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ORIGINAL

Decision No. 90589 : JUL 31 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

THE JUNIPER HILLS COMMUNITY ASSOCIATION, )

Complainant, )

vs. )

PACIFIC TELEPHONE AND TELEGRAPH COMPANY, )

Defendant. )

Case No. 10697  
(Filed December 5, 1978)

Gunther H. Redmann, for complainant.  
Duane G. Henry, Attorney at Law, for  
defendant.

O P I N I O N

The Juniper Hills Community Association (Juniper) seeks an order requiring defendant, The Pacific Telephone and Telegraph Company (Pacific), to improve telephone service to Juniper Hills to current standards for telecommunications performance, to provide services with not more than four parties (ideally two-party maximum), and to reexamine existing contiguous special rate areas to either expand such areas to include Juniper Hills or alternatively to establish a new special service area for Juniper Hills so as to reduce the cost of telephone service.

Public hearing was held before Administrative Law Judge N. R. Johnson in Los Angeles on May 11, 1979, and the matter was submitted. Testimony was presented on behalf of Juniper by Messrs. Redmann, White, and Husing, members of the Juniper Hills

Community Association, and on behalf of Pacific by one of its customer service managers, H. Bernstein, and by one of its administrative managers, P. M. Rosich.

Juniper's Position

Testimony presented on behalf of Juniper indicated that:

1. Telephone service is thought to be inadequate because of the use of obsolete and/or insufficient step-by-step equipment which is unable to properly perform the service required.

2. Pacific should have one residential rate throughout its system similar to the uniform residential rates of the Southern California Edison Company which uses poles jointly with Pacific.

3. The terrain of the Juniper Hills area is such that the area will never be able to meet this Commission's criteria of 100 establishments per square mile required for a new special rate area.

4. The charge of \$18.05 a month for a single-party line in the Juniper Hills area is believed to be excessively high, especially when compared to the costs for telephone service in nearby areas.

5. Juniper Hills residents frequently experience difficulty in completing a 611 call to report trouble on the line.

6. One of the witnesses had approximately 80 incidents of delays or difficulties in originating calls since the beginning of the year.

7. Residents of the Juniper Hills area frequently have trouble originating calls outside the area and have frequent incidents of no dial tone.

8. The voltage on the system is unsatisfactory as evidenced by measured voltages of 46 volts on-hook and 3-1/2 volts off-hook.

9. There are numerous incidents of being informed by a recording that a dialed number is no longer in service when the subscriber had been talking to someone at the dialed number a very short time before.

10. In general, the level of telephone service in Juniper Hills experienced in 1977, 1978, and to date was unacceptable.

Pacific's Position

Testimony presented on behalf of Pacific indicated that:

1. Step-by-step switching equipment is used throughout the State and is still currently being installed in many locations.

2. When he assumed the responsibility for the maintenance of the machines in the area, including Juniper Hills, Mr. Bernstein checked the condition of the equipment in the area and found it to be in relatively good condition and generally to be functioning quite well.

3. Any carrier equipment, which upon testing was found to be operating outside its normal operating range, was adjusted to return it to within its optimum operational limits.

4. In August 1978 the level of service complaints was found to be unacceptably high and corrective action, such as replacing deteriorated lightning protectors, was undertaken to raise the level of service.

5. After installing additional finders at the Little Rock Central Office Area which serves Juniper Hills, the dial tone speed was within Pacific's standard of no more than 1.5 percent of calls experiencing any delay.

6. As of the day of hearing, eight-party service was eliminated in the Juniper Hills area in compliance with this Commission's decision on Improved Rural Service.

7. Much of the service trouble experienced by Pacific's customers in 1977 was caused by the unusually heavy rains that occurred at that time.

8. The Juniper Hills Area has been incorporated into Pacific's Centralized Repair Service Attendant Bureau so that 611 trouble calls are received in the North Hollywood repair bureau. However, the Little Rock Area is served by the plant service center in Newhall.

9. A sample test of 75 call-outs from the Little Rock office was performed and there were zero failures.

10. Approximately \$3 million of improvements have been made in the area, including Juniper Hills, in the recent past which has resulted in an improvement in the quality of transmission, an improvement in ringing machines, an increase in the number of line groups, and overall improvement in the quality of service.

11. Pacific's tests indicated satisfactory voltage levels.

12. The telephone rates are \$5.25 for four-party suburban service, \$6.50, plus 35 cents per quarter mile, for two-party service, and \$8.65, plus 65 cents per quarter mile, for one-party service.

13. On May 1, 1979, prior to Improved Rural Service, Pacific implemented nonoptional extended area service to the Lancaster exchange.

14. In the Juniper Hills Area there are 153 establishments in a 5.75-square-mile area, or approximately 27 establishments per square mile, far below the criteria of 100 establishments per square mile necessary for a special rate area.

15. A special rate point could be established at the intersection of Sierra Mesa Road and Juniper Hills Road. The net annual revenue effect would be a reduction of \$3,500 in annual revenue due to a reduction in mileage charges for the 117 subscribers.

16. To effect the special rate point would require additional feeder cable at a cost of approximately \$35,000 and would require approximately <sup>six to</sup> 42 months to implement. K 13

17. Pacific is not proposing the establishment of a special rate point but included evidence on the effect of the establishment of such a point for the consideration of the Commission.

Discussion

This matter bifurcates into two primary issues: one, the quality of service rendered the Juniper Hills area; and two, the appropriate rate level for subscribers residing in the area.

It is obvious from the record that the quality of telephone service rendered by Pacific to Juniper during 1977 and 1978 left much to be desired. According to Pacific the 1977 trouble was due to unusually heavy rains and the 1978 trouble was due to a variety of causes including deteriorated lightning protective equipment, obsolete bell ringing equipment, insufficient equipment to meet load requirements, and improperly adjusted carrier equipment. Pacific alleges that as a result of testing and calibrating equipment, installing additional facilities, and implementing improved rural service, the level of service in the Juniper Hills Area has been raised to an acceptable level. To verify these claims we will require an in-depth review of the quality of service in the Juniper Hills Area.

We can sympathize with Juniper's claims that the relative level of rates charged in the Juniper Hills Area is very high compared to rates charged in not too distant areas. It must be realized, however, that the losses from noncompensatory rates must either be absorbed by the serving company, be passed on in large part for distribution through toll settlements which will ultimately have an impact on ratepayers elsewhere, or be absorbed in part and passed on in part. It is obvious from the record that Juniper does not now, nor will it in the foreseeable future, meet our established statewide criteria for a special rate area. The special rate point<sup>1/</sup> concept set forth by Pacific for our consideration has been used in other areas and appears to offer an acceptable compromise between a fully compensatory rate and a rate that will not impose an undue hardship on all ratepayers, including the Juniper Hills subscribers. The order that follows will provide for the establishment of such a special rate point.

Findings of Fact

1. The telephone service rendered Juniper by Pacific for the years 1977 and 1978 was inadequate.
2. The inadequate service in 1977 was primarily due to unusually severe weather conditions.
3. The inadequate service in 1978 was due to a number of factors, including improperly adjusted carrier equipment, insufficient equipment, and deteriorated lightning protective devices.
4. Pacific has expended considerable effort and money in an effort to improve the quality of service.

1/ A special rate point is used to make higher grades of telephone service reasonably affordable in low density areas. Outside of a downtown area a monthly charge of 65 cents per quarter mile is added for each 1-party service. The special rate point provides unique treatment by having higher base rates and a monthly mileage measurement point centrally located in an area of low density, such as Juniper Hills.

5. The establishment of a special rate point at the intersection of Sierra Mesa Road and Juniper Hills Road is reasonable.

6. The rates set forth in Appendix A for the Juniper Hills Area are reasonable.

Conclusions of Law

1. The relief requested should be granted to the extent set forth in the following order.

2. The Commission staff should review the standard of service in the Little Rock Central Office Area to ascertain whether or not it has been raised to an acceptable level.

3. Pacific should be directed to establish a special rate point at the intersection of Sierra Mesa Road and Juniper Hills Road.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company shall perform a study of the quality of service being rendered in the Little Rock Central Office Area. Such a study is to include demand/capacity analysis and physical inspection of all central office equipment, intra-office and interoffice trunking, and outside plant facilities.

2. Within sixty days of the effective date of this order, The Pacific Telephone and Telegraph Company shall submit a summary of the results of the study required by paragraph 1, together with the plans, cost estimates, and construction schedule for implementing improvements, if any, required to conform its standard of service to the uniform standards prescribed by General Order No. 133.

3. Commencing within thirty days of the effective date of this order and continuing until the reporting levels set forth in General Order No. 133 are met for three consecutive months, The Pacific Telephone and Telegraph Company shall submit monthly written reports of the following service indices for the Little Rock Central Office Area; trouble reports per 100 stations, dial tone speed, and dial service. For those indices that fail to meet General Order No. 133 reporting

levels, the report shall include an explanation of the service deficiencies, together with The Pacific Telephone and Telegraph Company's plans for raising the indices to conform to General Order No. 133.

4. A special rate point at the intersection of Sierra Mesa Road and Juniper Hills Road shall be established by The Pacific Telephone and Telegraph Company within ~~twelve~~ <sup>six</sup> months of the effective date of this order. Pacific shall file the tariff attached to this order as Appendix A. 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. Km

5. Juniper Hills Community Association is entitled to no other relief in this proceeding

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

Dated           JUL 31 1979          , at San Francisco, California.

John E. Burns  
President

Walter L. Ferguson

Richard D. Howell

Clare J. Smith

Edward W. Jensen  
Commissioners



## APPENDIX A

## Rates - The Pacific Telephone and Telegraph Company

The rates of The Pacific Telephone and Telegraph Company are changed as set forth in this appendix.

SCHEDULE CAL. P.U.C. NO. 4-T - INDIVIDUAL AND PARTY LINE SERVICE

	Monthly Rate			
	<u>Individual and Party Line Service</u>			
	<u>Business</u>		<u>Residence</u>	
	<u>1FB</u>	<u>2FB</u>	<u>1FR</u>	<u>2FR</u>
Palmdale Exchange --				
Juniper Hills				
Special Rate Point	\$19.50	\$13.90	\$9.95	\$7.20

SCHEDULE CAL. P.U.C. NO. 37-T - BASE RATE AREAS AND EXCHANGE MAPS

The Palmdale Exchange Map shall be modified by addition of the Juniper Hills Special Rate Point at the intersection of Sierra Mesa Road and Juniper Hills Road.