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RESOLUTION NO. T-11030

EVALUATION AND COMPLIANCE
DIVISION

DATE: April 16, 1986

RESOLUTION

Director
Numerical File
Alphabetical File
Accounting Officer

SUBJECT: California-Oregon Telephone Company. Order authorizing the withdrawal of four-party suburban service, the elimination of mileage charge on two-party access line service, the limitation of two-party service within the base rate areas, and the restructure of tariff schedule AE-14, Multi-Element Service Charges in the Newell and Tulelake exchanges. These authorized changes result in a minor increase in annual revenue. Resolution T-11030.

WHEREAS: CALIFORNIA-OREGON TELEPHONE COMPANY, by Advice Letter No. 128 filed, March 21, 1986, requests authority under Section 454 of the Public Utilities Code to make effective the following tariff revisions for its Newell and Tulelake exchanges:

- (1) To withdraw the four-party suburban service.
- (2) To eliminate the mileage charge on two-party access line service.
- (3) To limit two-party residential service within the base rate areas to existing customers at existing locations.
- (4) To restructure tariff schedule AE-14, Multi-Element Service Charges.

On March 7, 1984, the Commission by Ordering Paragraph No. 1 of Decision No. 84-03-014 authorized Dorris Telephone Company to purchase California-Oregon Telephone Company. With the authorization Dorris acquired California-Oregon and subsequently changed its name on July 3, 1985 to California-Oregon Telephone Company. The new Cal-Oregon operates in the northern part of California in Siskiyou and Modoc Counties and serves approximately 1820 customers in four exchanges: 1040 in Newell & Tulelake exchanges acquired on July 3, 1985, and 780 in Dorris & Mac Doel exchanges.

Cal-Oregon requests in this Advice Letter to make effective the requested tariff revisions for reasons discussed below:

- (1) To withdraw four-party suburban service. In 1984 Cal-Oregon purchased a new digital switch replacing the 30-year old X-Y switch in the Tulelake exchange using an REA loan which was authorized by D. 84-03-015, dated March 7, 1984. The new switch was installed in the Tulelake exchange to serve the customers of both Newell and Tulelake exchanges. The switch is designed to provide individual and two-party services. For four-party service, the customers are assigned a personal identification code which must be dialed in addition to the area code and phone number when making toll calls. The identification code is necessary for Cal-Oregon to bill the four-party customers for their respective toll calls but is not necessary for one-party

and two-party services. The code places an unnecessary burden to both the four-party customers and the company. By this Advice Letter, Cal-Oregon proposes to upgrade all four-party customers to two-party service coincident with the withdrawal of four-party service. There are approximately 170 four-party customers in Newell and Tulelake exchanges.

(2) To eliminate the mileage charge on two-party access line service resulting in an annual revenue decrease of \$1,253. Under Cal-Oregon's present tariff, suburban mileage charges are not applicable to the four-party line service, the lowest grade of service in the Newell and Tulelake exchanges; whereas, individual and two-party line services are subject to mileage charges. Cal-Oregon requests in this Advice Letter to eliminate the mileage charges for its two-party line service in the Newell and Tulelake exchanges. Cal-Oregon states that to upgrade four-party customers to two-party service and assess these customers with mileage charges is unreasonable. There are 21 two-party customers residing outside of the base rate area that pay mileage charges. By eliminating two-party mileage charge, these two-party customers will realize a monthly savings ranging from \$0.40 to \$16.00. Mileage charges in California-Oregon's Dorris and Mac Doel exchanges are not applicable to the two-party service. The elimination of the mileage charges on two-party service in the Newell and Tulelake exchanges is consistent with the Dorris and Mac Doel exchanges.

(3) To limit two-party residential service within the base rate areas to existing customers at existing locations. Presently, there are 34 two-party customers residing in the Newell & Tulelake exchanges, of which 13 reside within the base rate areas and 21 reside outside the base rate areas. Cal-Oregon proposes in this Advice Letter to limit two-party service within the base rate areas to existing customers at existing locations. Cal-Oregon also proposes to increase the monthly exchange rate for two-party service outside the base rate areas from \$4.10 to \$4.40 which will result in an annual revenue increase of \$75. The proposed \$4.40 is the present monthly rate for four-party service. Although the monthly rate for the two-party customers outside the base rates is increased by \$0.30, they will realize an overall monthly savings ranging from \$0.10 to \$15.70 due to the elimination of mileage charges on two-party service.

(4) To restructure Multi-Element Service Charges resulting in an annual revenue increase of \$1,834. Presently, Cal-Oregon administers its four exchanges under two different sets of tariff schedules as a result of the merger of the former California-Oregon and Dorris telephone companies. Multi-Element Service Charges in Dorris and Mac Doel exchanges are different from that of Newell and Tulelake exchanges. This proposal will increase the Multi-Element Service Charge in Newell and Tulelake to the same level as Dorris and Mac Doel exchanges. The proposed increase is based on Cal-Oregon's cost of providing the service. The increase will produce revenues to offset the loss of annual revenues from the elimination of mileage charges.

The resultant effect of the proposed tariff revisions increases annual revenue by \$656. The following tables show the present rates and the rates authorized by this Resolution:

Flat Rate Exchange Service

| <u>Service</u> | <u>Present Monthly Rate</u> | <u>Authorized Monthly Rate</u> |
|----------------|-----------------------------|--------------------------------|
| Residence | | |
| 1-P | \$ 5.50 * | \$ 5.50 * |
| 2-P | 4.10 | 4.10 ** |
| 2-P | 4.10 * | 4.40 |
| 4-P | 4.40 | -- |
| Business | | |
| 1-P | 10.25 * | 10.25 * |
| 2-P | -- | 7.60 |
| 4-P | 7.60 | -- |
| Mileage | | |
| 1-P | 0.70 | 0.70 |
| 2-P | 0.40 | -- |

* Mileage charges when applicable are in addition to monthly rates shown.

** Limited to existing customers at existing locations within the base rate areas.

Multi-Element Service Charges

| <u>Service</u> | <u>Present Rate</u> | <u>Authorized Rate</u> |
|-------------------------------|---------------------|------------------------|
| Service Ordering | | |
| New & Moves | \$ 10.00 | \$ 12.50 |
| Record Change | 5.00 | 7.50 |
| Line Connection | | |
| C.O., per line | 5.00 | 12.50 |
| O.S.P. | 15.00 | 20.00 |
| Inside Wiring | 20.00 | 25.00 |
| Reconnect | 12.00 | 20.00 |
| Non-Sufficient Fund Checks | 5.00 | 7.50 |

Notification of California-Oregon proposed tariff revisions was mailed on December 13, 1985 to all customers, and to date no protests have been received by the Commission.

The Commission finds as facts that :

- a) The withdrawal of the four-party service and the upgrade of four-party customers to two-party service are to the benefit of the ratepayers.
- b) The elimination of the two-party mileage charges is to the benefit of the ratepayers.
- c) The limitation of two-party service within the base rate areas is reasonable.
- d) The cost based restructure of Multi-Element Service Charges is reasonable and that it will approximately offset the loss in revenues from the elimination of two-party mileage charges.

The Commission finds that the rates, charges and conditions authorized in this Resolution are just and reasonable and present rates, charges and conditions, as they differ from the rates, charges and conditions authorized in this Resolution are for the future unjust and unreasonable; and good cause appearing,

IT IS ORDERED that:

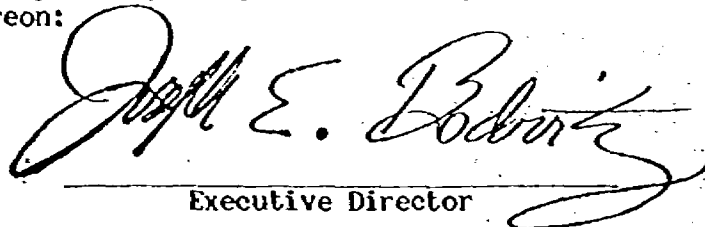
(1) Authority is granted to make the above revisions effective on April 21, 1986.

(2) Schedule Cal. P.U.C. No. AD, 3rd Revised Sheet 30 and 2nd Revised Sheet 31, Schedule No. AE-1, 4th Revised Sheet 2 and 6th Revised Sheet 3, Schedule No. AE-9, 3rd Revised Sheet 2, and Schedule No. AE-14, 3rd Revised Sheet 2 and Original Sheets No. 5, 6, 7 and 8 shall be marked to show that such sheets were authorized by Resolution of the Public Utilities Commission of the State of California No. T-11030.

The effective date of this Resolution is today.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular meeting of the Public Utilities Commission of the State of California, held on April 16, 1986, the following Commissioners voting favorably thereon:

DONALD VIAL
President
VICTOR CALVO
FRISCILLA C. GREW
FREDERICK R. DUDA
Commissioners


Executive Director