

ORIGINAL

Decision No. 92750 MAR 3 1987

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

CYNTHIA CARMICHAEL, et al,
Complainants,

vs.

ROSEVILLE TELEPHONE COMPANY,
Defendant.

Case No. 10810
(Filed December 4, 1979)

Cynthia Carmichael, for herself and citizens of
Citrus Heights, complainants.
John M. Ross, Attorney at Law, for Roseville
Telephone Company, defendant.
James Geigenmuller, for the Commission staff.

O P I N I O N

Complaint

Complainants Cynthia Carmichael et al, request that the present telephone boundaries of defendant, Roseville Telephone Company, be changed so that all Sacramento County residences in Citrus Heights would be in the Citrus Heights District area of Roseville Telephone Company. Today 440 Citrus Heights subscribers are in the Roseville District area.

The 168 persons (104 subscribers) who signed the complaint state that calls into the greater Sacramento area are toll calls, that a call to the sheriff (who polices Citrus Heights) is a toll call, and that their part of Citrus Heights is the only area of Citrus Heights that cannot make local calls to portions of North Sacramento, El Dorado, and Placer Counties.

Answer

Defendant admits that the boundaries of its calling areas are generally as described in the complaint (Appendix A). Defendant concludes that complainants failed to specify the specific grounds, injury, and exact relief sought and that the complaint be dismissed. Further, defendant filed a motion to dismiss for failure to allege any violation of law or of any order or rule of the Commission.

Defendant was requested by the Commission staff and Administrative Law Judge (ALJ) to conduct studies and to present proposals at hearing that would resolve the complaint. Further, defendant was requested to present the economic effects of the proposals.

Hearing

A duly noticed public hearing was held before ALJ John J. Doran in Roseville on October 21, 1980 and the matter was submitted upon receipt of a late-filed exhibit due on December 10, 1980.

Defendant's attorney explained the stipulation signed by defendant, complainants, and the staff and received in the record. The stipulation offers a proposal that satisfies the complaint. He stated that complainants' territory has a potential of 560 subscribers compared to 440 at present.

Defendant agreed to complainants' request, that they be furnished service comparable to the service now offered in Citrus Heights District area. No one spoke against the stipulation.

The service change requires two steps. In the first step (Appendix B), defendant will not charge for toll calls to the North Sacramento dialing area from the Citrus Heights area in the Roseville Exchange (similar to the Citrus Heights District). At the same time, subscribers in the complaint area will also retain their present Roseville District area dialing (including some areas in Placer County that are tolls from the Citrus Heights District).

Concurrent with the service change, the basic exchange rate for residential subscribers will be increased by \$1.15 per month to the \$7.40 now paid by the Citrus Heights District area subscribers. The increase for business subscribers would be \$2.25 per month to the \$14.75 Citrus Heights rate.

Step one does not affect the pricing of incoming calls. If toll rates presently apply to an incoming call, they will continue to apply.

After defendant has acquired the necessary plant and equipment, but in no event later than January 1, 1983, step two (Appendix C) will be completed. There will be a change in the district area boundaries to include all of Citrus Heights within the Citrus Heights District area with incoming calls charged the same as outgoing calls. In conjunction with the service change, each subscriber in complainants' territory will be assigned a new telephone number.

Attorney for defendant presented a summary of the financial effects of the proposed service change on defendant. The service change is estimated to require \$134,000 of additional plant. The net revenue effect is estimated at a \$3,000 per year loss, or a 0.1 percent decrease in rate of return.

After hearing, defendant was required to send notice of the proposal to all subscribers in complainants' territory. Subscribers were provided opportunity to furnish comments on the proposal to the staff. The staff submitted its analysis of the comments as a late-filed exhibit.

Eleven letters were received. Eight urged implementation of the proposal without delay. One of the eight, however, could see no reason for an increase in rates during step one. Three letters (four subscribers) stated that they had no reason to call the new areas and were against the proposal.

Discussion

A total of 168 persons representing 104 different subscribers' lines signed the complaint requesting that their territory within Citrus Heights in Sacramento County be included in the Citrus Heights District area. Then all Sacramento County residences in Citrus Heights would be in the same dialing area. There is a community of interest (number of calls/telephone) between complainants' territory in Citrus Heights and the rest of Citrus Heights. Further, there is a community of interest with other northern Sacramento County areas.

Upon implementation of the proposal, all Citrus Heights subscribers in Sacramento County would pay the same basic rate. In complainants' territory the increase for residential subscribers would be \$1.15 per month to \$7.40. The increase for business subscribers would be \$2.25 per month to \$14.75.

When step two is implemented these Citrus Heights subscribers would have the same calling area as the present Citrus Heights subscribers. They would be assigned new telephone numbers in the Citrus Heights District area. During the interim, when step one is in operation, complainants' territory would have their present calling area plus Citrus Heights' calling area. However, inward calls would be charged as now charged, because the subscribers would still have Roseville District area telephone numbers.

The proposal was recommended by defendant, complainants, and the staff. Notice of the proposal was served upon all affected subscribers. Subscribers, having comments, were requested to communicate directly with the staff. Of the 11 letters received, only three (four subscribers) were against the proposal.

The proposal is economically feasible, showing a nominal projected loss of 0.1 percent in rate of return based on the present level of subscribers. There is a potential for a 25 percent increase in subscriber future growth.

The proposal should provide better service to Roseville Telephone Company subscribers at reasonable rates and should be authorized.

Findings of Fact

1. Defendant, complainants, and the staff submitted a signed stipulation agreeing to a proposal that satisfied the complaint.

2. The proposal provides that subscribers in complainants' territory, the part of Citrus Heights in Sacramento County that is in the Roseville District area, will be furnished service comparable to the service now offered in the Citrus Heights District area.

3. The service change requires two steps. In step one, defendant will not charge subscribers in complainants' territory for toll calls to numbers that may be locally called from the Citrus Heights District area. Subscribers also will temporarily retain their old calling area. Step one does not affect the pricing of incoming calls.

4. In step two, District area boundaries will be changed to include all of Citrus Heights within the Citrus Heights District area, with incoming calls charged the same as outgoing calls. The proposal to assign a new telephone number to each subscriber in complainants' territory as part of step two is reasonable.

5. The basic exchange rate increase of \$1.15 per month to \$7.40 for residential subscribers and \$2.25 to \$14.75 for business subscribers is reasonable.

6. The service change will require \$134,000 of additional plant and is economically feasible.

7. The service change will reduce net revenue by \$3,000 and rate of return by 0.1 percent.

8. There is a community of interest of complainants' territory with the Roseville District area and other nearby Sacramento County areas.

9. All subscribers in complainants' territory were notified about the proposal and provided opportunity to comment to the staff.

10. No person at the hearing opposed the stipulation. Three letters (four subscribers) stated they were against the proposal. Eight letters were received which supported the proposal.

11. The proposal will result in improved telephone service.

Conclusions of Law

1. The relief requested should be granted as provided for herein.
2. The stipulation and proposal should be authorized.
3. The changes in telephone area boundaries, rates, and charges authorized by this decision are justified and reasonable; the present area boundaries, rates, and charges, insofar as they differ from those prescribed by this decision, are for the future, unjust and unreasonable.

O R D E R

IT IS ORDERED that:

1. The relief requested is granted as set forth in this order.
2. Within five days after the effective date of this order Roseville Telephone Company (Roseville) shall file in accordance with General Order No. 96-A revised tariffs to become effective on five days' notice: (a) to discontinue charging or collecting from any subscriber in the complainants' territory any toll charges for telephone calls placed to any of the exchanges described in Appendix B, and (b) to increase the basic exchange rate charged to each residential subscriber in the complainants' territory from \$6.25 per month to \$7.40 per month and each business subscriber from \$12.50 per month to \$14.75 per month. Charges for calls to subscribers in the complainants' territory shall not be affected by this change in service.
3. At the earliest practical time after Roseville has acquired the necessary plant and equipment, but in no event later than January 1, 1983, Roseville shall provide to all subscribers in the complainants' territory, at the same basic exchange rates then prevailing in the Citrus Heights District area, two-way calling to

and from each of the exchanges described in Appendix C, and Roseville shall file with the Commission revised exchange maps reflecting such permanent change in its District area boundaries. In conjunction with such change in service, each of the subscribers in the complainants' territory shall be assigned a new telephone number.

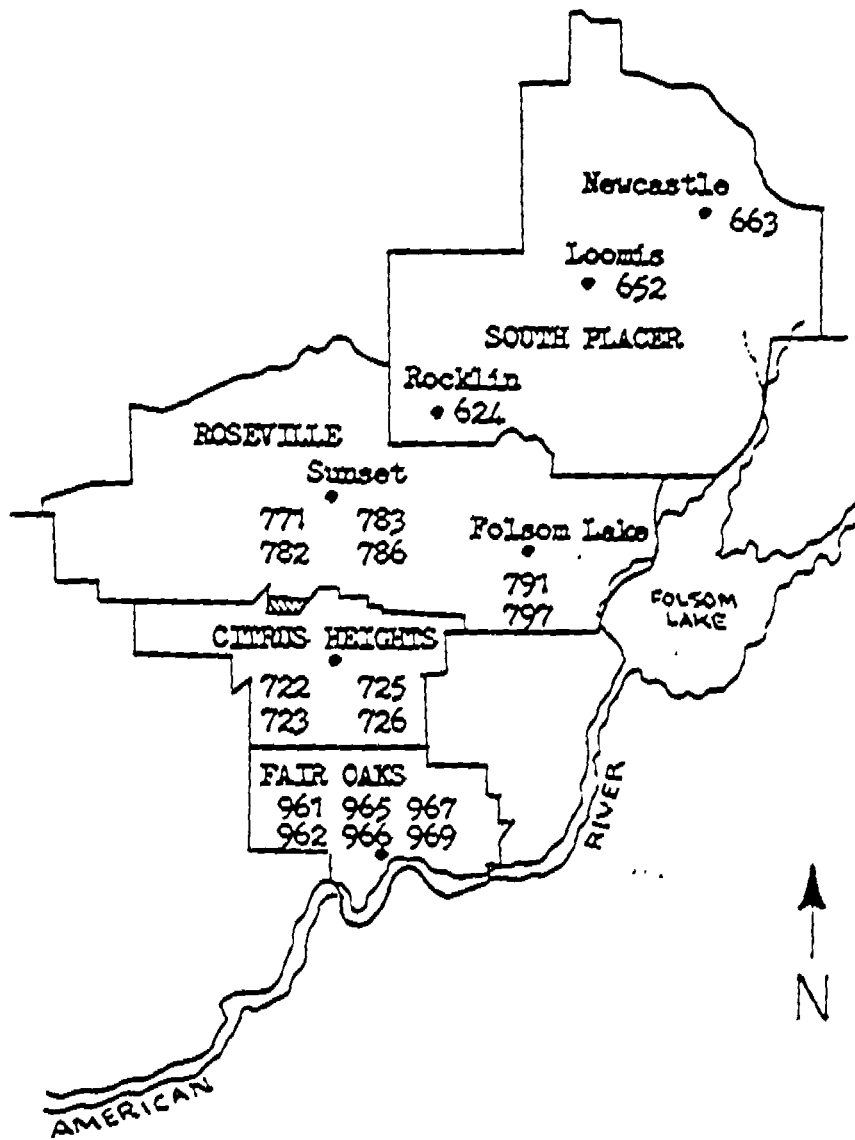
The effective date of this order shall be thirty days after the date hereof.

Dated MAR 3 1981 , at San Francisco, California.

John E. Cairns
President
William W. ...
...
...
Commissioners

APPENDIX A

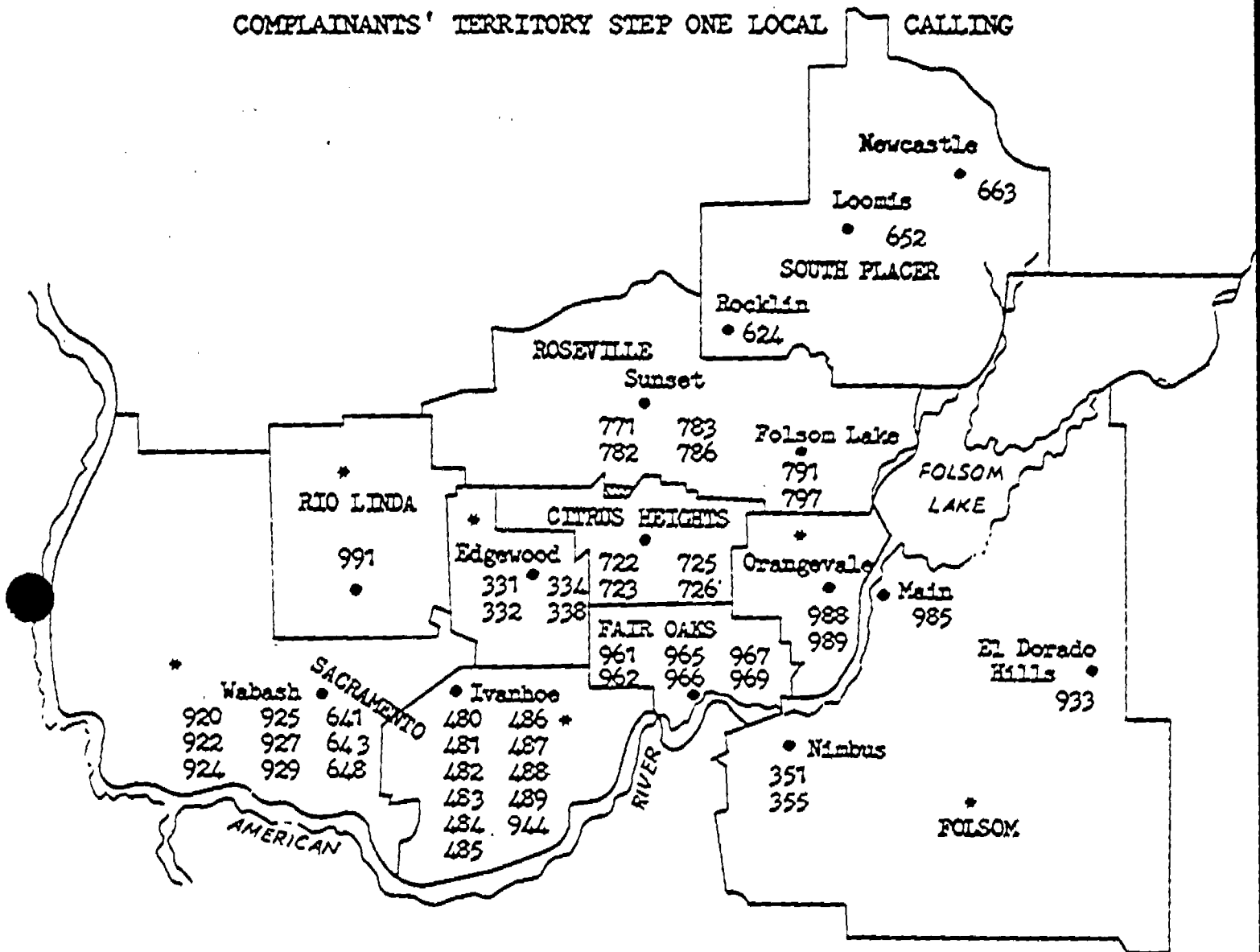
ROSEVILLE TELEPHONE COMPANY
COMPLAINANTS' TERRITORY PRESENT LOCAL CALLING



APPENDIX B

ROSEVILLE TELEPHONE COMPANY

COMPLAINANTS' TERRITORY STEP ONE LOCAL CALLING



* Outgoing calls only



APPENDIX C

ROSEVILLE TELEPHONE COMPANY

COMPLAINANTS' TERRITORY STEP TWO LOCAL CALLING

