

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14646
Telecommunications Branch November 6, 1991

R E S O L U T I O N

RESOLUTION T-14646. REQUEST OF CONTINENTAL TELEPHONE COMPANY OF CALIFORNIA (CONTEL) TO ESTABLISH THE SEA RANCH DISTRICT AREA WITHIN THE TIMBER COVE EXCHANGE, AND REQUEST OF PACIFIC BELL (PACIFIC) TO ESTABLISH GUALALA AND ANNAPOLIS LOCAL CALLING TO CONTEL'S SEA RANCH DISTRICT AREA.

BY CONTEL ADVICE LETTER NO. 917A, FILED ON MAY 27, 1991;
AND BY PACIFIC ADVICE LETTER NO. 16055, FILED ON
SEPTEMBER 5, 1991.

SUMMARY

This resolution authorizes Continental Telephone Company (Contel) to establish the Sea Ranch district area. This resolution also authorizes Contel and Pacific Bell (Pacific) to establish a local calling area between the Gualala and Annapolis exchanges and the new Sea Ranch district area. This authorization results in increased toll mileage measurements between Sea Ranch and ten (10) exchanges located within forty (40) miles of the newly established Sea Ranch district area, increasing toll charges for customers calling between Sea Ranch and these affected exchanges.

BACKGROUND

Contel filed Advice Letter No. 917 on April 26, 1991 requesting authority to convert the Sea Ranch Special Rate Area (SRA) into a separate exchange. Advice Letter 917 stated that by establishing a new Sea Ranch exchange, the communities of Annapolis and Gualala would become part of Sea Ranch's local calling area.

On May 27, 1991, Contel filed Supplement A cancelling its request to establish a new Sea Ranch exchange, and instead requesting the establishment of the Sea Ranch district area within the existing Timber Cove Exchange. Contel stated that by making Sea Ranch a district area instead of a separate exchange, the impact on statewide toll rates would be minimized. Supplement A to Advice Letter 917 further requested that calls

between the Sea Ranch district area and the Timber Cove rate center continue to be treated as local calls.

Pacific filed Advice Letter No. 16055 on September 5, 1991, requesting to amend its local calling area plans and establish Sea Ranch as a rate point within the Timber Cove exchange. Because the distances between the new Sea Ranch rate point and Pacific's Gualala exchange, and between Sea Ranch and the Annapolis exchange are less than twelve (12) miles, Pacific proposes to treat calls from Sea Ranch to these exchanges as local calls. Customers served by the Gualala and Annapolis exchanges will have 90 days to change between flat rate and measured rate service without charge.

On September 26, 1991, Contel filed Supplement B to Advice Letter No. 917 listing exchanges for which calls to and from Sea Ranch would experience rate increases. Under Contel's proposal described in Supplement A to its Advice Letter No. 917, calls between Sea Ranch and ten (10) exchanges located at distances of greater than twelve (12) miles and less than forty (40) miles from the newly established Sea Ranch district rate point would become toll calls. The toll routes which will experience increased charges on calls to or from Sea Ranch are:

<u>TOLL ROUTE (Sea Ranch to/from...)</u>	<u>AFFECTED COMPANY</u>
Bodega Bay	Pacific Bell
Cazadero	Contel
Forestville	Pacific Bell
Gurneville	Pacific Bell
Healdsburg	Pacific Bell
Monte Rio	Pacific Bell
Occidental	Pacific Bell
Sebastopol	Pacific Bell
Valley Ford	Pacific Bell
Windsor	Pacific Bell

The creation of the Sea Ranch district area will cause calls to (or from) the exchanges listed above from (or to) Sea Ranch to fall in the next higher rate band (i.e., from rate band six (6) to rate band seven (7), for example). A comparable number of exchanges located more than twelve (12) miles, and less than forty (40) miles from the Sea Ranch district area will experience decreased toll charges.

Pacific estimates an annual revenue decrease of \$2,456 resulting from toll rate changes caused by establishing the Sea Ranch district area. Contel estimates that the annual revenue effect resulting from this change will be a decrease of \$60,300 due to toll rate changes, and from providing local calling between Sea Ranch and the communities of Annapolis and Gualala. The total revenue effect estimated for Pacific and Contel is a decrease of \$62,756.

PROTESTS

Notice of Contel's Advice Letter No. 917A was published in the Commission Calendar on May 31, 1991. Notice of Pacific's Advice Letter No. 16055 was published in the Commission Calendar on September 12, 1991. Notice of Contel's Advice Letter No. 917B was not published in the Commission's Daily Calendar. However, customers in the affected Contel and Pacific exchanges were notified by mail of the proposed local calling and toll charge changes.

The Commission Advisory and Compliance Division (CACD) received no protests to Contel Advice Letter Nos. 917A and 917B. The CACD received one protest to Pacific's Advice Letter No. 16055 from Ms. Esther Rhodes. This protest was received timely, however, the protest failed to satisfy the requirements of General Order 96-A, Section III. H. in that it did not "set forth specifically the grounds upon which the protest is based..."

Pacific Bell informed the CACD by letter on October 10, 1991, that in addition to the protest received by CACD, Pacific received two other protests to Advice Letter No. 16055 from Suzie Ussery-Kelley and Teresa Saluzzo. The two protests received by Pacific failed to comply with provisions of General Order 96-A, in that the CACD did not receive timely copies of these protests. Nonetheless, Pacific submitted its reply to these protests to the CACD on October 10, 1991, and CACD considered these protests and Pacific's reply.

The protests filed by Pacific customers from the communities of Occidental and Windsor oppose toll charge increases for calls to Sea Ranch. Pacific states several reasons in its reply why it believes the creation of a Sea Ranch district area provides the best solution for serving customers in that area.

Pacific states that creation of the Sea Ranch district area permits local calling between Sea Ranch and the communities of Annapolis and Gualala. Pacific believes that this change merely acknowledges the broad communities of interest which exist between the residents of these neighboring communities. Pacific further indicates that the request to create the Sea Ranch district area was in response to customer requests that Sea Ranch be included in the Gualala and Point Arena local calling areas.

Pacific states that the current request to establish a district area for Sea Ranch is preferable to Contel's original plan to split the Timber Cove exchange and establish a new exchange at Sea Ranch. Pacific estimates an annual revenue loss of \$40,353 would result from creating a new exchange, while creation of the Sea Ranch district area results in an estimated annual revenue loss of \$2,456.

Pacific notes that the number of customers potentially experiencing a toll charge increase on calls to and from Sea

Ranch is approximately equal to the number of customers potentially experiencing a decrease in charges on toll routes within forty (40) miles of Sea Ranch.

DISCUSSION

Contel filed Advice Letter No. 917 on April 21, 1991, requesting to establish Sea Ranch as a new exchange area. Advice Letter No. 917 states that a very high community of interest exists between Sea Ranch and the communities of Annapolis and Gualala (communities presently rated as toll calls from Sea Ranch's Timber Cove rate center). Advice Letter 917 further states that a very low community of interest exists between Sea Ranch and Cazadero, a community presently included in Sea Ranch's local calling area because of its proximity to the Timber Cove rate center.

Contel states that by establishing a new Sea Ranch exchange, the communities of Annapolis and Gualala would become part of Sea Ranch's local calling area, while calls between Sea Ranch and Cazadero (a distance of greater than twelve miles) would become toll calls.

Advice Letter No. 917A withdrew Contel's request for a separate exchange area because creation of a separate exchange would require establishment of new toll rates to and from Sea Ranch from every exchange area in the state. Advice Letter No. 917A instead requested establishment of Sea Ranch as a district area within the Timber Cove exchange, thereby eliminating the need to establish new statewide toll route measurements to the Sea Ranch area.

Because Contel proposes to establish a district area instead of creating a new exchange for Sea Ranch, only toll routes which are less than forty (40) miles from the Sea Ranch district area will be affected. Routes less than twelve (12) miles from the Sea Ranch district area will be treated as local calls pursuant to D.89-10-031, as modified by D.91-04-031. Toll routes greater than forty (40) miles from the Sea Ranch district area will continue to be rated from the Timber Cove rate center pursuant to Commission Resolution T-1091, and customers on these routes will not experience increased charges on calls to or from Sea Ranch. Routes greater than twelve (12) miles, and less than forty (40) miles from the Sea Ranch district area will experience toll charge changes (increases and decreases) as explained below.

If an exchange has been divided into district areas, Commission Resolution T-1091 authorizes Pacific (and companies concurring in Pacific's tariff schedule CAL. P.U.C. No. A6.2.1.A.4.a) to compute toll rate mileage using the distance between the district area rate point and the rate center of the other (calling or called) exchange, except when such mileage exceeds forty (40) miles.

When the distance between the district area rate point and the rate center of the other (calling or called) exchange exceeds forty (40) miles, toll rate mileage is computed from the exchange rate center (rather than the district area rate point) to the other point. Therefore, only toll routes within forty (40) miles of (and greater than twelve (12) miles from) the newly created Sea Ranch district area will experience changes.

Pacific's Advice Letter No. 16055 concurs with Contel's request to establish the Sea Ranch district area and requests establishment of Gualala and Annapolis local calling to Sea Ranch district area. Pacific states that its request would decrease its annual revenues by \$2,456.

Contel estimates a decrease in its annual toll revenue of \$60,300 resulting from establishing a local calling area between the Sea Ranch and the Annapolis and Gualala exchanges, and from new toll mileage measurements between the Sea Ranch district area and exchanges within forty (40) miles of the Sea Ranch district area.

The requests made by Advice Letter Nos. 917A and 16055 were made in response to requests for local calling to Sea Ranch from customers in the surrounding exchanges. Because of the strong community of interest between the Sea Ranch community and the communities of Annapolis and Gualala, and because Annapolis and Gualala are within twelve miles of Sea Ranch, creation of the Sea Ranch District Area and establishment of local calling between these communities are appropriate and reasonable.

The request to establish the Sea Ranch district area is the most efficient and cost effective means to establish local calling between Sea Ranch and the communities of Annapolis and Gualala, because it eliminates the need to establish statewide toll mileage to Sea Ranch and it minimizes revenue losses to Pacific. While some customers within forty (40) miles of Sea Ranch will experience increased charges on calls to Sea Ranch, other customers within forty (40) miles of Sea Ranch will experience reduced charges.

Pacific estimates that approximately 44,000 customers are located in areas which will experience a price increase on calls to Sea Ranch. About 1,330 of these customers regularly make calls to the Sea Ranch area. Approximately 22,000 customers are located in areas which will experience a price decrease on calls to Sea Ranch. About 1,134 of these customers regularly make calls to the Sea Ranch area.

Pacific and Contel have received numerous requests to establish local calling in the Sea Ranch area. These requests prompted Contel's Advice Letter No. 917 (and supplements) to establish the Sea Ranch District area. Of the approximately 1,330 customers who regularly call the Sea Ranch area who will experience increases in the cost to call Sea Ranch, three (3) customers filed protests. In considering the instant request, we believe the net benefits of providing local calling to those

in the Sea Ranch community of interest is greater than the net costs to those customers experiencing price increases on calls to Sea Ranch who are located less than forty (40) miles but greater than twelve miles from Sea Ranch.

Pacific will advise customers in Gualala and Annapolis exchanges and Contel will advise customers in the Sea Ranch District Area of the new local calling areas by mail upon Commission approval of this resolution. Pacific and Contel will notify the customers in their respective affected exchanges (and in the Sea Ranch district area) of the toll charge increases resulting from establishing the Sea Ranch district area.

FINDINGS

1. Contel's request to establish Sea Ranch as a district area within the Timber Cove Exchange will eliminate the need to establish statewide toll mileage for traffic to and from Sea Ranch that would be necessitated by the creation of a new exchange for the Sea Ranch area.
2. Because there is a strong community of interest between the Sea Ranch community and the communities of Annapolis and Gualala, creation of the Sea Ranch district area and establishment of local calling between these communities are reasonable and should be approved.
3. Establishment of the Sea Ranch district area will result in toll mileage increases and decreases on routes greater than twelve (12) miles, and less than forty (40) miles from the Sea Ranch district area.
4. The net benefit resulting from providing local calling to customers in the Sea Ranch, Annapolis, and Gualala areas appears to be greater than the net costs to those customers experiencing increases on calls to Sea Ranch who are located less than forty (40) miles but greater than twelve miles from Sea Ranch.
5. Pacific Bell's request to concur with Contel's request and establish local calling of calls between Sea Ranch and its Gualala and Annapolis exchanges is reasonable and should be approved.

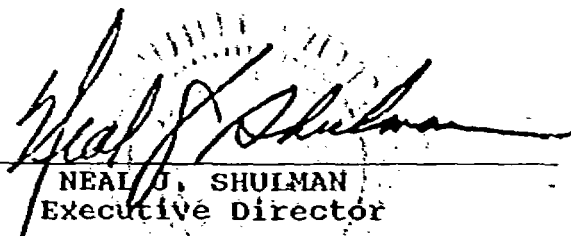
THEREFORE, IT IS ORDERED that:

1. Continental Telephone Company's request to establish the Sea Ranch district area in accordance with Resolution T-1091 with local calling to Pacific Bell's Gualala and Annapolis exchanges is granted.
2. All tariff sheets under Advice letter No. 917A shall be marked to show that such sheets were authorized by this Resolution and on its effective date.

November 6, 1991

3. Pacific Bell's request to make local calling of calls between Contel's Sea Ranch district area and the Gualala and Annapolis exchanges is granted.
4. The protests of Esther Rhodes, Suzie Ussery-Kelley, and Teresa Saluzzo are denied.
5. All tariff sheets under Advice letter No. 16055 shall be marked to show that such sheets were authorized by this Resolution and on its effective date.
6. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 6, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners