

Decision No. 12876

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of Western Union Telegraph Company, a corporation, to increase certain rates for the transmission of intrastate press dispatches.

Application No. 7133.

Beverly L. Hodghead, for the Applicant.  
H. W. Norton, for the San Francisco Newspaper Publishers Association, Los Angeles Publishers Association and the Oakland Publishers Association, Protestants.  
H. J. McClatchy, for the Sacramento Newspaper Publishers Association, Protestants.  
W. P. Lyon, for the Mercury Herald of San Jose, Protestant.  
George S. Squires, for the California Press Association, Protestant.

BY THE COMMISSION:

O P I N I O N

Western Union Telegraph Company, applicant in this proceeding, requests this Commission for an order authorizing it to increase the rates and tolls upon intrastate press dispatches in the same ratio or percentage as has been authorized and allowed by the Federal Government in respect to commercial messages and to establish rates for such intrastate press dispatches equal to  $1/3$  and  $1/6$  of the charge of commercial day and night press dispatches respectively.

Hearings were held in this proceeding on January 5, January 21, February 2nd and 9th, 1922, before former Commissioner H. Stanley Benedict. On May 1st and 2nd, 1923, this proceeding

was reopened for argument before the Commission en banc at which later date the matter was submitted.

The Federal Government took over the control of telephone and telegraph utilities in the United States on August 1, 1918. On April 1, 1919, the Postmaster General issued an order increasing the rates and tolls upon all commercial messages transmitted by telephone and telegraph companies 20 per cent over the rates for similar messages in effect prior to that time. No increase of any amount was made in the rates for press dispatches. On July 31, 1919, the telephone and telegraph companies were released from Federal control. On August 1, 1919, this Commission issued its General Order No. 56, continuing in effect all rates and charges which were established during Federal control and in effect at Midnight of July 31, 1919, for service rendered by the Western Union Telegraph Company between points within the State of California until changed by the Commission. Case No. 1355 was then instituted upon the Commission's own initiative to determine the reasonableness of such rates, rules and regulations. Decision No. 9180 in this case was issued on June 29, 1921, and found that the rates and charges and rules and regulations of the Western Union Telegraph Company for telegraph service rendered within the State of California were just and reasonable and the complaint was dismissed. The present rate for the Western Union Telegraph Company for the transmission of intrastate day and night press dispatches is  $1/3$  and  $1/6$  respectively of the additional word rate applying to the full commercial day message in effect prior to July 31, 1919. Due to the different rates for different zones into which California is divided, the present effective rate for day press dispatches will vary from a minimum of two-thirds of a cent per word to one cent per word, and for night press dispatches from one-third of a cent per word to  $\frac{1}{2}$

cent per word.

Applicant in its petition asks that these charges for day and night press dispatches be increased and made equal to  $1/3$  and  $1/6$  respectively of that charge applicable to the same message computed at the present full commercial day rate. . The increase of the proposed rates over those now in effect will vary both with the number of words and distance transmitted. The increase of an average press dispatch will vary in general from 20 to 30 per cent.

Counsel for petitioner in his presentation to the Commission called attention to the fact that the Interstate Commerce Commission has authorized for interstate press messages the same increase now sought for intrastate press messages; that in 27 of the states similar increases for intrastate press business have been authorized by the state regulatory bodies and urged that in the interest of uniformity in rates, rather than in the interest of increased revenues, the same ratio of increase that was authorized for commercial messages should be authorized also for press dispatches. There was offered in evidence by applicant a statement of the operating receipts and expenditures for the nine months ending September 30, 1921, showing excess receipts over expenditures of \$1,828,994, covering intrastate and interstate business. A segregation of the receipts and expenditures shown in this statement is made between interstate and intrastate business showing a deficit from intrastate operations of \$2,302.00. It contains also an estimate, purporting to show that if the proposed press rates had been in effect during the nine month period ending September 30, 1921, the additional revenues would have been \$5,181.00, and instead of the intrastate operations showing a deficit there would have been a net operating income

of \$2,879.00.✓

In the Commission's Decision No. 9180, authorizing a continuance of the rate made effective during Federal control, it is pointed out that the business of the Western Union Telegraph Company in California, being both interstate and intrastate in character, all of its facilities for conducting its business, its plant and property and working funds, are used jointly for both interstate and intrastate business, and only a portion of its revenues and expenses arise directly from its intrastate business and that the amounts so arising can be determined only by apportionment. The results shown in the exhibit previously referred to, both as to receipts and expenditures, and as to the value of plant and property devoted to intrastate business, are based upon the method of apportionment adopted by petitioner for the purposes of this proceeding in which Decision No. 9180 was issued. No showing was made in this proceeding that the proposed press rates are justified. The amount of press telegraph tolls is shown by applicant, but neither the expenses of handling press business nor the value of the plant devoted to its use, as distinguished from other classes of its service, has been shown.

It was urged by petitioner that the increase is desired primarily on the grounds of uniformity in rates, rather than for the purpose of the increase in revenue which will result. The applicant has made no attempt to show that the press rates, as compared with the rates for other classes of service, <sup>un</sup>are reasonable, or that the present spread of rates results in discrimination between the various classes of service. The increase

which will result if applicant's request is granted will not be uniform, but will vary, depending upon the length of the message and the distance transmitted and in many instances the increase will be considerably in excess of 20 percent.. the increase which was previously granted the Western Union Company by the Federal Government. If applicant's request was granted the rates for press dispatches would not be uniform throughout the country, as the record shows that the proposed rates have been made effective in only 37 of the states. It appears that applicant's request should be denied.

#### O R D E R

Western Union Telegraph Company, having made application requesting the Railroad Commission for an order authorizing it to increase the rates and tolls for press dispatches within the State of California equal to those as set forth in its Exhibit A, attached to this Application, and described in the opinion preceding this order. public hearings having been held, and the matter having been submitted and now ready for decision, the Railroad Commission of the State of California hereby finds as a fact that the increase in rates for press dispatches as requested is not justified.

Basing its order on the foregoing finding of fact and other findings contained in the Opinion preceding

this Order.

IT IS HEREBY ORDERED that the application of Western Union Telegraph Company for an increase in rates applicable to press dispatches be and the same is hereby denied.

Dated at San Francisco, California, this 28<sup>th</sup> day of November, 1923.

W. H. Seavey

H. V. B. Burdick

Irving Martin

Eugene Shaw

J. M. Whittier  
Commissioners