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Decision 97-07-057 July 16, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Teresa Bailey, et al.,)
)
 Complainant,)
)
 vs.)
)
 Calaveras Telephone Company)
 and Pacific Bell,)
)
 Defendants.)

Case 95-06-068
(Filed June 29, 1995)

ORIGINAL

Teresa Bailey, appearing for herself,
 complainant.
Mark Schreiber and Sean P. Beatty, Attorneys
 at Law, for Calaveras Telephone Company,
 and L. Nelsonya Causby, Attorney at Law,
 and N. A. Hensley, Manager, for Pacific
 Bell; defendants.
Cleveland W. Lee, Attorney at Law, and
Linda J. Woods, for Division of Ratepayer
 Advocates, interested party.
Richard F. Fish, for Commission Advisory and
 Compliance Division.

O P I N I O N

1. Summary

We authorize toll free one-way extended area service (EAS) for Calaveras Telephone Company (Calaveras) customers in the Jenny Lind exchange (prefix 786) to call Pacific Bell (Pacific) customers in the San Andreas exchange (prefix 754).

2. Background

Complainant Teresa Bailey seeks an order enlarging the Calaveras 786 prefix (Jenny Lind exchange) to include toll free calling to the Pacific 754 prefix (San Andreas exchange). Complainant alleges that reaching important services from the 786 prefix requires a toll call (e.g., emergency services, the sheriff, the only hospital, all health and mental health facilities, alcohol and drug programs, libraries, services for the elderly and disabled, all schools (Grades 7 through 12), veterans services). Complainant contends the existing calling area discriminates against complainant by causing higher phone bills compared to those of Pacific's customers who reside a like distance from local government offices. Complainant seeks expanded local calling to include the 754 prefix, or the ability to switch to Pacific. The complaint is signed by more than 25 telephone customers.

Calaveras answers that it does not oppose the establishment of an EAS route to meet customers' needs if such route can be established in a just and reasonable way. Calaveras suggests that establishment of an EAS route be considered in the general rate case (GRC) Calaveras must file by December 31, 1995, in accordance with Decision (D.) 94-09-049 (i.e., about four months after its answer). Calaveras denies allegations of discrimination, that complainant's local calling area is unreasonable, that complainant's local calling area should include the 754 prefix, and that its customers in the 786 prefix should be served by Pacific. Calaveras states four affirmative defenses and asks that the

complaint be dismissed. Pacific similarly answers, denying that its calling areas are unlawfully discriminatory, stating three affirmative defenses, and requesting that the complaint be dismissed.

Three prehearing conferences (PHCs) were held to facilitate the collection and exchange of data, allow parties to determine their positions and prepare for hearing, and to address the completion of a customer survey. At the second PHC, Calaveras renewed its proposal that action in this complaint await its GRC filing, wherein Calaveras might address the issue. The third PHC was held shortly after Calaveras filed its GRC. Calaveras there reported, however, that it did not address the EAS issue in its GRC application. Also at the third PHC, the Division of Ratepayer Advocates¹ reported that it would take a neutral position based on its review of traffic and other data, and would not conduct a survey of customer interest.

At the request of complainant, the Commission ordered that Calaveras and Pacific conduct a customer survey. Draft survey forms were prepared by the companies and distributed to the parties. Comments were sent to the Commission's Public Advisor. The Public Advisor approved the final survey forms. Calaveras and Pacific mailed the surveys in February 1996 and tabulated the results in March 1996. An evidentiary hearing was held in San Andreas on April 16, 1996.

By ruling dated May 20, 1996, Calaveras was directed to provide additional information, marked for identification as

¹ By order 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.

Exhibit 12.² Pacific served a response on June 10, 1996. Pacific stated that it had no objection to the admission of Exhibit 12 as evidence, as long as three clarifications were made to the proposed exhibit. Briefs were filed by Calaveras and Pacific on June 13, 1996. Calaveras argues in its brief why the Commission should not rely on Exhibit 12, but does not comment in the brief or any other filing on Pacific's objection, nor itself object to the receipt of Exhibit 12. By ruling dated March 26, 1997, Exhibit 12 was received, and the proceeding submitted.

3. EAS and Competition

All telecommunication needs should eventually be met through the competitive marketplace rather than by regulation. We do not think that point has yet been reached, however. We expect competition to develop in bursts, and appear in some areas and services before others. (D.95-12-052, mimeo., page 51.) Therefore, as long as there is uncertainty about when competition will become effective and vigorous in a particular area or service, we must consider each EAS request on its own merits when the need for an EAS is alleged.

Many EAS routes now exist throughout the state. Adding one more EAS route, if justified, will not make eventual reconciliation of EAS with competition significantly worse. As competition develops, EAS routes may 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 or eliminated. In the mean time,

² Exhibit 12 utilizes data from Exhibit 7 (revenue effects of a one- or two-way EAS from Jenny Lind to San Andreas). It presents data for a one-way EAS to San Andreas, modified to exclude stimulation (i.e., usage growth by Calaveras' customers), exclude interstate EAS effects, and include revenue generated by EAS incremental charges.

we will consider each EAS request on its own when properly brought before us.

4. Toll Free Calling Between Jenny Lind and San Andreas

Complainant seeks toll free calling from Jenny Lind to San Andreas. As explained in its brief, Calaveras supports toll free calling between these exchanges. Calaveras' primary proposal is that the Jenny Lind and San Andreas exchanges be placed in each other's local calling area by making an exception to the 12-mile local calling area boundary. Alternatively, Calaveras recommends a two-way EAS. Pacific opposes a two-way EAS and believes a one-way EAS route should be considered. According to Calaveras:

"[t]he only real disputes in this proceeding are whether toll free calling should be one-way or two-way and the method for establishing toll free calling between the two exchanges."
(Calaveras Brief, page 2.)

4.1 Exception to 12-Mile Local Calling Area

Calaveras' primary proposal is that the Commission place the Jenny Lind and San Andreas exchanges in each other's local calling area. According to Calaveras, the rate centers between the two exchanges are less than 1,000 feet beyond the 12-mile boundary that determines local calling areas. Calaveras says including the two exchanges within the local calling boundary would benefit residents in both exchanges by reducing toll charges, without those customers having to pay the incremental charge typically assessed for an EAS route. Pacific opposes Calaveras' proposal. We decline to adopt Calaveras' recommendation.

An exchange is a specific geographic area which is served by one or more central offices. A rate center is the point within an exchange from which distance is measured to another exchange to determine mileage. Local calling areas are designated as those wherein the rate centers are within 12 airline miles of each other. (D.90-11-058, 38 CPUC2d 269.) Customers do not pay additional (i.e., toll) charges for calls within their local calling area.

The local calling area includes the exchange from which the call is initiated, and the entire area of each adjacent exchange wherein the rate centers are within 12 miles.

Calaveras concurs in Pacific's tariffs for the purposes of determining mileage and rating toll calls. Pacific's tariffs identify each rate center by means of vertical and horizontal (V&H) coordinates. The mileage between rate centers is calculated by a formula stated in Pacific's tariffs. The formula is based on the V&H coordinates. The mileage between the Jenny Lind and San Andreas exchanges using the tariff formula is 12.76 miles, according to Pacific. Step 6 of the methodology provides that any resulting fraction is rounded up to the next higher integer. Thus, the tariff-determined mileage between the Jenny Lind and San Andreas rate centers for rating calls is 13 miles. This exceeds the 12-mile limit for local calls.

Calaveras presents an unapproved AT&T Communications Company of California, Inc. (AT&T) tariff for private line service showing different V&H coordinates than in Pacific's tariff for the San Andreas rate center. This evidence is not persuasive. First, Calaveras concurs in Pacific's, not AT&T's, tariff. Pacific's tariff is controlling. Second, no evidence was presented that AT&T's tariff is approved. Third, no evidence was offered corroborating the validity of the AT&T V&H coordinates, or an error in Pacific's tariff. At best, all we know is there might be a conflict. Fourth, no evidence was presented that the rate centers for AT&T's private line service are the same as Pacific's rate centers for toll service. Finally, even if the AT&T tariff might be considered, the resulting distance is 12.55 miles. This would become 13 miles under the tariff rounding convention, and the calls would still be toll calls.

Calaveras argues the actual distance between the rate centers is 12.2 miles, based on measurements using a global positioning satellite (GPS). Even if true, we are not persuaded

that this results in a local calling area. The distance between rate centers is still greater than 12.0 miles, and would be rounded to 13 miles under terms of the tariff.

Calaveras contends that the 12.2 miles is so close to the 12-mile local calling area boundary that an exception should be made here. We think otherwise.

First, we continue to hold that rate centers, once established, are permanent and should not be changed. (See D.96-01-010, mimeo., p. 6; D.94-01-015, mimeo., p. 7; D.90-05-091, 36 CPUC2d 369, 396, footnote 6.) Changing rate centers not only affects local rates, but also affects long distance and other rates which reference these rate centers. Any change in rate centers would result in costs, administrative burdens, and investment recovery issues, not only for Calaveras but for other local and long distance exchange carriers. (D.96-01-010, mimeo., p. 6.) The showing here does not justify a change in our policy.

Second, Calaveras' proposal involves adoption of a new method for measuring mileage. We have previously declined to adopt new methods, and do so again here. (For example, see D.92-03-023, 43 CPUC2d 386.) The existing method provides certainty and stability, and has not been shown to need revision.

Third, the degree of increased accuracy from GPS compared to the V&H coordinate method is unknown. Even if more accurate, conversion to GPS-based measurements throughout the state could require a significant undertaking, great expense and substantial administrative burden. Whether the overall effect would produce significant changes is unknown. For example, while the effect might be positive here (if we also agree to round 12.2 miles to 12.0 miles), it could have the opposite effect in other cases. We simply have insufficient information to consider adopting a new method, and are not persuaded that the new method should be studied further.

Fourth, making an exception here--even if we do not move the V&H coordinates or use GPS and round down to 12 miles--establishes an undesirable precedent. Calaveras argues that the facts in this particular case are sufficiently distinct to allow us to craft a narrow exception and prevent a flood of complaints seeking redesignation of local calling areas. To the contrary, we have no data on the potential number of cases that might arise, and we do not underestimate the ingenuity and industriousness of California ratepayers and utilities. The potential number of cases and impact on Pacific would likely be more than on Calaveras, given Pacific's many toll routes based on numerous statewide central offices compared to the more limited service area of Calaveras. The tariff procedure provides a method that has proven beneficial and certain for decades. (See D.96-01-010, mimeo., p. 11, Finding of Fact 17.) We are not persuaded to make an exception.

Finally, Calaveras expects to recover revenue losses resulting from its proposal in its GRC. Pacific has no similar way to offset any losses. Calaveras makes no proposal for Pacific. Calaveras argues that Pacific's revenue losses are so small as to have a negligible effect on Pacific's overall revenues. Even if true, we are not inclined to adopt an exception to our calculation of mileage for determining calling areas when it will be detrimental to, and is opposed by, Pacific.

While we decline to make an exception here, we note that we made boundary exceptions for Roseville Telephone Company in D.96-12-074. We there converted the existing Roseville to Sacramento main exchange route from toll to zone usage measurement (ZUM) Zone 3, and converted the Citrus Heights to Lincoln and Pleasant Grove routes from ZUM Zone 3 to ZUM Zone 1. The Roseville to Sacramento route is 16.3 miles, or just slightly over the 16-mile distance used for ZUM Zone 3. The mileage from Citrus Heights to Lincoln is 13.7 miles, and Citrus Heights to Pleasant Grove is 14.2 miles, both in excess of the 12-mile local calling radius for

ZUM Zone 1. We made these exceptions for Roseville because they make the calling areas of Roseville and Citrus Heights uniform, consistent with making the monthly basic exchange rates uniform. They increase the revenues for Roseville, and, to the extent Pacific might be negatively affected, Pacific did not object. In this case, we are not dealing with ZUM areas, Pacific objects, and we are not presented with an issue of uniform calling areas consistent with uniform monthly basic exchange rates.

4.2 EAS

The parties do not dispute the desirability of an EAS, only whether it should be one- or two-way. In making our decision, we first review the criteria used to authorize an EAS.

4.2.1 EAS Criteria

We consider several criteria in deciding whether to authorize an EAS. 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.³

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 before we authorize an EAS. Nonetheless, a range of three to five average calls per line per month, and a minimum of

³ See, for example, D.77311 (71 CPUC 160), D.91-01-011 (cited but not reported at 39 CPUC2d 208), D.93-09-081 (51 CPUC2d 422), D.93-09-083 (51 CPUC2d 449), D.96-01-010, and D.96-08-039.

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 typically seek to create a toll free local calling area wherein subscribers' basic calling needs are met. 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.

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 usually benefit financially from the change, and are organized and vocal. Those with no desire for the EAS, and whose bills would increase more than the savings from the EAS, typically are 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, before authorizing an EAS, we consider the rate effect. 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.

4.2.2 EAS From Jenny Lind to San Andreas

Jenny Lind customers make an average of 7.4 calls per month to San Andreas. This substantially exceeds the reference range of three to five. The take rate from Jenny Lind to San Andreas is 69%, or very close to our reference of 70%. The parties present no dispute that basic needs are not met in Jenny Lind.

Calaveras conducted a survey to measure customer interest. Of those responding, 53% indicated they are willing to

pay an additional charge of \$0.95 per residential line per month (\$0.48 for lifeline customers), and \$2.75 per business line per month, for EAS to San Andreas.⁴

Except for rate reasonableness, which we address below, the basic criteria for an EAS are met. To the extent there is any doubt, we rely on the fact that all parties support an EAS, with the only question being whether it should be one- or two-way.

4.2.3 EAS From San Andreas to Jenny Lind

The evidence does not support an EAS from San Andreas to Jenny Lind. San Andreas customers make an average of only 1.2 calls per month to Jenny Lind. This is substantially below the reference range of three to five calls per month. The take rate from San Andreas to Jenny Lind is 20%. This is substantially below our reference of 70%. The testimony clearly shows that the basic needs of San Andreas customers are met in the San Andreas exchange without calling Jenny Lind.

Moreover, Pacific conducted a survey to measure customer interest. Of those responding, 83% indicated they do not support paying an additional charge of \$0.40 per residential line per month (\$0.20 for lifeline customers) and \$1.30 per business line per month for EAS service to Jenny Lind.⁵ It would be unreasonable, and result in unreasonable rates, to impose an additional charge on all of Pacific's San Andreas customers for a calling route that is so little used and of so little interest.

Therefore, a community of interest does not exist from San Andreas to Jenny Lind, there is insufficient customer support for the proposal, and an EAS to Jenny Lind cannot be implemented with reasonable rates.

⁴ These charges were calculated by Calaveras based on the "Salinas" formula (D.77311, 71 CPUC 160).

⁵ These charges were calculated by Pacific based on the "Salinas" formula (D.77311, 71 CPUC 160).

4.2.4 Reject Two-Way EAS

Calaveras opposes a one-way EAS because Calaveras believes subscribers will learn that calls from Jenny Lind to San Andreas are free, but calls in the reverse direction continue to incur toll charges. Calaveras asserts callers will modify their calling patterns, and this will result in Calaveras incurring additional costs that are avoided by Pacific. We will not impose a two-way EAS that is otherwise unwanted or unnecessary due only to potential changes in calling patterns.

Calaveras cautions that the Commission should refrain from issuing a decision that increases the amount of originating local traffic that interconnects with another carrier's network. Calaveras is concerned that this will potentially increase the cost to the originating carrier for interconnection with the terminating carrier, especially in this era of competition with the possibility that interconnection agreements may change. Calaveras cites to Appendix A of D.95-12-056 regarding our preferred outcomes for interconnection contracts. Calaveras concludes that a two-way EAS ensures that each carrier is responsible for the costs of serving its customers and prevents an artificial inflation of terminating access minutes in favor of one carrier. We note that the outcomes in D.95-12-056 are preferred but not absolute. A one-way EAS is supported here by community of interest factors and survey results showing customer support, but a two-way EAS is not.

Calaveras points out that it is rare for the Commission to order a one-way EAS route, particularly where two carriers are involved. Precedent for implementing a one-way EAS between two carriers is by Commission adoption of a settlement, according to Calaveras, and the Commission should not impose a one-way solution here where no settlement exists and the burden falls disproportionately on Calaveras. Instead, Calaveras contends a two-way EAS ensures each carrier continues to bear the cost of servicing its subscribers. We decline to impose a two-way EAS when

it is otherwise not supported by community of interest factors or customers. The facts here support a one-way EAS, and such service has been ordered even when not the result of our adopting a settlement. (See, e.g., D.97-06-106.)

According to estimates presented by Calaveras, the cost of a two-way EAS exceeds that of a one-way EAS.⁶ Pacific contends that the Commission should not adopt the more costly route. We agree. We will not impose the more costly two-way route without other evidence demonstrating that it is superior. In this case, however, the other data does not provide that support.

4.3 Rates

The final test for adopting an EAS is reasonable rates. Calaveras estimates its lost revenues from a one-way EAS to be \$8,676 per month. This estimate includes intrastate intraLATA, intrastate interLATA and EAS effects.

Calaveras' estimate also includes lost interstate revenue. Calaveras contends that revenues received from settlements pools are determined by the number of minutes of use in various calling jurisdictions. According to Calaveras, an increase in the number of local calling minutes due to an EAS will reduce the amount of revenue Calaveras receives from interstate pooling and support sources, and that revenue effect must be included here. We are not persuaded. This case involves intrastate jurisdiction and costs, and interstate effects, if any, must be recovered elsewhere. To the extent necessary, settlement pool transactions can account for changes in interstate effects, if any. We need not

⁶ Calaveras estimated its monthly revenue losses for one- and two-way EAS alternatives. Calaveras estimates the one-way route will cost Calaveras \$8,676 per month in lost revenues, while the two-way route will cost \$9,968 per month. Calaveras further testified that the difference between the two revenue effects is not material since the figures are estimates. (Reporter's Transcript (RT), page 48.) Calaveras considers a 50% difference material. (RT, p. 55.) Nonetheless, as point estimates without a more specific assessment of the range of error around each, we note that the two-way EAS revenue loss estimate exceeds the one-way EAS revenue loss estimate, and that difference is more than 10%.

address interstate jurisdiction and costs in the more limited intrastate jurisdiction at issue here.

Calaveras' estimate also includes a stimulation factor of 2.5 for calls from Jenny Lind to San Andreas. Further, it assumes 60% of the calls from San Andreas to Jenny Lind will change to originate from Jenny Lind, with those calls then increasing by a stimulation factor of 2.5. We decline to adopt stimulation and the shifting of 60% of call origination from San Andreas to Jenny Lind. As Pacific testified, Commission practice is to base EAS rates and cost recovery on existing traffic. We have not in previous cases included stimulation and changes in call origination, and we are not persuaded to do so here.

The adjusted cost to Calaveras for a one-way EAS is therefore \$3,999 per month. EAS will generate \$934 per month upon application of the EAS incremental charge using the Salinas formula. (D.77311, 71 CPUC 160.) The adjusted net cost is \$3,065 per month. This cost spread over the millions of customers who support the California High Cost Fund (CHCF)-A will not result in unreasonable CHCF-A costs. We authorize Calaveras to recover this cost from the CHCF-A.

5. Switch to Pacific

Complainant seeks either expanded local calling or the ability to switch to Pacific. We grant expanded local calling, making moot the request to switch to Pacific. Even if we would not grant expanded local calling, however, Calaveras has a monopoly franchise in its service area. There is insufficient evidence in this proceeding to disturb that franchise and order that customers either be switched, or be allowed to switch, to Pacific.

At the same time, franchise areas and local markets are in various stages of being opened to competition. We have not yet adopted rules for terms under which competitive local carriers (CLCs) may offer service in the areas of small local exchange

carriers, such as Calaveras, but that matter is now before us in Rulemaking 95-04-043 and Investigation 95-04-044. Calaveras' customers will have the option to switch to another carrier for calls to San Andreas when one or more CLCs begin providing that service.

Findings of Fact

1. The local calling area includes the exchange in which the call originates, and the area of adjacent exchanges wherein the mileage between rate centers is within 12 miles.

2. Customers incur no additional (i.e., toll) charges for calls within their local calling area.

3. The tariff-determined mileage between the Jenny Lind and San Andreas rate centers for rating calls is 13 miles.

4. The AT&T tariff for private line service showing different V&H coordinates than in Pacific's tariff for the San Andreas rate center does not compel making calls from Jenny Lind to San Andreas local calls because Calaveras concurs in Pacific's, not AT&T's, tariff; no evidence shows AT&T's tariff is approved; no evidence corroborates the AT&T's V&H coordinates or an error in Pacific's tariff; no evidence shows that the rate centers for AT&T's private line service are the same as Pacific's rate centers for toll service; and, even if the AT&T tariff is used, the resulting distance is in excess of 12 miles.

5. Even if the actual distance between the Jenny Lind and San Andreas exchanges is 12.2 miles based on GPS measurements, the distance between the rate centers is still greater than 12 miles and the calls are not local calls.

6. Changing rate centers not only affects local rates but also affects long distance and other rates which reference the rate centers.

7. Any change in rate centers would result in costs, administrative burdens and investment recovery issues.

8. The degree of increased accuracy from GPS compared to V&H coordinates is unknown, as is whether the net overall effect would produce significant changes in rating calls.

9. The formula and method for determining distances between rate centers has proven beneficial and certain for decades.

10. This case does not involve ZUM areas, Pacific objects to making an exception to the 12-mile limit for local calls, and there is no issue of making calling areas uniform consistent with uniform monthly basic exchange rates, unlike the situation in the Roseville GRC (D.96-12-074).

11. Jenny Lind customers make an average of 7.4 calls per month to San Andreas, the take rate is 69%, customers' basic calling needs are not met in Jenny Lind, and 53% of customers indicate they are willing to pay an additional charge for EAS service to San Andreas.

12. A community of interest exists from Jenny Lind to San Andreas and there is sufficient customer support for the proposed EAS, making an EAS route from Jenny Lind to San Andreas reasonable.

13. San Andreas customers make an average of 1.2 calls per month to Jenny Lind, the take rate is 20%, customers' basic calling needs are met in San Andreas, and 83% of customers indicated they are not willing to pay an additional charge for EAS service to Jenny Lind.

14. A community of interest does not exist from San Andreas to Jenny Lind, there is insufficient customer support for the proposed EAS, and an EAS to Jenny Lind cannot be implemented with reasonable rates, making an EAS route from San Andreas to Jenny Lind unreasonable.

15. The point estimate for the cost of a two-way EAS between San Andreas and Jenny Lind exceeds that for a one-way EAS.

16. Calaveras estimates \$8,676 per month in lost revenues from a one-way EAS, including interstate, intrastate intraLATA, intrastate interLATA and EAS effects; a stimulation factor of 2.5

for calls from Jenny Lind to San Andreas; and 60% of calls from San Andreas to Jenny Lind changing to originate in Jenny Lind, which are then stimulated by a factor of 2.5.

17. It is unreasonable to include interstate revenue losses when our jurisdiction is intrastate.

18. Commission practice is to base EAS rates and cost recovery on existing traffic, without adjustment for stimulation or changes in call origination, and the evidence does not compel a change in that practice.

19. Calaveras' cost for a one-way EAS is \$3,999 per month, less \$934 per month in revenue from the EAS incremental charge, for a net cost of \$3,065 per month.

20. Calaveras' net EAS costs spread over the millions of customers who support the CHCF-A will not cause unreasonable CHCF-A rates.

Conclusions of Law

1. An exception should not be made to the 12-mile local calling area boundary between the Jenny Lind and San Andreas exchanges.

2. Rate centers, once established, should not be changed.

3. A two-way EAS should not be adopted that is otherwise unwanted or unnecessary due only to potential changes in calling patterns.

4. A more costly two-way EAS should not be adopted absent evidence that it is superior to the one-way route.

5. A one-way EAS from Jenny Lind to San Andreas should be authorized.

6. The Commission's jurisdiction is intrastate.

7. Calaveras should recover from the CHCF-A the cost of implementing a one-way EAS that is in excess of the revenue it receives through the EAS incremental charge.

8. This decision should be effective today to allow the new service to become effective as soon as reasonably possible.

O R D E R

IT IS ORDERED that:

1. Within 30 days of the date of this order, Calaveras Telephone Company (Calaveras) shall file, in compliance with General Order 96-A, an advice letter with revised tariffs to implement one-way extended area service (EAS) from Calaveras' Jenny Lind exchange (prefix 786) to Pacific Bell's San Andreas exchange (prefix 754). Calaveras' Jenny Lind exchange residential basic exchange rate shall be increased to include an EAS increment of \$0.95 per line per month (\$0.48 per line per month for universal lifeline service), and business basic exchange rate shall be increased to include an EAS increment of \$2.75 per line per month. Calaveras may seek recovery from the California High Cost Fund-A of EAS costs for lost revenues from intrastate intraLATA, intrastate interLATA and EAS service net of EAS revenues.

2. After review and approval of the notice by the Commission's Public Advisor, Calaveras shall complete notification of its Jenny Lind exchange customers, within 45 days of the date of this order, of the 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 EAS shall become effective 45 days from the date of this order, unless suspended.

3. The proceeding is closed.

This order is effective today.

Dated July 16, 1997, at San Francisco, California.

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