

Decision No. 12716

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

City of Glendale, a municipal
corporation,

Complainant,

vs.

The Pacific Telephone and
Telegraph Company, a corporation,
Defendant

ORIGINAL

Case No. 1494

Hartley Shaw, for City of Glendale,

Arthur Wright, James T. Shaw and
Pillsbury, Madison and Sutro, for
The Pacific Telephone and Tele-
graph Company.

BY THE COMMISSION:

O P I N I O N

This is a proceeding in which complaint has been filed with the Railroad Commission by the City of Glendale, a municipal corporation, against the establishment by The Pacific Telephone and Telegraph Company, of toll rates for telephone service between its local exchange in Glendale and the Los Angeles exchange of the Southern California Telephone Company. The matter came on for public hearing in the City of Los Angeles on March 17, 1921, and was thereupon submitted. The subject matter involved in this complaint affects directly the monthly

local exchange rates and the local service of both of these exchanges, owned and operated by two different telephone companies, as well as the toll service and rates against which the complaint is directed. The monthly local exchange rates and service of Southern California Telephone Company in the City of Los Angeles were before the Commission in another matter at the time of the hearing in this matter and in view of these facts a decision disposing of the complaint of the City of Glendale has been necessarily deferred. The matter of rates in Los Angeles having been covered by a separate order, this matter is now ready for decision.

The complaint of the City of Glendale is substantially to the effect that prior to a consolidation of two competing telephone systems which were operating at Glendale, which consolidation was brought about through the purchase, authorized by the Railroad Commission, of the property of the San Fernando Valley Home Telephone Company in Glendale by The Pacific Telephone and Telegraph Company, certain free switching was permitted between Glendale and Los Angeles; that thereafter, to wit, during the period of Federal control and operation of the telephone and telegraph systems of the United States, said free switching was discontinued and toll switching rates were made effective between the two exchanges. The relief sought is abrogation of the toll charge.

Glendale is a city of approximately 13,500 population, as shown by the last official census, and an estimated present population of approximately 17,000 or 18,000. The local telephone exchange serves approximately 5,000 subscribers at the present date. It is situated about seven miles, airline between postoffices, from Los Angeles. Complainant alleges that a large percentage of the city's residents are employed or engaged in business in Los Angeles and travel daily between the two communities, but definite statistical data has not been presented in support of this claim. It is

urged, however, that these interests justify the elimination of toll switching charges. Testimony was offered showing the cost of service to Los Angeles for various individual subscribers, purporting to show that the cost resulting from the toll charge is excessive, and it is claimed that a majority of the business people are made to suffer by reason of a toll charge being imposed.

As opposing these claims of complainant, defendant has attempted to show that as to the alleged excessive cost of service, instances in which the amount paid by subscribers has been, or is, appreciably high are confined to a very limited number of cases in which the actual use of the service has been, or is, abnormal and that, as to the normal average use of the service, the restoration of free switching would necessitate an increase in monthly local exchange rates, resulting in a shifting of the cost to a majority of the subscribers out of all proportion to its actual normal average use. In support of these representations of defendant, exhibits were introduced in evidence showing the comparative use of the service by all subscribers during what is stated to be a typical month and showing net operating losses during the two years preceding the hearing on the city's complaint. Testimony was also submitted to the effect that a return to free switching would increase annual operating charges approximately \$58,000.00 and require additional capital expenditures of approximately \$274,000.00.

The City of Glendale is so situated with reference to the City of Los Angeles, and the same fact holds true in greater or less degree as to other similarly located communities adjacent to the City of Los Angeles, that its various business,

social and other interests are unavoidably more or less associated with those of the latter city. It has its separate business and other institutions, however, in its stores, banks, schools, libraries, hospitals, churches, theatres and doctors, and is not dependent on Los Angeles in these matters. It does not appear, therefore, that there is a community interest existing here justifying the elimination of toll switching rates. On the contrary, the restoration of free switching to and from Los Angeles would divert business from Glendale to Los Angeles and it is no doubt a fact, as claimed by defendant, that the restoration of free switching would necessitate substantially increasing existing local exchange rates. While, according to the testimony of witnesses appearing for complainant there is a considerable sentiment for the elimination of tolls, it is also protested by a considerable number of the business interests of Glendale.

The rate against which complainant protests is 10%, this rate having been established in conformity with the uniform establishment of similar rates for similar service at other points similarly situated. Counsel for complainant urged at the hearing, if the Commission may conclude that the toll rate should not be abolished, that a reduction in the amount of the rate be made. Since the present rate conforms to the uniform schedule of toll rates now effective throughout the State, to accede to such change would, at once involve a similar modification of the general toll rate schedules, a modification which has not been justified by any showing which has been made in this case.

The following Order is recommended.

O R D E R

Complaint having been filed with the Railroad Commission by the City of Glendale, Complainant, vs. The Pacific Telephone and Telegraph Company, Defendant, seeking an order of the Commission abolishing the collection of toll charges for telephone service between the cities of Glendale and Los Angeles, a public hearing having been held, the matter having been submitted and being now ready for decision, and it appearing to the Commission, as set forth in the Opinion preceding this Order that the collection by defendant of toll charges for telephone service between said cities is justified and reasonable,

IT IS HEREBY ORDERED that the complaint herein be, and it is, hereby dismissed.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 16th
day of October, 1923.

C. A. Sawyer
H. K. Brundage
Irving Martin

J. T. Whittier
Commissioners.