

Decision No. 13308.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of
 POMONA VALLEY TELEPHONE AND TELEGRAPH
 UNION, and ONTARIO AND UPLAND TELEPHONE
 COMPANY for authorization to discon-
 tinue so-called free service now being
 rendered between the exchange systems
 of Pomona Valley Telephone and Tele-
 graph Union, and Ontario and Upland
 Telephone Company, and to make effect-
 ive in lieu thereof standard interex-
 change rates as now on file with the
 Commission for the service involved.

ORIGINAL

Application No. 13308.

- R. K. Pitzer and Ernest Irwin, for Pomona Valley Telephone and Telegraph Union.
- R. C. Homan, for City of Chino.
- J. G. Marshall, for Ontario and Upland Telephone Company.
- Frank Forester, for Knights of Pythias of Pomona.
- A. V. Storer, for merchants of Pomona.
- E. H. Jolliff, City Attorney of Ontario, for City of Ontario.
- Vincent G. Lucas, for users of telephone service of Ontario and Upland Telephone Company.
- J. V. Fugate, for Chino Chamber of Commerce.
- Ernest Irwin, for California Independent Telephone Association.

WHITSELL, COMMISSIONER:

O P I N I O N

In this application the Pomona Valley Telephone and Telegraph Union and the Ontario and Upland Telephone Company joined in a request to the Commission for authority to discontinue so-called free service between the telephone systems of the two utilities.

A hearing in the matter was held in the City of Chino on December 17, 1926, and an adjournment was taken until February 15, 1927, when the proceeding was consolidated with Application No. 12863; hearings therewith being held on March 15, 16 and 17, 1927, at Pomona, on which latter date it was submitted for decision.

This same matter was previously before this Commission in Application No. 11480, which was submitted for decision on November 24, 1925.

In its Decision No. 15984, the Commission ordered the discontinuance of the so-called free service on and after March 1, 1926, and the furnishing by The Pacific Telephone and Telegraph Company of "station-to-station" toll service between Chino and the cities of Upland and Ontario at an initial rate of five cents (5¢) per message.

On February 27, 1926, the Commission received a petition from interested parties in Ontario and Upland requesting a rehearing in the matter, which was granted and a rehearing was held in the City of Ontario on March 15, 1926. In its Decision No. 16316, dated March 29, 1926, the Commission voided and set aside its Decision No. 15984.

Evidence in the present proceeding indicates that the so-called free service was begun about the year 1908 when there were some two hundred (200) subscribers' services connected to the Chino Exchange and about the same number to the Ontario Exchange. As of March 1, 1927, there were some seven hundred (700) stations connected to the Chino Exchange or zone and some four thousand three hundred (4300) stations connected to the Ontario and Upland Exchanges. The so-called free service is furnished over two metallic lines, one of which is available for Chino to Ontario-Upland calls and the other for Ontario-Upland to Chino calls. Applicants stated that they desired to cut these two lines at the common boundary of the Chino zone and Ontario Exchange and to use such severed lines for local services. The evidence in this matter is comprehensive in extent,

embracing testimony and exhibits by applicants, pleadings made at the hearings by attorneys for protestants and all evidence in Application No. 11480. After submission, briefs were filed by certain of the interested parties.

Tests of the service over the so-called free service lines showed that but 39% of the Chino subscribers and 10.2% of the Ontario and Upland subscribers used the service. Studies for other periods showed that from 1.24 to 2.02% of the total calls originated in Ontario were destined to Chino; .45 to 1.21% of the total calls originated in Upland, which is farther from Chino, were destined to Chino; 6.4% of the total Chino calls were destined to Ontario and 1.8% were to Upland. An Exhibit of the Ontario and Upland Company showed that for the period of the test no calls were made to Chino from 55.7% of the Ontario lines and none were made to Chino from 67.4% of the Upland lines. The results show that but a small percentage of the telephone subscribers in Chino, Ontario and Upland avail themselves of this service to any considerable extent.

Studies of the volume of telephone traffic show that Chino has more calls destined to Pomona than to Ontario-Upland, and that the Chino to Upland telephone traffic was very much less in proportion than that to Ontario. The Chino telephone traffic outgoing to the other zones of the Pomona Company is greatest to Pomona and less to Claremont, La Verne and San Dimas, with the decrease in the order given. It should be noted here that the distances between these points increase in the same order.

The original cost and carrying charges of the

facilities necessary for this service are borne by all telephone subscribers in these communities for the benefit of the few who use it, and so long as there is no charge per message for the service there appears no feasible plan whereby this result can be changed.

The Pomona Union estimated that the additional circuits necessary for this service would cost it some \$3,600., and it was estimated that the Ontario and Upland Company would be required to expend approximately \$1,800., for additional facilities if more circuits were to be installed. In addition to the first cost of these proposed new facilities there would result increased expenses for maintenance and other operations.

There is reason to believe that the best grade of service cannot be given over lines when there are two separate and distinct corporations owning and operating them. In the case before us we find that the Ontario and Upland Company is a part of The Pacific Telephone and Telegraph System and a "Bell" company. The service rendered by this applicant is "manual" in which the call is accepted and completed and the equipment is restored by operators. The Chino service is "auto-manual" in which the calls are accepted and completed by operators by means of machine-switching apparatus and in which the restoration of the connecting apparatus is performed automatically. Many physical operations are different for the two companies and the facility specifications and the operating practices are different. Neither can hope to interfere with the method adopted by the other for handling its

share of this divided operation. It will be noted that when good performance on joint responsibility is found there must be considerable incentive so to perform well. We would feel more certain of good telephone service being given between two communities if the participating operating companies would receive compensation for each call completed and an expense without revenue when calls were not completed instead of greater expense when more calls were offered as is true in the case before us.

Those relatively few Chino and Ontario and Upland subscribers who have used this service in the past should not be greatly inconvenienced since an adequate toll service with small message charge will replace it. A toll service has been and is in effect between these exchanges and has been considerably used. Those subscribers of the two companies residing near the common boundary of the exchanges may be discriminated to some extent yet such a condition might exist on account of any boundary which might be set. The parties to this application should immediately confer with such residents in order to relocate this dividing line so that the greatest number of the subscribers in that locality may be best served.

The Ontario and Upland Company contends that to provide Chino with this so-called free service to Ontario and Upland, while denying it to Claremont and other of the cities of the Pomona Valley Union system apparently is discrimination. If this be true, the rate applicable for toll service between the exchanges or zones of the Ontario and Upland Telephone Company and the Pomona, Claremont, La Verne and San Dimas zones of the Pomona System should be the same as for toll service between Ontario and Upland exchanges and

Chino.

At the present time long distance service between the two systems is rendered by The Pacific Telephone and Telegraph Company and the United States Long Distance Telephone and Telegraph Company at a rate of 10¢ per message. In its Decision No. 15984, dated February 11, 1926, in Application No. 11480, the Commission ordered The Pacific Telephone and Telegraph Company to furnish station-to-station toll service between Chino and Ontario and between Chino and Upland and to charge and collect for said service an initial rate of five cents (5¢) per message. The Pacific Telephone and Telegraph Company and the United States Long Distance Telephone and Telegraph Company are not parties to this proceeding and we will not at this time order them to establish five cent (5¢) rates for service between the zones of the Pomona System and the exchanges of the Ontario and Upland Company. The order following will provide that the Pomona Valley Telephone and Telegraph Union and Ontario and Upland Telephone Company shall themselves furnish toll service between each exchange or zone of the one system to any exchange or zone of the other at an initial rate of five cents (5¢) per message, or, in lieu of this, they may make arrangements with an established toll company or companies to perform this service at this rate. At the time of the establishment of such service at such a rate, the present so-called free service may be discontinued and not otherwise.

We find as a fact that this so-called free service between Chino and the Ontario-Upland Exchange should be discontinued for the reason that its continuance would

place an undue financial burden upon the great body of subscribers who have no occasion to use the service, and further, on account of the difficulty in rendering such a service in an adequate and satisfactory manner by two utilities with such greatly dissimilar practices and methods of operation.

The decision made in this matter is based upon the conditions existing at this time in the communities affected and it should not be presumed that we are finding that the rate structure for interexchange telephone service and method of assessing costs of such service authorized herein will be properly applicable if or when local conditions are materially changed or the general plan of rendering and charging for inter-community telephone service is modified.

The following form of order is recommended:

O R D E R

Pomona Valley Telephone and Telegraph Union and Ontario and Upland Telephone Company having made application to the Railroad Commission for an order authorizing the discontinuance of so-called free telephone service between their exchange systems, public hearings having been held, briefs having been filed, and the Commission being now fully advised, and basing its order on the findings of fact contained in the opinion which precedes this order,

IT IS HEREBY ORDERED that Pomona Valley Telephone and Telegraph Union and Ontario and Upland Telephone Company be and they are hereby authorized to discontinue so-called free telephone service between the exchanges or zones of the

first named Company and the exchanges or zones of the second Company on and after December 1, 1927, subject to the following conditions and not otherwise:

1. The Pomona Valley Telephone and Telegraph Union and the Ontario and Upland Telephone Company shall provide on and after December 1, 1927, station-to-station toll service between each and any exchange or zone of the system of the Pomona Valley Telephone and Telegraph Union and each and any exchange or zone of the system of the Ontario and Upland Telephone Company and charge and collect for such service at an initial rate of five (5) cents per message for an initial period of five (5) minutes and five (5) cents for each five (5) minutes of the overtime period; or,

Pomona Valley Telephone and Telegraph Union and Ontario and Upland Telephone Company in lieu of their establishment and operation of such toll service at such rates as set forth above, may make provision for the establishment and operation of such service by The Pacific Telephone and Telegraph Company and/or the United States Long Distance Telephone and Telegraph Company at the rates set forth above.

2. Pomona Valley Telephone and Telegraph Union and Ontario and Upland Telephone Company shall file on or before November 30, 1927, the rates and charges as in (1) above, except that in the event that said Pomona Valley Telephone and Telegraph Union and Ontario and Upland Company may have made provision for the establishment and operation of such service by The Pacific Telephone and Telegraph Company and/or the

United States Long Distance Telephone and Telegraph Company at said rates as set forth above, then such rates and charges shall be filed on or before November 30, 1927, by such company or companies which will operate such service.

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.

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 7th day of November, 1927.

Emmett
Seaver
Leon Whitell
Paul R. ...
M. A. ...
Commissioners.