

Decision No. 91547 APR 15 1980**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to establish one-way non-optional Extended Area Service (EAS) from the Boonville Exchange to the Ukiah Exchange and one-way Optional Calling Measured Service (OCMS) from the Ukiah Exchange to the Boonville Exchange.

Application No. 59230
(Filed October 30, 1979)

O P I N I O N

The Pacific Telephone and Telegraph Company (Pacific) by the above-entitled application requests authority to establish one-way non-optional Extended Area Service (EAS) from the Boonville Exchange to the Ukiah Exchange and to withdraw message toll telephone service rates now in effect on calls from the Boonville Exchange to the Ukiah Exchange. Pacific also seeks to establish Optional Calling Measured Service (OCMS) from the Ukiah Exchange to the Boonville Exchange.

Pacific's Boonville Exchange has a population of approximately 2,000 and a main station development of about 700. The Boonville Exchange is located in Anderson Valley in Mendocino County. The town of Boonville is located along State Highway 128 about 25 miles southwest of Ukiah. Included within the exchange are the other communities of Philo, Navarro and Yorkville. While the day-to-day necessities including schools are available within the exchange, most major shopping, medical and professional services are available only in Ukiah.

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The Ukiah Exchange has an estimated population of 35,000 and approximately 12,300 main stations. Ukiah is located 120 miles north of San Francisco on Highway 101. It is the largest city in Mendocino County and is also the county seat. Included in the exchange are the communities of Calpella, Redwood Valley and Talmage. Ukiah is the trading center for the surrounding area. The local economy is based on agriculture, lumbering, wood products and manufacturing.

Boonville business customers call Ukiah on the average of 21.63 times per month per customer; the residence customers, 7.31 times per month per customer. This calling is over a 13-mile toll route, rated at the initial period day station rate of \$0.14 and each additional minute at \$0.08. ✓

Pacific proposes to provide one-way non-optional EAS from Boonville to Ukiah for an incremental rate to be added to the present basic monthly charge. The increase will be \$3.40 for basic service for business customers and \$1.15 for residence customers. These increments are based upon a formula devised in the Commission's Decision No. 77311 (revised by Decisions Nos. 90642 and 90919), which specified that the increase be based upon the comparative number of main telephones in the called exchange and the distance between the two exchanges' toll rate centers. The increases will be offset by the elimination of the toll charges from Boonville to Ukiah.

The total number of calls from the Ukiah customers to Boonville averages about 0.36 calls per month per customer.

Because the need for Ukiah customers to call Boonville is more selective, OCMS is being offered. Pacific proposes to offer Ukiah customers OCMS in accordance with the rates and conditions set forth in its Tariff Schedule No. 149-T. This plan allows single-party residence customers only,

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in the Ukiah Exchange, to purchase 1, 2, or 3 hours of calls per month to Boonville at a cost of \$2.10 per hour. This charge and time limit applies only between the hours of 8 A.M. to 8 P.M., Monday through Friday. Overtime calls during these hours and days are charged for at \$0.08 per minute. Calls made at all other times and days are not included in the time limit and are not charged for.

Pacific's gross construction costs to provide the proposed services will be \$165,000. Pacific estimates that the dollar effect of establishing EAS for the Boonville Exchange will result in a net loss to the company of \$37,400 annually.

Although the proposed extended calling in this application results in a net loss to Pacific, the loss does not in itself justify rejection of the Boonville-Ukiah calling plan, nor does the loss justify a substantial increase in monthly rates in Boonville to eliminate the loss. The monthly rate increases for Boonville customers follow an extended service rate formula which is designed to achieve a break-even situation in total in all of Pacific's extended service areas outside of metropolitan areas. By use of the formula rates, the extended area service outside of metropolitan areas, thus, does not become a burden paid for by other ratepayers. This rate formula has been employed since 1971 by the Commission for all extended area routes outside of metropolitan areas.

A petition was submitted to Pacific, dated June 25, 1979, by the Anderson Valley Chamber of Commerce. It was signed by 213 people, which represented about 202 subscriber lines, and it urged Pacific to give them EAS treatment to Ukiah.

Subsequent to its application, Pacific notified all affected customers by mail of Pacific's proposal to provide EAS to Ukiah. The notification invited protestants to write to the Commission. The Commission received letters from two subscribers

who felt that they should not have to pay an extra charge for their basic service when they did not want to call Ukiah. Because these were the only protests out of 700 subscribers, we conclude that the proposals presented in Application No. 59230 are acceptable to, and in the best interests of, the communities in the Boonville Exchange and that 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:

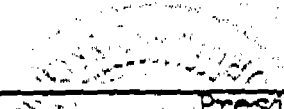
1. Establish one-way non-optional Extended Area Service (EAS) for calls from the Boonville Exchange to the Ukiah Exchange and concurrently increase monthly exchange rates in the Boonville Exchange as proposed in Appendix B of the application or at such rates as are in effect at the time service commences.
2. Cancel and withdraw message toll telephone rates for calls from the Boonville Exchange to the Ukiah Exchange.
3. Introduce Optional Calling Measured Service (OCMS) in the Ukiah Exchange at the rates, charges and conditions as set forth in Schedule Cal. P.U.C. No. 149-T.
4. Within six months of the establishment of EAS and OCMS authorized herein, Pacific shall report to the Commission, in writing, the actual revenue effect, actual expense change,

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actual incremental investment changes, and net effect based on the first full three months of EAS and OCMS operations.

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

Dated APR 15 1980, at San Francisco, California.



President
Vernon L. Stegeman

Richard W. Howell

Alvin J. DeLuz

Samuel J. ...
Commissioners

Commissioner John E. Bryson,
being necessarily absent, did
not participate.