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Decision 97-06-106 June 25, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Jack H. Shields, Billie L. Shields, )  
 )  
 Complainants, )  
 )  
 vs. )  
 )  
 Volcano Telephone Company and )  
 Pacific Bell, )  
 )  
 Defendants. )

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**ORIGINAL**  
 Case 95-02-019  
 (Filed February 28, 1995;  
 amended June 19, 1995)

Jack H. Shields and Billie L. Shields, for complainants.

Jeffrey F. Beck and Jillisa Bronfman, Attorneys at Law, for The Volcano Telephone Company and L. Nelsonya Causby, Attorney at Law, for Pacific Bell, defendants.

David Sirias, for Calaveras County, interested party.

Cleveland W. Lee, Attorney at Law, and Martin J. O'Donnell, for the Division of Ratepayer Advocates.

O P I N I O N

1. Summary

We authorize the toll-free calling proposal advanced by Volcano Telephone Company (Volcano) for calls from the West Point exchange (prefix 293) to government and nonprofit community service organizations in the San Andreas exchange (prefix 754). We also authorize one-way extended area service (EAS) from the West Point exchange to the Jackson exchange (prefix 223). We dismiss Pacific Bell (Pacific) as a defendant. Finally, we affirm the ruling of the administrative law judge (ALJ) finding complainants eligible to file a request for intervenor compensation.

2. Background

Complainants filed this complaint against Volcano on February 28, 1995. Complainants seek an enlarged toll-free calling area comparable to that of neighboring areas, to at least include prefix 754 (San Andreas), and preferably also 772 (Valley Springs), 736 (Angels Camp) and/or 223 (Jackson). Complainants include a letter from the Calaveras County Board of Supervisors seeking toll-free calling for Volcano customers to Pacific's 754 prefix (San Andreas) and 736 prefix (Angels Camp). Complainants also attached petitions signed by more than 360 customers or potential customers seeking toll-free access from the 293 prefix (West Point) to the 754 prefix (San Andreas). Volcano answered the complaint on April 3, 1996, asking that the complaint be dismissed.

On April 26, 1995, the County of Calaveras (County) filed a petition to intervene. The County supports the relief requested by complainants.

On June 19, 1995, complainants amended the complaint to also name Pacific as a defendant. Pacific answered on July 28, 1995, asking that the requested relief be denied and the complaint be dismissed.

Several prehearing conferences were held to facilitate the development and exchange of data, provide an opportunity for Pacific to be brought into the complaint, allow the parties to determine their positions, give the parties the opportunity to explore settlement, and provide time for the parties to prepare for hearing. An evidentiary hearing scheduled for December 12, 1995, was delayed at the request of complainants.

### 3. Hearings, Briefs and Survey

Evidentiary hearings were held in San Andreas on January 31 and February 1, 1996. Complainants presented evidence in support of, while Volcano and Pacific presented evidence in opposition to, the requested relief. Volcano, however, offered an alternative. The alternative is a toll-free calling plan from Volcano's West Point exchange (prefix 293) to local government and nonprofit community organizations in Pacific's San Andreas exchange (prefix 754). Complainants rejected the proposal, and the hearings concluded with complainants asking for toll-free calling to prefixes 754 (San Andreas), 223 (Jackson) and 772 (Valley Springs).

Several post-hearing exhibits were served in February 1996. Briefs were filed March 22, 1996. In their briefs, complainants and County further narrow the requested relief, stating that, even though toll-free calling to as many prefixes for Volcano customers as enjoyed by Pacific's customers would be desirable, the relief they seek is toll-free calling to prefixes 754 (San Andreas) and 223 (Jackson). This eliminates the requested EAS to Valley Springs.

Volcano concludes that a few high volume callers have distorted the statistics, but that the needs of high volume callers will be adequately addressed by both competition and the July 1996 introduction of equal access. Volcano argues that adding a mandatory uneconomic charge to Volcano's service will make Volcano less competitive. Volcano believes the Commission should adopt Volcano's proposal to provide toll-free calls to necessary

government and social services. Pacific argues there is no basis upon which to order a two-way EAS route between the San Andreas and West Point exchanges, one-way EAS routes exist, Volcano's costs do not require a two-way EAS, and that Pacific should not be required to subsidize expanded local calling or any other relief for Volcano's customers.

By ruling dated May 10, 1996, Volcano was directed to conduct a survey and provide additional evidence. The survey results were received on August 27, 1996, and the last of the additional evidence was received on October 9, 1996, at which time the complaint was submitted for decision.

4. EAS and Competition

Volcano asserts that the Commission has considered EAS requests in many cases in the more than 25 years since adoption of the original "Salinas formula." (Decision (D.) 77311 (71 CPUC 160), June 3, 1970.) Volcano contends that recent changes in regulatory policy and impending local competition, however, make traditional EAS standards obsolete. Volcano argues that communication needs should be met by the competitive market rather than regulatory requirements. Commission policy is that subsidies are to be reduced or made explicit, and business subsidies eliminated entirely, according to Volcano. Volcano says the Telecommunications Act of 1996 allows local competition, requires Volcano to resell its local exchange services at a discount, and thus requires Volcano to resell EAS to its competitors at less than the retail rate. Volcano concludes that the Commission should apply its EAS policy with a view to the relevant changes resulting in the new competitive environment.

Volcano is correct that this decision must be made in light of the changes that are occurring in the telecommunications industry. At some point, those changes may dictate that we stop authorizing new EAS routes. We do not think that point has yet been reached, however. Rather, many EAS routes now exist

throughout the state. Adding one route, or a very few additional routes, if and when justified, will not make eventual reconciliation of EAS with competition significantly worse. We expect competition to develop in bursts, and appear in some areas and services before others. (D.95-12-052, mimeo., page 51.) Where a need for EAS is shown now, along with uncertainty about when competition will become effective and vigorous in any particular area or service, we should consider EAS requests as they are made.

As competition develops, EAS routes will either become obsolete on their own, or may need to be revised by the Commission. When the time is right, we will consider if new EAS policies need to be implemented and existing EAS routes changed. In the mean time, we will consider each EAS request as it is made on its own merits.

5. Pacific Bell Dismissed as Defendant

The amended complaint names Pacific as a defendant. On January 22, 1996, complainants moved to dismiss Pacific. Responses to the motion were filed February 16, 1996, as directed at the hearing February 1, 1996. Pacific supports the motion. Volcano opposes the motion. The motion is granted.

Volcano argues that an EAS route should not be granted between West Point and San Andreas, but, if one is granted, it should be two-way, not one-way. A two-way route is necessary, according to Volcano, to more fairly apportion the burden on both Volcano and Pacific, whereas a one-way route would unfairly place the entire burden on Volcano. Volcano contends the motion should be denied at least until such time as the complaint has been fully resolved in order to not deprive the Commission of the opportunity to evaluate and consider the two-way EAS option.

As explained below, we adopt Volcano's toll-free calling plan from West Point to San Andreas and, in so doing, decline to adopt an EAS route between these exchanges. Volcano's opposition to the motion is, therefore, moot.

Moreover, a complaint must allege an act or thing done or omitted to be done by a public utility including any rule or charge established or fixed by or for a public utility in violation of any provision of law or of any order or rule of the Commission. The allegation may include that rates are unreasonable. (Section 1702 of the Public Utilities Code; Rule 9(a) of the Commission's Rules of Practice and Procedure.) Complainants make no such allegations against Pacific or Pacific's rates. The complaint must, therefore, be dismissed with respect to Pacific.

Even if we accepted Volcano's position that Volcano's customers not pay the full cost of a one-way EAS to San Andreas, methods exist for spreading costs other than burdening Pacific and its San Andreas customers with an unwanted two-way EAS not requested by San Andreas customers.<sup>1</sup> For example, one-way EAS routes exist (including from an independent company to Pacific<sup>2</sup>) and cost considerations have been resolved for those routes (e.g., costs not recovered by EAS charges to customers in the local exchange enjoying the EAS may be recovered from the California High Cost Fund (CHCF)). Further, as explained below, the facts do not support EAS service from San Andreas to West Point even if it had

<sup>1</sup> The complaint was signed by more than 25 of Pacific's customers in the 754 prefix (San Andreas exchange), thereby providing standing for Pacific's customers to seek relief. The petition attached to the complaint, and the complaint itself, however, ask for expansion of the 293 prefix (Volcano's West Point exchange) to include toll free service to prefix 754 (Pacific's San Andreas exchange), not the reverse. While complainants at one time asked for consideration of a two-way relationship, that request was later withdrawn. Thus, the requested relief is unidirectional from West Point to San Andreas. No relief is sought that provides toll-free calling from San Andreas to West Point (i.e., neither a one-way EAS from San Andreas to West Point, nor a two-way EAS).

<sup>2</sup> See, for example, D.93-04-039 (49 CPUC 2d 37), D.93-09-083 (51 CPUC 2d 449), and D.96-08-039.

been requested. Therefore, for all these reasons, we grant the motion to dismiss Pacific as a defendant.

6. Extended Area Service

6.1 Criteria

The Commission considers several criteria in deciding whether to authorize an EAS. In general, these criteria include whether (1) a community of interest exists between areas beyond the existing toll-free calling area, (2) there is customer support for extending the area of service, and (3) the EAS can be implemented with reasonable rates.<sup>3</sup>

The existence of a community of interest can be evaluated from several factors. First is the average number of calls per line per month from one area to another. Second is the percentage of customers that place at least one call per month to the targeted exchange. This factor is sometimes referred to as the "take rate." Third is the extent to which basic needs are met in the local calling area without an EAS.

We have not established specific minimum factors which must be passed to authorize an EAS. Nonetheless, a range of 3 to 5 average calls per line per month, and a minimum of 70% of customers placing at least one call per month to the targeted exchange, are generally necessary to support a candidate EAS. In addition, we generally seek to create a toll-free local calling area that meets subscribers' basic calling needs. These basic calling needs include access to essential services, such as police, fire, medical, legal, schools, banking and shopping. EAS is considered when subscribers cannot reach a reasonable range of essential services within their existing toll-free calling area.

<sup>3</sup> See, for example, D.77311 (71 CPUC 160), D.91-01-011 (cited but not reported at 39 CPUC 2d 208), D.93-09-081 (51 CPUC 2d 422), D.93-09-083 (51 CPUC 2d 449), D.96-01-010, and D.96-08-039.

If a community of interest exists beyond the current toll-free calling area, we also consider whether or not there is customer support for an EAS. Advocates of EAS generally will benefit financially from the change, and are organized and vocal. Those who have no desire for the EAS and whose bills would increase more than the savings from the EAS are typically not organized and are less vocal. Therefore, we do not rely only on those represented at a hearing. Rather, a survey is often used to measure customer preferences and gauge the general level of support. (D.77311 (71 CPUC 160, 164).)

Finally, we consider the rate effect before authorizing an EAS. This effect includes whether the loss of toll revenue as a result of the EAS is offset by increased exchange and other revenue without creating unreasonable rates for any customer or customer group. We decline to authorize an EAS where it would cause unreasonable rates or burdens on any group of customers.

#### 6.2 EAS from San Andreas to West Point

We briefly review an EAS route from San Andreas to West Point since this was an issue at some points in the proceeding. The evidence shows that San Andreas customers on average call the West Point exchange only 2.8 times a month. Only 36% of Pacific's San Andreas customers call West Point at least once per month. That is, 64% make no calls in an average month. Finally, San Andreas customers have their basic calling needs met in the San Andreas exchange without the need to call West Point.

An EAS route from San Andreas to West Point is not supported by these factors. Moreover, even without a survey, we conclude there is no customer support since no San Andreas customer asked for EAS to West Point. Finally, it would be unreasonable to raise the rates of San Andreas customers to provide EAS to West Point when the EAS is otherwise neither desired nor necessary.



### 6.3 EAS from West Point to San Andreas

#### 6.3.1 Community of Interest

The evidence shows that over the four-month period from March through June 1995, West Point customers made an average of 6.5 calls per line per month to San Andreas, with residential customers making an average of 5.8 calls per line per month, and business customers making an average of 11.5 calls per line per month. The take rate, however, was only 61%, with a residential take rate of 60% and a business take rate of 69%. That is, 39% of West Point customers (40% of residential and 31% of business customers) made no calls to San Andreas. The results from these two measures are somewhat ambiguous compared to the factors we have previously considered, and suggest the likelihood of a few customers making a disproportionately large number of calls.

While West Point customers have access to true emergency services by dialing "911," the evidence is overwhelming and uncontroverted that their basic needs are not met. Rather, West Point customers must incur toll charges to reach nonemergency police and fire services, doctors, hospitals, schools (except elementary), nearly all businesses, and government (e.g., county supervisors, sheriff, administration, agricultural commissioner, air pollution control, airport, alcohol program, animal control, assessor, auditor/controller, building department, county clerk, county coroner, county counsel, courts, district attorney, drug program, election office, environmental health, farm advisor, health department, jury commissioner, juvenile justice, library, mental health, planning department, probation, recorder's office, road department, surveyor, treasurer, tax collector, veterans service, weights and measures, welfare, department of motor vehicles, highway patrol, Department of Forestry). Thus, despite the somewhat low take rate, further consideration of EAS is necessary.

6.3.2 Customer Support

Volcano conducted a survey at the direction of the ALJ. Surveys were mailed to all 1813 customers in the West Point exchange. Of those responding, 467 (46.2%) support paying additional EAS charges of \$1.30 per line per month (residential), \$0.65 per line per month (lifeline), and \$3.85 per line per month (business) for toll-free calling to San Andreas, while 543 (53.8%) do not support paying these additional EAS charges for calls to San Andreas.<sup>4</sup> Rather, the majority prefer Volcano's proposal for toll-free calling to government, school and nonprofit social service agencies without additional charges on local telephone bills.

Complainants filed timely comments on the survey results. Complainants are concerned that the results may be invalid because the results were returned to, and tabulated by, Volcano rather than a neutral party, such as the Office of Ratepayer Advocates (ORA).<sup>5</sup>

We find the survey results valid. While ORA often conducts a survey and presents the results in EAS proceedings, by letter dated September 13, 1995, ORA reported that in this case it would take a neutral position and not conduct a survey. At the direction of the ALJ, a draft survey was circulated to all parties. Parties mailed comments to the Commission's Public Advisor. The Public Advisor approved the final survey before it was mailed. Volcano mailed the survey, plus tabulated and reported the results.

<sup>4</sup> These charges are calculated by Volcano based on the "Salinas" formula (D.77311, 71 CPUC 160).

<sup>5</sup> By action of the Executive Director, the Division of Ratepayer Advocates ceased to exist as a staff division on September 10, 1996. The functions it performed now reside with the Commission's Office of Ratepayer Advocates.

Complainants raise only a vague concern that Volcano should not have conducted the survey. Complainants propound no specific allegation or evidence of any mishandling of the survey, misreporting of the results, or any other misdeed. Volcano, as any party or person transacting business with the Commission, is subject to Rule 1 of the Commission's Rules of Practice and Procedure.<sup>6</sup> Any misdeed with respect to the survey would expose Volcano to severe penalties, and we will not hesitate to impose fines and penalties if specific violations, once alleged, are proven. We are confident Volcano properly processed the survey.

If the survey results are used, complainants conclude that the survey supports toll-free calling to government, school and nonprofit organizations in San Andreas. Complainants ask that Volcano's proposed relief be granted as soon as possible.

#### 6.3.3 Reasonable Rates

The last consideration in authorizing an EAS is whether it can be offered at reasonable rates. A one-way EAS would require that all West Point customers pay a monthly charge of \$1.30 (residential), \$0.65 (lifeline), or \$3.85 (business) in addition to current basic monthly access exchange rates. According to Volcano, however, the incremental revenues from the additional EAS charges will not recover the full cost of implementing the EAS.

We are persuaded to authorize Volcano's toll-free calling plan given the community of interest data, the survey results and complainant's support for Volcano's proposal. Therefore, we need

<sup>6</sup> Rule 1 (Code of Ethics) states: "Any person who signs a pleading or brief, enters an appearance at a hearing, or transacts business with the Commission, by such act represents that he is authorized to do so and agrees to comply with the laws of this State; to maintain the respect due the Commission, members of the Commission and its Administrative Law Judges; and never to mislead the Commission or its staff by an artifice or false statement of fact or law."

not consider further whether the EAS costs are or are not fully recovered, and the reasonableness of their recovery.

Volcano proposes to pay all costs associated with its toll-free access proposal. We find this results in reasonable rates to customers. At the same time, we are confident that, by adopting Volcano's proposal, the plan is reasonable for Volcano. We therefore adopt Volcano's toll-free plan for calls from the West Point exchange to the San Andreas exchange.

#### 6.3.4 Implementation

Volcano's plan provides toll-free calling for all West Point customers to county and state government offices, schools, law enforcement, fire and public safety offices, the community hospital, utility districts and nonprofit community service organizations in Pacific's San Andreas exchange. This includes the telephone numbers of the entities and organizations listed in Attachment A.

Volcano proposes, and we adopt, toll-free access provided by two alternate means. First, Volcano will identify telephone numbers likely to receive a relatively large number of calls. Volcano will provide a toll-free "800" number from the West Point exchange to each of these numbers. Volcano will pay the cost of these "800" numbers. Volcano will list the numbers in its directory and mail notices directly to its customers. Calls to telephone numbers not assigned an "800" number will be provided toll-free by modifying Volcano's billing system to suppress toll charges. These calls will be removed from toll revenues and usage data submitted to Pacific under the toll-pooling system, with Volcano thus bearing the cost of these calls. The tariff filing implementing this decision should separately identify those organizations and entities, and their toll-free telephone numbers.

Volcano proposes to review and update its list of toll-free numbers from time to time. We adopt Volcano's proposal, and specify that Volcano will review and update this list no less

often than every 24 months. At least every 24 months, Volcano should submit an advice letter to the Commission, proposing the specific organizations and entities (and their numbers) that should be added or deleted from the list of those accessible toll-free from the West Point exchange, or otherwise advise the Commission that the list should remain the same. Volcano should notify its customers of its proposal by bill insert or separate mailing, and advise customers that they may write the Commission within 30 days in support of, or opposition to, Volcano's proposal. The advice letter will become effective 90 days after it is filed unless suspended. Volcano should report the Commission's action by insert in the next round of customer bills or by direct mail, with the correct current list of toll-free numbers also included in the next printing of Volcano's directory.

#### 6.4 EAS from West Point to Jackson

##### 6.4.1 Community of Interest and Customer Support

The evidence shows that West Point customers on average call the Jackson exchange 6.7 times per month, with residential customers averaging 6.4 calls per line per month and business customers averaging 8.4 calls per line per month. The data further show that 69% of West Point customers call Jackson at least once per month, with 69% of residential, and 70% of business, customers calling at least once per month. Finally, the testimony shows that the county's business center is in Jackson. While some business needs may be met by calling San Andreas, West Point customers frequently call Jackson to conduct business.

The survey reveals customer support for EAS to Jackson. Of those responding to the survey, 672 (65.0%) support paying an additional monthly charge of either \$0.95 (residential), \$0.48 (lifeline), or \$2.75 (business) for toll-free calling to Jackson, while 362 (35.0%) do not support paying the additional charges. In their comments on the survey, complainants argue a substantial majority support adding prefix 223 as a one-way EAS. Complainants

ask that a one-way EAS to Jackson be implemented as soon as possible.

#### 6.4.2 Reasonable Rates

Volcano estimates that the annual cost of a one-way EAS to Jackson is \$46,977, plus unknown Pacific termination charges. We disregard termination charges. Pacific points out that terminating access charges are not now assessed for local traffic. Moreover, if and when they are assessed, terminating traffic charges would be expected to apply to all terminating traffic, and would thus be reciprocal between Pacific and Volcano.

The annual cost is offset by revenues from the "Salinas" formula increments (\$0.95 residential, \$0.48 lifeline, and \$2.75 business). This reduces the cost to \$21,314.

Volcano's EAS cost estimate includes an interstate effect. Pacific convincingly argues that Pacific does not include interstate effects in its EAS cost recovery, and they are not properly included in our intrastate rate setting here for Volcano. Rather, this case involves intrastate jurisdiction and costs, and interstate effects, if any, must be recovered elsewhere. This reduces the EAS cost to \$12,481.

Volcano's study assumes an elasticity of 4 (i.e., toll free calling would increase volumes four-fold). Pacific again convincingly argues that Pacific is not permitted to include an elasticity effect and none should be allowed for Volcano. Commission practice is to base EAS rates on existing traffic. This reduces the EAS cost to a negative \$10,872. That is, the arrangement should result in a net revenue increase of approximately \$10,872 for Volcano.

Whether the final EAS cost is positive or negative, our policy is to uniformly apply the Salinas formula increments without adjustment when authorizing EAS routes. We continue this policy here, and will not reduce or eliminate the EAS increment.

As addressed in Resolution T-16007 (April 9, 1997), Volcano must include in its annual California High Cost Fund-A (CHCF-A) advice letter filing net annual revenues that result from this EAS route, and is authorized to include net annual costs. The filing will exclude termination costs, interstate costs and assumed elasticity, and include the revenue from the EAS incremental charges authorized herein.

**6.4.3 Conclusion**

Therefore, a community of interest exists between West Point and Jackson, there is customer support for EAS, and EAS can be implemented with reasonable rates. We authorize a one-way EAS for this route.

**6.5 EAS from West Point to Valley Springs**

We only very briefly review the evidence on an EAS route from West Point to Valley Springs given the limited interest in this route. The evidence is that West Point residential customers on average make 1.0 call per line per month to Valley Springs, and business customers on average make 1.2 calls per line per month. Only 19% of West Point residential customers make one or more calls to Valley Springs per month, and only 24% of West Point business customers make one or more calls to Valley Springs per month. There is no persuasive testimony that West Point customers must call Valley Springs to meet their basic needs. While no survey was conducted, there is no significant expression of West Point customer interest in calling Valley Springs. Moreover, while complainants requested the route to Valley Springs as late as the closing statement at hearing, complainants do not repeat that request in their brief or in comments on the survey. We conclude a community of interest has neither been sufficiently demonstrated nor supported to burden West Point customers with increased rates for an EAS route to Valley Springs.

**6.6 Implementation Costs**

Volcano does not seek recovery of any implementation costs for its toll-free plan or EAS routes. Accordingly, none are authorized.

**6.7 EAS Advice Letter**

We direct that Volcano file an advice letter, in compliance with General Order 96-A, within 30 days of the date of this decision. The advice letter will contain the tariff sheets and all information necessary to implement the toll-free calling plan to the entities and organizations identified in Attachment A from Volcano's West Point exchange (prefix 293) to Pacific's San Andreas exchange (prefix 754). The advice letter will also contain the tariff sheets and all information necessary to implement the one-way EAS route from the West Point exchange (prefix 293) to the Jackson exchange (prefix 223). Service of the advice letter will include the parties to this proceeding. Unless suspended, the advice letter will become effective on the tenth day after it is filed.

**7. Eligibility to File Request for Intervenor Compensation**

On October 9, 1996, after consultation with the Assigned Commissioner, the ALJ ruled that complainants are eligible to file a request for intervenor compensation. We affirm the ruling.

PU Code § 1804(c) provides that a customer found eligible for an award of compensation may file a request within 60 days following the final order of the Commission. Complainants may file a request for compensation within 60 days from today.

**Findings of Fact**

1. A letter from the Calaveras County Board of Supervisors attached to the complaint expresses support for toll-free calling for Volcano customers to Pacific's prefixes 754 (San Andreas) and 736 (Angels Camp), and County's petition to intervene and brief support the relief requested by complainants.



2. Petitions signed by more than 360 customers or potential customers are attached to the complaint, supporting an enlarged toll-free calling area from the 293 prefix to the 754 prefix.

3. Adoption of Volcano's toll-free calling plan from Volcano's West Point exchange (prefix 273) to selected numbers in Pacific's San Andreas exchange (prefix 754) makes moot Volcano's opposition to complainant's motion to dismiss Pacific as a defendant.

4. Complainants do not allege an act or thing done or omitted to be done by Pacific including any rule or charge established or fixed by or for Pacific in violation of any provision of law or of any order or rule of the Commission, nor do they allege that Pacific's rates are unreasonable.

5. Reasonable methods other than adopting a two-way EAS are available to spread costs when a one-way EAS is justified, such as recovery from the CHCF.

6. Pacific's San Andreas customers on average call Volcano's West Point customers only 2.8 times a month, only 36% of Pacific's San Andreas customers call West Point at least once per month, San Andreas customers have their basic calling needs met in the San Andreas exchange without the need to call West Point, and there is no significant customer support for an EAS from San Andreas to West Point.

7. An EAS route from San Andreas to West Point is not reasonable.

8. West Point customers make an average of 6.5 calls per line per month to San Andreas, the take rate is 61%, and West Point customers must incur toll charges to reach nonemergency police and fire services, doctors, hospitals, schools (except elementary), many businesses and government.

9. Volcano proposes an alternative to an EAS from West Point to San Andreas.

10. Volcano's alternative is to provide toll-free calling from its West Point exchange to Pacific's San Andreas exchange for calls placed to specifically identified organizations and entities by either an 800 number or suppression of toll charges, with Volcano bearing the cost of these calls.

11. Of those responding to Volcano's survey of its West Point customers, 467 (46.2%) support paying an additional EAS charge of \$1.30 per line per month (residential), \$0.65 per line per month (lifeline), and \$3.85 per line per month (business) for toll-free calling to San Andreas, and 543 (53.8%) do not support paying EAS charges for calls to San Andreas, but instead prefer Volcano's proposal for toll-free calling to government, school, and nonprofit social service agencies without additional charges on local telephone bills.

12. Complainants state no specific allegation or evidence of any mishandling of the survey, misreporting of the results, or any other misdeed.

13. The survey results are valid.

14. If the survey results are used, complainants ask that Volcano's toll-free plan be granted as soon as possible.

15. Volcano's toll-free plan results in reasonable rates for Volcano's customers.

16. Volcano's toll-free plan, as proposed by Volcano, is reasonable for Volcano.

17. West Point customers on average call the Jackson exchange 6.7 times per month, 69% of West Point customers call Jackson at least once per month, the county's business center is in Jackson, and, while some business needs may be met by calling San Andreas, West Point customers frequently call Jackson to conduct business.

18. Of those responding to Volcano's survey of its West Point customers, 672 (65.0%) support paying an additional monthly charge of either \$0.95 (residential), \$0.48 (lifeline), or \$2.75

(business) for toll-free calling to Jackson, and 362 (35.0%) do not support paying the additional charges.

19. Volcano estimates that the annual cost of a one-way EAS from West Point to Jackson is \$46,977, plus unknown Pacific termination charges.

20. Terminating access charges are not now assessed for local traffic, and, if and when applicable, are expected to be reciprocal between Pacific and Volcano.

21. The annual cost for EAS from West Point to Jackson is offset by revenues from the "Salinas" formula increments (\$0.95 residential, \$0.48 lifeline, and \$2.75 business), reducing the annual cost to \$21,314.

22. Pacific does not include interstate costs in its EAS cost recovery, Commission practice is to base EAS cost recovery on intrastate costs, and this proceeding involves intrastate jurisdiction, costs and rates.

23. Pacific is not permitted to include elasticity effects in its EAS cost development and Commission practice is to base EAS rates on existing traffic.

24. The net cost of Volcano's EAS from West Point to Jackson is a negative \$10,872.

25. Commission policy is to uniformly apply the Salinas formula increments without adjustment when authorizing EAS routes.

26. If there are net costs for a one-way EAS from West Point to Jackson, a net annual cost of up to \$12,481 charged to the CHCF will not produce unreasonable rates for the millions of customers who support the CHCF.

27. A community of interest exists between West Point and Jackson, there is customer support for a one-way EAS, and EAS can be implemented with reasonable rates.

28. West Point residential customers on average make 1.0 call per line per month to Valley Springs, business customers on average make 1.2 calls per line per month, only 19% of West Point

residential customers make one or more calls to Valley Springs per month, only 24% of West Point business customers make one or more calls to Valley Springs per month, West Point customers do not need to call Valley Springs to meet their basic needs, and there is no significant expression of West Point customer interest in calling Valley Springs.

29. Volcano does not seek recovery of any implementation costs for its toll-free plan or EAS routes.

30. The ALJ ruled that complainants are eligible to file a request for intervenor fees and expenses.

Conclusions of Law

1. Each EAS request, when made, should be considered on its own merits.

2. Pacific should be dismissed as a defendant.

3. An EAS from San Andreas to West Point should not be authorized.

4. Volcano's toll-free calling plan from West Point to San Andreas should be adopted.

5. Volcano should review and update its list of toll-free numbers from West Point to San Andreas no less often than every 24 months.

6. Volcano should submit an advice letter to the Commission no less often than every 24 months proposing the specific organizations, entities and telephone numbers in Pacific's San Andreas exchange that should be added or deleted from the list of those accessible toll-free from the West Point exchange, or otherwise advise the Commission that the list should remain the same, with customer notice and opportunity to comment on the advice letter, and with notice to customers of the Commission action on the advice letter.

7. Terminating traffic charges should not be considered in Volcano's EAS costs.

8. Interstate costs should not be included in intrastate EAS cost recovery and rates for Volcano.

9. Assumed elasticity should not be included in Volcano's EAS costs.

10. A one-way EAS from West Point to Jackson should be authorized.

11. A one-way EAS from West Point to Valley Springs should not be authorized.

12. Volcano should not be authorized recovery of any implementation costs for its toll-free calling plan or one-way EAS from West Point to Jackson.

13. The ALJ ruling on intervenor eligibility should be affirmed.

14. This decision should be effective today to allow the new services and rates to become effective as soon as reasonably possible.

#### ORDER

IT IS ORDERED that:

1. Complainants' motion to dismiss Pacific Bell (Pacific) as a defendant is granted.

2. Within 30 days of the date of this order, Volcano Telephone Company (Volcano) shall file, in compliance with General Order 96-A, an advice letter with revised tariffs. The advice letter and revised tariffs shall implement a toll-free calling plan for calls of Volcano customers in Volcano's West Point exchange (prefix 293) to the government, school, law enforcement, fire, public safety, hospital, nonprofit community service organizations, and other organizations and entities identified in Attachment A within the San Andreas exchange (prefix 754) of Pacific. The toll-free service shall be provided by use of an 800 prefix for those telephone numbers likely to receive a relatively large number of

calls, and by suppression of toll-charges for all other numbers, with the advice letter clearly identifying the organizations, entities, and telephone numbers provided toll free by each means. Volcano shall remove these calls from toll revenues and usage data submitted to Pacific under the toll-pooling system, with Volcano thus bearing the cost of all toll-free calls. Volcano shall not recover implementation costs.

3. The advice letter filed within 30 days of the date of this decision shall also include revised tariffs to implement one-way extended area service (EAS) from Volcano's West Point exchange (prefix 293) to Pacific's Jackson exchange (prefix 223). Volcano's West Point exchange residential basic exchange rate shall be increased to include an EAS increment of \$0.95 per line per month, lifeline rate shall be increased to include an EAS increment of \$0.48 per line per month, and business basic exchange rate shall be increased to include an EAS increment of \$2.75 per line per month. Volcano shall not recover implementation costs. Volcano shall include net annual revenues from this EAS route in its annual California High Cost Fund-A advice letter filing, and is authorized to include net annual costs from this EAS route, excluding termination costs, interstate costs and assumed elasticity, and including the revenue from the EAS incremental charges authorized herein.

4. After review and approval of the notice by the Commission's Public Advisor, Volcano shall complete notification of its West Point exchange customers within 45 days of the date of this order of the toll-free calling plan and EAS approved by this order. The notice shall be by bill insert or direct mail. The advice letter filed within 30 days of the date of this order implementing the toll-free calling plan and EAS shall become effective 45 days from the date of this order, unless suspended. Volcano shall publish the toll-free calling plan telephone numbers, and explain its EAS, in its next publication of its telephone directory.

5. No less often than every 24 months from the date of this order, Volcano shall review and update its list of toll-free numbers from West Point to San Andreas, and shall submit an advice letter to the Commission proposing the specific organizations and entities (and their telephone numbers) that should be added or deleted, or otherwise advise the Commission that the list should remain the same. Volcano shall notify its West Point customers of the advice letter by bill insert or direct mailing within 30 days of filing the advice letter, and shall advise customers that they may write the Commission within 30 days in support of, or opposition to, Volcano's proposal. The customer notice shall first be approved by the Commission's Public Advisor. The advice letter shall become effective 90 days after it is filed unless suspended. Volcano shall notify its West Point customers of the Commission's action by insert in the next mailing of customer bills or by direct mail, no later than 30 days after the Commission action on the advice letter, with the correct current list of toll-free numbers also included in the next printing of Volcano's directory.

6. Complainants may file a request for intervenor compensation within 60 days of the date of this order.

7. The proceeding is closed.

This order is effective today.

Dated June 25, 1997, at San Francisco, California.

P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
Commissioners

ATTACHMENT A  
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ENTITIES AND ORGANIZATIONS TO WHICH VOLCANO TELEPHONE COMPANY  
SHALL PROVIDE TOLL-FREE ACCESS FROM  
VOLCANO'S WEST POINT EXCHANGE (PREFIX 293) TO  
PACIFIC'S SAN ANDREAS EXCHANGE (PREFIX 754)

COUNTY OF CALAVERAS

Administration	Mental Health Services
Agricultural Commissioner	Museum & Archives
Air Pollution Control	On-Site Sewage Division
Airport	Personnel Division
Alcohol Program Office	Planning Department
Animal Control	Probation Department
Assessor	Public Health Department
Auditor/Controller	Public Works Department
Board Of Supervisors	Purchasing
Building Department	Recorders Office
County Clerk	Road Department
County Coroner	Sheriff
County Counsel	Solid Waste
Court (Municipal)	Surveyor
Court (Superior)	Tobacco Cessation
District Attorney	Treasurer & Tax Collector
Criminal	University Of California Extension
Family Support	Master Gardeners
Drug Program Office	4-H
Elections	Veterans Services
Emergency Services Officer	Weights & Measures
Environmental Health	Welfare Department
Farm Advisor	AFDC
Fire (County)	Food Stamps
Health Department	Fraud
Jury Commissioner	GAIN Program
Justice Court	Medi-Cal
Juvenile Hall	Adult Services
Juvenile Justice System	Child-Adult Protective Library
	Services
Management Information Services	Child Welfare Services



ATTACHMENT A  
Page 2 of 2

CALAVERAS UNIFIED SCHOOL DISTRICT

District Office  
Educational Services  
Independent Learning Center  
Maintenance Department  
Transportation Department  
Calaveras High School  
Office  
Absence Clearance  
Gold Strike High School  
Toyon Middle School

OFFICE OF EDUCATION

Mountain Oaks Home School  
Center

MARK TWAIN HOSPITAL

Emergency  
General Information  
Admitting  
Billing  
Cardiac Rehab  
Diagnostic Imaging  
Foundation Development  
Laboratory  
Marketing  
Medical Records  
Physical Therapy  
Physician Referral  
Respiratory Therapy  
Silver Services  
Social Services

SENIOR SERVICES

Senior Drop-In Center  
Senior Center

UTILITY DISTRICTS

Calaveras County Water District  
(Serves West Point)  
Calaveras Public Utility District  
(Serves Glencoe)

OTHER COMMUNITY SERVICES

ARC Calaveras  
Calaveras County Chamber Of  
Commerce  
Calaveras County Arts Council  
Calaveras County Economic  
Development  
Calaveras County Historical  
Society  
Calaveras Head Start  
Calaveras Health Link Project  
Calaveras County Legal Assistance  
Service  
Calaveras Lodging & Visitors  
Association  
Environmental Alternatives Foster  
Family Agency  
Mother Lode Job Services  
Human Resources Council  
Human Resources Council Child  
Care Resources  
Suicide Prevention Hotline  
Volunteer Center Of Calaveras  
County  
Women's Crisis Center

STATE GOVERNMENT

California Department Of Forestry  
And Fire Protection  
California Highway Patrol  
California Department Of Motor  
Vehicles

(END OF ATTACHMENT A)