

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory & Compliance Division RESOLUTION T-14037
Telecommunications Branch January 24 , 1990

R E S O L U T I O N

RESOLUTION T-14037. GTE West Coast Incorporated (U-1020-C). Request authorization to establish a Basic Exchange Telecommunications Radio Service to provide network access service for Idlewild.

BY ADVICE LETTER No. 326, FILED ON SEPTEMBER 27, 1989.

SUMMARY

This resolution authorizes GTE West Coast (GTE West Coast) to establish a Basic Exchange Telecommunications Radio Service (BETRS) to provide network access service for the area known as Idlewild. GTE West Coast is currently serving six customers in this area with Guarantee Toll Station Service. One protest was received from a collective of residents in the Idlewild Area. The utility responded to the protest. The protest has been dismissed.

BACKGROUND

GTE West Coast filed Advice Letter No. 326 to make changes to its tariff sheets to reflect the establishment of BETRS for network access service for Idlewild. Idlewild is the area located approximately 20 miles northeast of Crescent City, Del Norte County. It is a mountainous and heavily forested region that is not within GTE West Coast's Territorial and Exchange boundary, but falls within its Toll Station Service Area boundary. There are currently six customers within this area who are receiving Guarantee Toll Station Service (toll service).

The service area is located inside Six Rivers National Forest. A two lane highway, Highway 199, passes through the service area, and it is along this highway that the Idlewild toll service line runs. This road is winding, narrow, hilly, and has places where no shoulders exist, just a steep downgrade. Because the territory is inside Six Rivers National Forest, the utility must seek U.S. Department of Forestry approval for any modifications or upgrades to its toll service line. The line is currently held by trees rather than telephone poles because the terrain makes it impossible to install poles, and because of restrictions imposed by the Department of Forestry on the installation of overhead lines and their detracting from the

natural scenery. The utility is permitted to use the trees because of a grandfathering clause. They had been given this permission before current requirements were imposed. Furthermore, before they could perform any kind of maintenance on their line that would require defacing the natural scenery, the utility needs to obtain permits from the Department of Forestry. The utility is limited in the number of alternatives available to them to improve service.

The toll service consists of three elements: a hand-cranked telephone to generate the calls; a switchboard which receives the calls; and an operator to route the calls. A call is initiated when the customer "cranks" the operator for assistance; the operator answers the customer's call by connecting the customer's line to the switchboard; the operator then routes the call through the switchboard to the proper destination.

There are a number of drawbacks to the system. The biggest ones are that only one customer can make a call at any time, and that other customers can listen in on any of the others' calls. In addition, GTE West Coast is incapable of providing the adequate operator service from any of its exchange areas, instead, contracting with AT&T for the use of its operator service in Oakland to direct Idlewild customers' calls. It was also the nature of the system that calls between one Idlewild customer and another were transmitted via an AT&T operator located in Oakland.

Another drawback to the system is maintenance. Maintenance of the toll service line can be dangerous and expensive. There are places along Highway 199 that are not wide enough for utility personnel to safely park his vehicle and perform necessary work. There are also places where the line goes over gorges and canyons which are not easily accessible from the side of the road. In addition, there is no automatic capability built within the circuit to detect service outages along the service line. If any service outages occur, the maintenance person is required to "walk the line" until the problem is discovered. Outages can occur in any number of ways: a branch can get caught in the line; animals could chew on the wire; or, as was the case in 1989, heavy snowfall can bring down the line. A customer indicated that they averaged 40 to 50 days of telephone service outage per year.

The system is antiquated, but has been the most cost effective way to provide any kind of telephone service in the area for over 20 years. The nature of Idlewild's environment and limited growth has made it difficult for the utility to install a more modern system and be adequately compensated for it. No new customers have been added for some time because the utility felt that any new addition will only further complicate and deteriorate the already inadequate and costly service. Idlewild does not come under any of GTE West Coast's franchised territories, making it difficult to improve existing service without greatly impacting the present customers.

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Two-way telephone service had been provided to these customers until the Loma Prieta Earthquake in October 17, 1989. The earthquake forced the building which houses AT&T's operator service center in Oakland to be condemned. Idlewild's two-way telephone service has since been non-existent. To remedy the situation, GTE West Coast installed a line from its central office in Everett, Washington to Idlewild. However, this line can only provide one-way service; Idlewild customers can call out, but they cannot receive calls.

AT&T does not know when they will be able to return to its Oakland building. They have also decided that it was not to the company's benefit to continue providing this costly toll operator service. GTE West Coast negotiated with Siskiyou Telephone Company for toll operator service and was able to enter into an agreement that resulted in the restoration of two-way service in January 10, 1990.

Through the years, GTE West Coast has been looking for ways to improve its telephone service to Idlewild. They have found a solution through the Basic Exchange Telecommunications Radio Service (BETRS). The BETRS system is an alternative for the provision of telecommunications service to areas where landline communications service would be difficult. It was developed primarily for rural areas and "hard to reach places." It differs from the conventional telephone in that the subscriber is not connected to the central office by wire, but rather, by radio frequency link. In its advice letter, GTE West Coast proposes to provide network access via radio from its Crescent City exchange.

Rates for this service will be: \$42.25 per month for business service, and \$32.65 per month for residential service. Because of the mountainous conditions and high costs involved in the implementation of this service, new customers will be charged 80% of engineering costs (the studies necessary to construct the system in the proposed location), not to exceed \$600.00; plus, 80% of actual incremental costs. In addition, the mountainous terrain may prohibit guaranteed service to prospective customers.

PROTESTS

A protest was filed with the Commission on October 16, 1989 from "Residents of Idlewild/Washington Flat Area," (Residents). The Residents' biggest complaint is the seemingly discriminatory rates set for new customers. New customers will be required to pay anywhere from \$8,000 to \$10,000 for service connection, while existing customers will be exempted from this cost. They feel that the nature of these connection costs will prohibit new customers from acquiring telephone service.

GTE West Coast responded to the protest on November 8, 1989. Idlewild customers do not reside in GTE West Coast's franchised territories, therefore, it would not be reasonable to impact all of GTE West Coast's customers in Del Norte County for the replacement of a telephone system away from the franchised

territory. The total cost the company will incur with the installation of this system is \$218,000. The rates have been designed so that existing Idlewild customers are protected from the full rate shock associated with the service replacement, at the same time the opportunity for new customers capable of covering a portion of the costs necessary to be added onto the system is available.

GTE West Coast's primary concern is to "create a rate structure which does not negatively impact rates for existing in-franchise customers of existing Idlewild customers".

DISCUSSION

As was previously stated in Background, Idlewild does not exist within GTE West Coast's Territorial and Exchange boundary, but is within its Toll Station Service Area boundary. GTE West Coast's argument that all its customers in Del Norte County should not be burdened with any system improvements of out of franchise customers is reasonable.

GTE West Coast's six customers reside with close proximity along Highway 199. These customers are concentrated primarily in four areas: Siskiyou Fork; Bar-O-Boys Ranch; Trout Haven; and Caltrans' Idlewild Maintenance Station. Except for the area known as Siskiyou Fork, these areas have ties to government agencies. Bar-O-Boys Ranch is a correctional facility for delinquent male minors that is subsidized by the state and Del Norte County, and Trout Haven is a former commercial fish hatchery that has been taken over by Bar-O-Boys with state funds to be part of the ranch's rehabilitation program. Caltrans is a state agency.

Within the Bar-O-Boys compound, there are approximately five homes. A representative of the utility indicated that these homes are single family dwellings that are owned by Bar-O-Boys to house the facility's counselors and their families. The facility has telephone service which is located in the compound's main office. Trout Haven is located along the Smith River, about a mile from Bar-O-Boys, and has telephone service. The Caltrans station is located off the side of the highway and represents the end of the Idlewild service territory. There is an office and three houses within this compound. The office and one of the houses have telephone service, while one other house has an extension from the office. There are currently four residences in Siskiyou Fork; two of which have telephone service. This area is located across the river from Bar-O-Boys and does not appear to have any potential for growth. The environment is such that new development would occur only if the federal government decides to sell its land.

The installation of a BETRS system would greatly enhance telephone service for present customers. It would eliminate the wireline altogether and bypass some of the strict requirements imposed by the Department of Forestry on the maintenance of the line and the protection of the natural scenery. With the exception of a handful of private homeowners, most of the

protestants rent homes provided by their employers, either Bar-O-Boys or Caltrans.

The utility stresses that the installation of a BETRS system does not automatically guarantee service availability to new customers. The feasibility of this service is greatly dependent on each home's location. If they happen to live on the side of a hill, on the bottom of a canyon, anywhere that would limit the flow of radio signals, service may not be provided. The reason for the high costs involved with new customers is due to the uniqueness of each home's location. It is a necessity to have a separate engineering study performed for each home to reflect the special circumstances presented by the environment. This also means that any additions to the system must be compensated with modifications to the utility's transmitter/receiver site, which increases the installation costs.

As a means of providing accessible service, the utility indicated that this system will have the capability for non-sent paid call radio telephones, similar to pay phones, to be installed in concentrated areas such as Bar-O-Boys Ranch or the Caltrans Maintenance Station. These are calls billed on one's credit card, be it a phone credit card or a personal credit card.

FINDINGS

- 1). We find the rates, charges and conditions of GTE West Coast West Coast's Advice Letter No. 326 to be just and reasonable.
- 2). The protest of Residents of Idlewild is dismissed.
- 3). Because the rates for new customers are high, the utility should offer alternatives for these new customers in paying these installation costs. Many of these prospective customers have indicated that the \$8,000 for installation would not be easily obtained. For example, the utility can prorate these costs over a period of five to 10 years at current interest rates, and offer these alternatives to the customers in relation to their income level. In addition, the customer should be able to review all costs associated with the installation of service.
- 4). The utility should further study the installation of these non-sent paid telephones, either publicly or privately-owned, and provide the Commission justification regarding their ability or inability to provide this service in those concentrated areas where non-customers reside, like the Bar-O-Boys compound. If the provision of this service is found to be feasible, the utility should submit a proposal to the Commission regarding the installation of these non-sent paid telephones, sixty days after this resolution comes into effect.

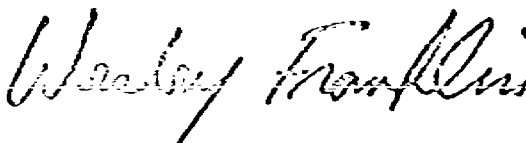
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THEREFORE, IT IS ORDERED that:

1. The request by GTE West Coast to install a Basic Exchange Telecommunications Radio Service to provide network service for the area known as Idlewild is approved.
2. GTE West Coast shall proceed with obtaining the necessary contracts and requirements associated with the implementation of this service.
3. GTE West Coast shall file by proposal, tariffs that present alternatives of payment for new customers, sixty days after this resolution comes into effect.
4. GTE West Coast shall provide the Commission with the results of their study regarding the feasibility of the installation of non-sent paid radio telephone service sixty days after this resolution comes into effect.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 24, 1990. The following Commissioners approved it:

G. MITCHELL WALK
President
FREDERICK R. DUDA
STANLEY W. RILEY
JOHN B. GRANAN
PATRICIA M. ECKERT
Commissioners



Wesley Franklin
Acting Executive Director