	10.87

These calls are all over a 9-mile toll rate route rated at the initial period (1-minute) day station rate of \$.10 and each additional minute at \$.06.

Pacific proposes to provide two-way non-optional extended area service between the Mt. Shasta and Dunsmuir Exchanges and the Mt. Shasta and Weed Exchanges for an added incremental rate to be added to all customer's present monthly service charge. The table below shows the increase required for the basic services.

<u>Exchange</u>	<u>Residential</u>	<u>Business</u>
Dunsmuir, Weed	\$.35	\$1.05
Mt. Shasta	.50	1.50

The above increments are based upon a formula devised in the Commission's Decision No. 77311 which specified that the increases should be based upon the comparative number of subscribers in each exchange and the distance between each exchange's toll rate centers. The increases will be offset by the elimination of toll charges between the exchanges.

Pacific's gross construction costs to provide the proposed services will be \$100,000. Pacific estimates that the annual dollar effect will result in a net loss of \$54,100.

Customers in the Mt. Shasta, Weed and Dunsmuir Exchanges have been requesting EAS since 1961. The latest customer survey in April 1975 indicated that about 80% of all customers surveyed approved of the proposed EAS plan. Subsequent to its application, Pacific notified all affected customers by mail of its proposal to provide EAS. The notification invited protestants to write to the Commission. The Commission has received eight letters of disapproval from Mt. Shasta customers, seven from Weed and one letter objecting to the offering from a Dunsmuir subscriber. All of the protestants state they themselves do not make enough toll calls to the selected exchange to warrant the added monthly charge. The Commission also received two letters, one from a customer in Weed and one in Dunsmuir, both stating that they fully endorse the plan. In addition, the Mt. Shasta City Council passed a resolution by unanimous vote urging the Commission to act favorably on the proposal. In view of the foregoing, we conclude that EAS as proposed in Application No. 57997 is acceptable to, and in the best interests of, the affected communities; therefore we find a public hearing is not necessary.

O R D E R

It is ordered that within 24 months of the effective date of this order, the Pacific Telephone and Telegraph Company is authorized to:

1. Establish two-way non-optional Extended Areas Service (EAS) for calls between the Mt. Shasta and Weed Exchanges and between the Mt. Shasta and Dunsmuir Exchanges and concurrently increase monthly exchange rates in the exchanges as proposed in Attachment C of the application or at such rates as are in effect at the time service commences

2. Cancel and withdraw message toll telephone rates for calls between the Mt. Shasta and Weed, and Mt. Shasta and Dunsmuir Exchanges.

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

The effective date of this order shall be 30 days after the date hereof.

Dated at San Francisco, California, this 25<sup>th</sup> day of JULY, 1978.

Robert B. ...  
President  
William ...  
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...  
...  
Commissioners