

ORIGINAL

Decision No. 18003.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
the FARMINGTON TELEPHONE ASSOCIATION
for authority to abandon telephone
service in the area in and around
the Town of Farmington, San Joaquin
County, California.

Application No. 12579.

J. J. Deuel, for Applicant.
J. G. Marshall, for The Pacific Telephone
and Telegraph Company.

BY THE COMMISSION:

O P I N I O N

This is a proceeding in which Farmington Telephone Association, hereinafter sometimes called the Association, requests authority to abandon telephone service in the area in and around the Town of Farmington, all in San Joaquin County.

A public hearing was held in this matter before Examiner Satterwhite at Stockton on September 3, 1926, at which time and place the matter was submitted for decision.

Applicant maintains a switchboard in the Town of Farmington where local switching is performed and where connections are made to the long distance lines of The Pacific Telephone and Telegraph Company for service to outside points.

The Association began operations as a farmer line association which secured switching service at the central office of The Pacific Telephone and Telegraph Company, in the Town of Farmington. On July 18, 1913, The Pacific Telephone and Telegraph

Company and Farmington Telephone Association made a joint application for permission for the former to withdraw from and the latter to enter certain territory in and adjacent to the Town of Farmington as an operator of a telephone system. This application was granted and since that time the Association has been rendering local exchange telephone service in that territory.

The President and Secretary of the Association gave testimony at the hearing regarding the past and present condition of its lines, equipment and financial resources.

Applicant offered as its Exhibit No. 1 a copy of its By-Laws, which indicated that each member should pay his proportion of the cost of construction and maintenance of the telephone system, and establishing Rules and Regulations for the administration of the business.

The original cost of the switchboard was twelve (12) dollars and fifteen (15) cents to each member of the Association. All lines and telephone instruments were already the property of the members of the Association since its former operations had been on a farmer line basis.

The original monthly charge per member-subscriber was fifty (50) cents which, with occasional assessments and thirty (30) per cent commission from The Pacific Telephone and Telegraph Company on all outgoing toll messages, constituted the entire revenue of the Association. The monthly charges were increased from time to time. At the date of the hearing in this matter, members having individual line service paid three (3) dollars per month, those having two-party service paid two (2) dollars and fifty (50) cents per month and all others paid two (2) dollars per month.

Applicant's Exhibit No. 2, a copy of the minutes of the several meetings of the Association, as written by its Secretary,

indicated that, at times, the outside lines were repaired at the expense of the Association and, at other times, by the members served by such lines as needed repairs. There is no indication that the matter of depreciation ever had been considered or that any provision had been made at any time for major replacements of plant.

It is evident that the property has been deteriorating while the member-subscribers have been receiving telephone service at a low monthly charge. Evidence was given that the entire plant needs to be rebuilt and that the Association has no surplus accumulated for that purpose. The raising of the monthly charges to members and the lowering of the cost of shares in the Association have brought no relief. Witnesses stated that, on account of the financial inability of some members and unwillingness of others, they believed that the Association's operations can not be placed on a self-supporting basis for future service.

The question of whether the Association is a mutual organization or a public utility was raised at the hearing. Regardless of the status of the Association as to its public relations, all testimony given shows that the users of the service desire to abandon it on account of its inadequacy, and no decision upon this phase of the matter need be made. Abandonment of operations by the Association may leave the community, for a time at least, without telephone service. The possibility of this result was brought to the attention of members of the Association who gave testimony or were in the hearing room, but no objection was made to the granting of the application; and on this account and for the reason that the subscribers to telephone service in the community are also the members of the Association, the application should be granted and the order following will so provide.

ORDER

Farmington Telephone Association, having made application to the Railroad Commission for authority to abandon telephone service in the area in and around the Town of Farmington, a public hearing having been held and the matter being now ready for decision,

The Railroad Commission hereby finds as a fact that applicant in this proceeding should not be required to continue the operation of its telephone system.

Basing its Order on the foregoing finding of fact and upon other findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Farmington Telephone Association be, and it is hereby authorized to abandon all its telephone operations from and after March 1, 1927.

The authorization herein contained is conditional upon abandonment of service being completed on or before April 1, 1927.

For all other purposes the effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 14th day of

February, 1927.

Ernest West
H. K. Brundage
C. Seamy
Leon Whitell

Commissioners.