

ORIGINALDecision No. 19828.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
 POMONA VALLEY TELEPHONE AND TELEGRAPH
 UNION, a corporation, for an order
 authorizing a revision of its rates
 for telephone service.

Application No. 12863.

R. K. Pitzer and Ernest Irwin, for Applicant.
 C. P. Stead, for City of Pomona.
 W. T. Clarke, for Chino Chamber of Commerce.
 R. C. Homan, City Attorney for City of Chino.
 J. T. Brooks, for Business Men's Association
 of Claremont.
 J. T. Marshall, for Ontario and Upland Telephone
 Company.
 Frank Forester, for Knights of Pythias of Pomona.
 Fred Whyte and F. D. Wallenstein, for Pomona
 Citizens' Committee and the Chamber of Commerce.
 A. V. Storer, for Pomona Valley Merchants'
 Credit Association.
 J. J. Deuel and L. S. Wing, for California Farm
 Bureau Federation and W. A. Johnstone.
 W. M. Avis, for Pomona Realty Board.
 D. G. Arbuthnot and E. H. Boly, for the La Verne
 Chamber of Commerce.
 Paul Houghton, for the Claremont Chamber of Commerce.
 L. C. Bell, Chairman of the Board of Trustees
 of the City of Claremont.
 C. R. Harford, representative of Chino.
 S. H. Park, Mayor of the City of Pomona, for
 the City of Pomona.
 A. Durward, President of the Board of Trustees
 of La Verne, for La Verne.
 Ernest Irwin, for California Independent
 Telephone Association.

WHEATSEED, COMMISSIONER:

O P I N I O N

In this proceeding, Pomona Valley Telephone and Tele-
 graph Union, sometimes hereinafter termed the Pomona Union, re-
 quested an order authorizing a revision of its rates for tele-

phone service, authorizing the division of its territory into several exchange areas and the establishment of inter-exchange toll service and rates.

The Pomona Union made and submitted to the Commission an appraisal of its property upon which it desires to earn a return by increased rates for exchange service and by toll rates which it desires to make effective in portions of its exchange territory, namely, between its Chino exchange and its other exchanges and between its San Dimas exchange and its other exchanges.

Public hearings in the matter were held in Pomona on November 9th and 10th, 1926, and on March 15th, 16th and 17th, 1927, after its consolidation with Application No. 13308.

History of Pomona Valley Telephone and Telegraph Union.

The first telephone service in the Pomona Valley was established in the year 1886 by means of a toll station of the Sunset Telephone and Telegraph Company, which company extended its operations and later became a part of The Pacific Telephone and Telegraph Company's System. The Pomona Union began service in this territory in September, 1903, and gradually extended its service first into San Dimas and then into Chino in 1910, when the Home Telephone and Telegraph Company's telephone plant at Chino was leased. Central offices were established in Pomona, Claremont, Chino, San Dimas and La Verne. In its Decision No. 161 in Application No. 111, decided July 23, 1912, the Railroad Commission authorized the Pacific Company's withdrawal of local exchange service from the territory. Long distance service to the Pomona Union's customers was thenceforth available over the lines of The Pacific Telephone and Telegraph Company or the United States Long Distance Telephone and Telegraph Company, at the option of the customer. The Union has experienced a consistent growth and now has more than 7600 stations in service.

General.

This proceeding has been the occasion of widespread interest in the Pomona Valley and a large number of appearances were entered. The proposed establishment of toll service and rates within the territory of the Pomona Union occasioned considerable opposition at the hearings in the matter. Some of the people of Chino were particularly concerned since it was proposed in this application to establish toll service between that city and other points in applicant's exchange territory and, in Application No. 13308, request was made for authority to discontinue the so-called free service between Chino and Ontario. In this proceeding applicant filed fifteen exhibits and the California Farm Bureau presented three exhibits in connection with oral testimony. The investigations of the Commission's engineers and accountants were extensive in character.

Valuation and Rate Base.

The Pomona Union, at the time of its application, submitted to the Commission an inventory and appraisal of its property based on the so-called "historical reproduction cost" as of January 1, 1924, amounting to \$571,977.81. Although applicant does not actually own the Chino plant, it has included that property in its inventory and its appraisal includes the fixed capital assets of that plant. The inventory was checked by Commission engineers and was found to be reasonably accurate.

Tangible fixed capital accounts were included with organization and franchise intangible accounts in the appraisal submitted. The prices used were those known to have prevailed at the time when the construction was in progress. Land was appraised at present day prices by real estate operators in the several cities in which the parcels were located.

This appraisal was checked by Commission engineers, who submitted a modified appraisal of the property on the historical reproduction cost basis, undepreciated, at a later hearing amounting to \$524,310., less material and supplies.

The Pomona Union also submitted a "Determination of Present Value," in which the "Reproduction Cost" claimed was \$812,283.65 as of September 1, 1926. The "Present Fair Value" claimed by applicant as of that date was \$729,231.78 and included \$70,166.15 for "Going Value," which was purported to be made up of organization, cost of securing new subscribers, and interest during preliminary construction. This appraisal is based largely upon hypothetical assumptions which the record fails to adequately justify:

Using the amount \$524,310., which they had estimated for the property of applicant, the Commission's engineers further estimated an average rate base for the period January 1, 1927, to December 31, 1927, for a full flat rate schedule, as follows:

Estimated historical reproduction cost as of January 1, 1924,	\$524,310.00
Additions and Betterments, January 1, 1924 to Dec. 31, 1926,	121,440.00
Estimated Additions and Betterments January 1, 1927, to June 30, 1927,	10,000.00
Materials and Supplies and Working Cash Capital,	<u>28,600.00</u>
Total	\$684,350.00

Later evidence given in this matter indicated that contemplated additions and betterments to applicant's plant would require a greater expenditure than that set forth above and this is given proper weight in the consideration of a reasonable rate base. After reviewing the valuations submitted and all related evidence before us in this proceeding, I am of the opinion that \$695,000. should be found reasonable as a rate base herein.

Expenses.

Applicant presented an estimate of operating expenses under its proposed rates for the period September 1, 1926, to August 31, 1927, amounting to \$141,098.84. Its estimate under its proposed alternate rates (which are on the flat rate basis) for the same period was \$137,682.24. Commission's engineers estimated applicant's operating expenses for the period January 1,

1927, to December 31, 1927, under the proposed rates to be \$132,700., and under the proposed alternate rates \$128,200.

The time period of the applicant's estimates is different from that used by the Commission's engineers, but in other respects comparisons can be made properly one with the other. It should be noted that evidence introduced at the hearing showed that the Pomona Union had been in error in accounting for certain expenditures in a manner that resulted in incorrectly large maintenance expenses and in book entries which did not show the full value of plant installed. The estimates of the Commission's engineers appear to more nearly reflect that which should be expected in the future under proper allocation of charges of cost of plant placed. It should be noted that the applicant and the Commission's engineers estimated considerably higher expenses under the partial toll plan than under the flat rate plan. I believe that an allowance of \$128,600. for operating expenses for the year 1927 will permit the Pomona Union to properly maintain and operate its system in an efficient manner under a system of flat rates and that, if partial toll rates were established, such allowance would have to be increased by approximately \$4,000.

Rate Plan.

The Pomona Union, in its amended application, among other things, requested authority for the establishment of certain toll inter-exchange services and rates. It was proposed to divide the Pomona Exchange into three separate and distinct exchanges, namely, Chino Exchange, comprising the City of Chino and certain surrounding territory, San Dimas Exchange, comprising San Dimas and vicinity, and Pomona Exchange, which would then be made up of the remaining territory and would include the cities of Pomona, Claremont and La Verne and their environs. Exchange service at

flat rates was proposed for each of these three exchanges and toll telephone rates for inter-exchange service between them and outside points. The determination of whether or not inter-exchange toll rates should be established within the present Ponona Exchange area is one of the phases of this proceeding seemingly most difficult of solution. Very frequently, due to increase in cost, the rates for service in an exchange approach too nearly the value or fancied value of the service to many users of the service, under which circumstances it may be found more equitable that the area be divided into two or more exchange areas and that exchange service in each exchange be under flat rates and that service between such exchanges be on a charge per message or toll basis. Telephone companies, generally, have held this to be a fundamental principle in rate making. It should be pointed out, however, that it is almost as great an error to adopt this plan prematurely as to fail to apply it at the opportune time. In other words, the particular requirements of the territory under consideration, the effect a change in method of charging for the service may have, and the particular local service conditions must all be studied in a proceeding of this nature. If the reasonable interests of the large majority of the users of the service require that toll rates be established, then the personal interests of the few should give way to such requirement. There is community interest between all localities of a state; in fact, it may be said that community interest exists throughout the country but, of course, in a greater or lesser degree in each case considered; therefore,

community interest is not controlling, for there must be some limit to the extent of flat rate telephone service. Among the factors which should be considered before a final determination is reached to change from flat to toll rates are: (1) the extent of the territory served; (2) the extent of the community interest between the several sections and the amount of intra-community telephone traffic within these communities as compared with the inter-community traffic; (3) comparison of the cost of service to the majority of the telephone users under the two plans and effect of flat rate plan on charges to the smaller users of the service; (4) consideration of present and proposed method of operating the system.

1. Extent of the territory served.

The Pomona Union renders telephone service in the five communities of Pomona, Claremont, La Verne and San Dimas in Los Angeles County, and Chino in San Bernardino County, and in their surrounding territories, a district which extends probably fifteen (15) miles in at least one direction. Distances between points in the territory are, therefore, not too great for efficient complete local exchange service, providing other factors are equally as favorable for a unified flat rate service.

2. Community interest and telephone traffic.

Considerable testimony was given relative to community interest between the several cities and towns in the exchange territory and relative to the weight of such community interest in the determination of whether or not certain toll rates should be established by the utility.

A review of the evidence in this proceeding, as given in verbal testimony and in exhibits, indicates that there is considerable telephone traffic among all of the communities of

the Pomona Union territory and with those nearby. It was indicated in the studies presented that a large per cent of the originating calls in each community studied were intra-community calls. Quite a large percentage of the outgoing inter-community calls from Claremont, La Verne and San Dimas were to Pomona. Chino is shown to have a greater number of calls to Pomona, its nearest neighbor in the Pomona area, than to the entire Ontario-Upland Exchange by the toll route plus the number of attempts over the so-called free service route. It is also noticeable that the per cent of traffic from San Dimas to La Verne and from La Verne to San Dimas was quite high. A review of the traffic studies presented indicates that the outgoing calls from one of these communities to another decreases somewhat as the distance therefrom increases.

(3) Comparison of cost of service under the two plans.

The evidence in this case indicates that the amount of the toll revenue account would be increased some \$7,000. or \$8,000. if inter-exchange toll rates were introduced into the Pomona Union's territory for service between parts thereof, as requested, and the telephone operating expenses would be increased between \$4,000. and \$5,000., with a net gain in revenue of possibly \$3,000. over the condition which would obtain under a system of all flat rates. The estimated rate base submitted by applicant for the period September 1, 1926, to August 31, 1927, is greater by approximately \$2,800. for the partial toll plan than for the flat rate plan. In the rate bases estimated by the Commission's engineers for the period January 1, 1927, to December 31, 1927, that for the partial toll plan was the greater

by some \$5,300.00. The schedules of rates attached hereto and marked Exhibit "A" are not so high as to seriously retard telephone development in this utility's territory.

(4) Present and proposed method of operation.

The Pomona Union's Claremont, Chino, La Verne and San Dimas service is "auto-manual", with no one in attendance at any of the central offices in these districts. Every call from any station in these exchanges is automatically sent over a "control trunk" to the Pomona office, where it is challenged by an operator who, by means of a keyboard and machine equipment, causes the desired connection to be set up, after which she has no further control in the operation, the calling party's disconnect being accomplished automatically. A "control trunk" is used in the operation of such a call until the operator has performed her work in the operation, after which the trunk is released. When the call is for a number in another office, in addition to the momentary use of a "control trunk", an inter-office "talk trunk" is employed until the release of the connection. If the calls from Chino and San Dimas were to be charged for on a message toll basis they would, as now, go to the Pomona office, where, instead of being trunked directly through by means of machine switching equipment, they would be connected through a toll switchboard and there be timed. The character and arrangement of outside facilities and central office equipment in this system is such that the introduction of toll board transmission losses might result in unsatisfactory service conditions. A saving in trunks necessary to carry the traffic might be made only if the use of the service were lessened or if the average holding time were found to be shortened. It seems apparent that the cost of operation and

carrying charges in connection with each such toll message would be materially increased over that which would obtain for a flat rate untimed call. It would seem difficult to justify the adoption of toll rates for service under these conditions except other conditions outweigh and require such toll rates. It is possible that local methods of operating in this utility's exchange zones may sometime be so changed that territorial arrangements and telephone and industrial development may be so different from the condition now existing that a modification to a partial or complete toll basis of operation will be advisable. For some time to come telephone service in the territory of the Pomona Union should be rendered under flat rate schedules.

The decision reached in this matter is based upon the conditions now existing and it should not be presumed that we are finding that this type of rate structure will be suitable if the further development of the art or later performance convinces us that a different basis of rate making can be devised.

Service.

There are some phases of applicant's service which are deserving of commendation and others which can well be improved.

The service operations of the Pomona Union seem to be meeting the requirements of its customers since no complaints of interruptions of its service were received at any hearing in the matter and available trouble records show the trouble performance to be quite satisfactory. No complaint of delay in the completion of orders for service was heard. Maintenance practices of the Pomona Union can be improved by the establishment of schedules of routine inspections and testing of equipment and a rigid adherence to such routine procedures. The utility's over-all service performance appears to be quite creditable.

Rates.

In the applicant's alternative flat rate schedule are set up rates which were different for the same grade of service in different districts. It would appear that the rates for like grades of service in these different districts should be the same under the same conditions and those herein found reasonable are determined upon such a basis. The Pomona Union proposed base rates for business service on one, two and four party lines and residence service on one, two, four, five, six and eight party lines. It is also noticeable that a great majority of the residence services in the City of Pomona are on the ten party schedule. All eight and ten party service is furnished on a semi-selective basis while other services within the several primary rate areas are of the higher grade full selective type. The schedules of rates herein found reasonable will include an eight party residence rate for the reason that many of the applicant's customers evidently desire a multi-party service. The present ten party business service in Pomona, La Verne and San Dimas and eight party business service in Claremont should be discontinued and the rate schedules herein found reasonable will not provide a rate for such services.

Revenue.

The Commission's engineering department has estimated that, under present rates, the Pomona Union would receive a total gross revenue of \$180,700. for the period from January 1, 1927, to December 31, 1927. Deducting operating expenses, taxes, uncollectibles and other minor items estimated for the year 1927, totalling \$145,700.00, a net amount for interest and return of \$35,000.00 remains. This is equivalent to approximately 5% return on the rate base found reasonable in this proceeding.

It is apparent that Pomona Union is entitled to an increase in its rates and charges for service which will add an amount to its revenue sufficient to provide a greater return. Pomona Union's income statement estimated for the period January 1, 1927, to December 31, 1927, under the schedule of flat rates set forth in Exhibit "A," attached hereto, is shown in the table following.

Statement of Estimated Income
Under Rates Set Forth in Exhibit "A".

POMONA VALLEY TELEPHONE AND TELEGRAPH UNION

January 1, 1927 to December 31, 1927.

Telephone Operating Revenue.

Subscribers Station Revenue	\$178,700.	
Miscellaneous Exchange Revenue	200.	
Message Tolls and Commissions	<u>19,300.</u>	\$198,200.

Telephone Operating Expenses.

Maintenance Expenses	\$ 63,900.	
Traffic Expenses	34,000.	
Commercial and General Expense	<u>30,700.</u>	\$128,600.
Net Telephone Operating Revenue		69,600.
Uncollectible Operating Revenue	\$ 1,000.	
Taxes Assignable to Operations	<u>17,400.</u>	
Deductions from Net Operating Revenue		\$ 18,400.
Operating Income		\$ 51,200.
Less Rent Deductions		<u>600.</u>
Net for Interest and Return -		\$ 50,600.

Operating Practices.

While the operating instructions and practices of the Pomona Union are generally ample for the guidance of the operating forces in the rendering of a service satisfactory to its customers, it should be noted that no "referred service" is given when a call is received for the telephone number of a service which has been "temporarily disconnected." Failure to do this results in the calling party receiving a "don't answer" report, which is unsatisfactory and which many times is followed by repeated attempts to call the same temporarily disconnected number at added expense to the utility. Reasonable efforts should be made to arrange at an early date for intercepting service in connection with such temporarily disconnected services. In the outlying offices no "referred service" is given in connection with changed or permanently disconnected numbers and the same objection obtains as in the case of temporarily disconnected numbers as above mentioned. Information service, as given by this utility, is sufficient in quantity and quality to meet the requirements of the service.

Service observations or samplings of the service are made to a limited extent and in so far as they are representative they indicate no particular fault with the service operations of the Pomona Union, however, the number and scope of these service observations should be extended.

Primary Rate Areas.

Applicant desires to form primary rate areas in each of five exchange areas or zones as shown on maps submitted at the hearing. The primary rate area in any exchange is the more closely built up section within all parts of which the base rates apply equally and outside of which is the suburban area in which the base rates increased by mileage charges apply. It

is to be noted that the primary rate areas as proposed were generally liberal in extent; however, some criticism was voiced at the hearings on account of territory not included in the primary rate areas and requests for changes were made. The boundaries of these primary rate areas were inspected by engineers of the Commission and testimony thereafter given concerning their locations. Some changes should be made in the boundary lines of these primary rate areas as submitted by applicant and maps thereof, as marked Exhibit "B", show the extent of such areas as are herein found reasonable.

Suburban Zones.

Applicant submitted a map showing the boundaries of its exchange territory and setting up suburban zones numbered 1, 2 and 3. It appears that the suburban area of this territory should be divided into two suburban zones as shown on the map in Exhibit "C" attached hereto. It appears further that authorization of a change in the boundary of the territory served as requested should not be given in the order of this decision. Changes in the location of dividing lines between the Pomona Union's territory and adjacent territories may better be arranged after informal investigations, as suggested in the opinion in Decision No. 19020 in Application No. 13308.

I recommend the following form of order:

ORDER

Pomona Valley Telephone and Telegraph Union having applied to the Railroad Commission for an order authorizing the revision of its rates for telephone service, public hearings having been held, the matter having been submitted and being now ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the rates now charged by Pomona Valley Telephone and Telegraph Union are unjust and unreasonable in so far as they differ from the rates hereinafter set forth.

Basing its order on the foregoing finding of fact and on such other findings of fact as are set forth in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Pomona Valley Telephone and Telegraph Union shall:

1. Charge and collect for exchange telephone service furnished on and after December 1, 1927, the rates and charges shown in Exhibit "A" attached hereto and made a part of this order.

2. Submit to the Railroad Commission for filing on or before November 30, 1927, a schedule of rates and charges as set forth in Exhibit "A" attached hereto.

3. Establish primary rate areas for the Pomona, Claremont, Chino, La Verne and San Dimas zones, as shown on maps attached hereto and made a part hereof as Exhibit "B".

4. Submit to the Railroad Commission for filing on or before November 30, 1927, maps showing the primary rate areas as shown in Exhibit "B" attached hereto.

5. Establish suburban zone areas in the territory served as shown on a map attached hereto and marked Exhibit "C", which is made a part of this order in connection with suburban service to be rendered therein on and after December 1, 1927.

6. Submit to the Railroad Commission for filing, on or before November 30, 1927, a map showing the boundary of the exchange territory served and suburban zones, as shown in Exhibit "C" attached hereto.

7. Discontinue within the entire territory served all rates and exchange services not provided for in the rate schedules shown in Exhibit "A" attached hereto, effective on and after December 1, 1927.

8. Cancel all schedules of rates and services not shown in Exhibit "A" attached hereto, effective December 1, 1927.

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 10th day of ~~October~~ ^{November}, 1927.

[Signature]
[Signature]
[Signature]
[Signature]
[Signature]
 Commissioners.

EXHIBIT "A"

RATES

EXCHANGE SERVICE - SCHEDULE NO. A-1GENERAL SERVICE:

Applicable to individual and party line business and residence flat rate service furnished within the several primary rate areas of the entire territory served.

RATE:

<u>Grade of Service</u>	<u>Rate per Station per Month</u>			
	<u>Business Service</u>		<u>Residence Service</u>	
	<u>Wall Set</u>	<u>Desk Set</u>	<u>Wall Set</u>	<u>Desk Set</u>
Each Individual Line Station	\$4.25	\$4.50	\$3.25	\$3.50
Each Auxiliary Line Station	3.25*	3.50*	-	-
Each Two-party Line Station	3.25	3.50	-	-
Each Four-party Line Station	2.75	3.00	2.25	2.50
Each Eight-party Line Station	-	-	1.75	2.00
Each Extension Station (with or without bell)	.75*	1.00*	.50*	.75*

Hand sets are furnished in connection with any of the above grades of service at the wall set rate plus fifty cents (50¢*) per month.

CONDITIONS:

(1) A discount of twenty-five cents (25¢) is allowed on each of the above rates, except those marked with an asterisk (*), if bill is paid on or before the 15th of the current month.

(2) Individual, auxiliary, two-party and four-party line service will be provided outside the several primary rate areas but within the territory served at the above rates plus mileage charges. Eight-party line service at the above rates is provided within the primary rate areas only. A subscriber's individual, auxiliary, two-party or four-party line station, located outside of a primary rate area, will be served by the Company from any central office, at its discretion; however, mileage charges to such subscriber will be based on the distance from his station to the boundary of the nearest primary rate area of the Company.

(3) Extension stations at the above rates must be located in the same building as the primary station. For charges for extension stations not so located, see "Mileage Rates," Schedule No. A-4.

EXCHANGE SERVICE - SCHEDULE NO. A-3.

SEMI-PUBLIC COIN-BOX SERVICE:

SERVICE:

Applicable to individual line semi-public coin-box service furnished within the Pomona primary rate area.

RATE:

Individual Line Wall Set:

First three messages or less per day \$0.15 per Day.
All over three messages per day05 per Message.

Individual Line Desk Set:

The above rate plus twenty-five cents (25¢) per Month.

Extension Stations:

Each extension station without coin-box, with or without bell -

Wall extension set \$0.75 per Month.
Desk extension set 1.00 per Month.

CONDITIONS:

(1) The above rates are applicable and the service is available within the Pomona primary rate area only.

EXCHANGE SERVICE - SCHEDULE NO. A-4.MILEAGE RATES:

Mileage rates applicable throughout the entire territory served.

RATE:

<u>(1) Within Suburban Area</u>	<u>Rate per each one-quarter mile or frac- tion thereof per month</u>
Service	
Each Individual Line Primary Station	\$0.50
Each Private Branch Exchange or Inter-communicating System Trunk Line . . . . .	.50
Each Battery Circuit . . . . .	.50
Each Ringing Power Supply Circuit . . . . .	.50
Each Two-party Line Primary Station . . . . .	.35
Each Four-party Line Primary Station . . . . .	.25

The above rates are based on air line distance measured between the subscriber's primary station, receiving station, or private branch exchange switchboard and the nearest point on the boundary of the nearest primary rate area of the company. These rates are applied to the services listed above when subscriber's instrumentalities are located outside the several primary rate areas, but within the territory served and are in addition to the other rates applying to those services.

<u>(2) Within Exchange Area and off Premises Where Primary Station or Private Branch Exchange Switchboard is located.</u>	<u>Rate per each one-quarter mile or frac- tion thereof per month</u>
Each Extension Station	\$0.50
Each Private Branch Exchange Station . . . . .	.50

The above rates are based on route mileage, which is the lineal length of the actual circuit required. These rates are applicable in connection with extension stations, and private branch exchange stations terminated off the premises on which the primary station or private branch exchange switchboard is located, and are in addition to the rate for service on the premises on which the primary station, or private branch exchange switchboard is located.

EXCHANGE SERVICE - SCHEDULE NO. A-5.SUBURBAN SERVICE:

Applicable to suburban party line flat rate service furnished in the suburban area of the entire territory served.

RATE:

	Rate per Station per Month			
	Business Service		Residence Service	
	Wall Set	Desk Set	Wall Set	Desk Set
Suburban Service, Zone One,	\$2.75	\$3.00	\$2.00	\$2.25
Suburban Service, Zone Two,	3.25	3.50	2.50	2.75
Extension Stations (with or without bell),	.75*	1.00*	.50*	.75*

Hand sets are furnished in connection with any of the above grades of service at the wall set rate plus fifty cents (50¢*) per month.

CONDITIONS:

- (1) A discount of twenty five cents (25¢) per month is allowed on all rates except those marked with an asterisk (*), if bill is paid on or before the 15th of the current month.
- (2) Suburban service is furnished outside the several primary rate areas but within the territory served. A subscriber to suburban service will be served by the Company from any central office at its discretion.
- (3) Zones in which rates for suburban service are applicable are indicated on map filed herewith.
- (4) In no case will the total number of primary stations connected to one circuit exceed ten (10).

MP

EXCHANGE SERVICE SCHEDULE NO. A-7 (RATE A)

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE.

SERVICE:

Applicable to commercial private branch exchange flat rate exchange service furnished within the several primary rate areas of the entire territory served.

RATES:

(1) Switchboard Rate:

Each non-multiple switchboard position with battery and ringing power supply circuits and switchboard telephone:

	<u>Rate per Month</u>
30 lines or less,	\$ 7.00*
31 to 80 lines,	10.00*
Over 80 lines,	13.00*

(2) Trunk Rate:

	<u>Rate per Month</u>
First both way trunk line,	\$ 5.25
Each additional both way trunk, ..	4.00*

(3) Station Rate:

	<u>Rate per Month</u>
Each Station, Primary or Extension, Wall Set,	\$ 0.75*
Each Station, Primary or Extension, Desk Set,	1.00*
Each Station, Primary or Extension, Hand Set,	1.25*

CONDITIONS:

(1) A discount of twenty five cents (25¢) per month is allowed on all rates except those marked with an asterisk (*) if bill is paid on or before the 15th of the current month.

(2) Each private branch exchange system will consist of at least one switchboard position, two (2) trunk lines and

EXCHANGE SERVICE SCHEDULE NO. A-7 (RATE A-CONTINUED)

COMMERCIAL PRIVATE BRANCH EXCHANGE SERVICE.

CONDITIONS - (CONT'D.)

four (4) stations, exclusive of the switchboard telephone.

(3) The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to all private branch exchange service except hotel service, which is provided in hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the private branch exchange switchboard is located. Stations will be installed off the premises on which the switchboard is located but within the territory served, at the above rates plus route mileage as provided in Exchange Schedule No. A-4, provided the stations are for the use of the subscriber.

(6) Commercial private branch exchange service will be provided outside the several primary rate areas but within the territory served at the above rates plus mileage charges as provided in Exchange Service Schedule No. A-4 (1). A subscriber's commercial private branch exchange located outside the several primary rate areas will be served by the Company from any central office at its discretion; however, mileage charges to such subscriber as provided in Exchange Service Schedule No. A-4 (1) will be based on the air-line distance from the private branch exchange switchboard to the boundary of the nearest primary rate area of the Company.

EXCHANGE SERVICE SCHEDULE NO. A-7 (RATE B)

HOTEL PRIVATE BRANCH EXCHANGE SERVICE

SERVICE:

Applicable to hotel private branch exchange flat rate service furnished within the several primary rate areas of the entire territory served.

RATES:

(1) Switchboard Rate:

Each non-multiple switchboard position with battery and ringing power supply circuits and switchboard telephone:

	<u>Rate per Month</u>
30 lines or less,.....	\$ 7.00*
31 to 80 lines,	10.00*
Over 80 lines,.....	13.00*

(2) Trunk Rate:

	<u>Rate Per Month</u>
First both way trunk line.....	\$ 5.25
Each additional both way trunk line,.....	4.00*

(3) Station Rate:

	<u>Rate per Month</u>
(a) Each Station, Primary or Extension, in Guest Room	
Wall Set,.....	\$ 0.25*
Desk Set,.....	.50*
Hand Set,.....	.75*
(b) Each Station, Primary or Extension, not in Guest Room	
Wall Set,.....	.75*
Desk Set,.....	1.00*
Hand Set,.....	1.25*

CONDITIONS:

(1) A discount of twenty five cents (25¢) per month is allowed on all rates except those marked with an asterisk (*)

EXCHANGE SERVICE SCHEDULE NO. A-7 (RATE B-CONTINUED)HOTEL PRIVATE BRANCH EXCHANGE SERVICECONDITIONS (CONT'D):

if bill is paid on or before the 15th of the current month.

(2) Each hotel private branch exchange system will consist of at least two (2) trunk lines and ten (10) stations, exclusive of the switchboard telephone.

(3) The switchboards will be provided in standard finish at the time of installation.

(4) The above rates are applicable to private branch exchange service furnished to hotels, rooming and apartment houses or to such portion of buildings in which rooms are let to the public for living quarters.

(5) Stations provided at the above rates are installed on the premises on which the switchboard is located. Stations will be installed off the premises where the hotel private branch exchange switchboard is located, within the territory served, at the above rates plus route mileage as provided in Exchange Schedule No. A-3, provided the stations are for the use of the subscriber.

(6) Hotel private branch exchange service will be provided outside the several primary rate areas but within the territory served at the above rates plus mileage charges as provided in Exchange Schedule No. A-3. A subscriber's hotel private branch exchange located outside the several primary rate areas will be served by the Company from any central office at its discretion; however, mileage charges to such subscriber as provided in Exchange Service Schedule No. A-3 will be based on the air-line distance from the hotel private branch exchange switchboard to the boundary of the nearest primary rate area of the Company.

EXCHANGE SERVICE - SCHEDULE NO. A-8INTERCOMMUNICATING SERVICE:

Applicable to business and residence intercommunicating flat rate exchange service furnished within the several primary rate areas throughout the entire territory served.

RATE:

	Rate per Month	
	<u>Business</u>	<u>Residence</u>
First both-way trunk line	\$5.25	\$4.25
Each additional both-way trunk line	4.00*	3.00*
Each station, including receiving station, with ten line switching device, on premises on which receiving station is located:		
Wall set	\$2.00*	\$2.00*
Desk set	2.25*	2.25*
Hand set	2.50*	2.50*
Each station with ten line switching device not on premises on which receiving station is located but not exceeding 300 feet from receiving station:		
Wall set	\$3.00*	\$3.00*
Desk set	3.25*	3.25*
Hand set	3.50*	3.50*

CONDITIONS:

(1) A discount of twenty-five cents (25¢) per month is allowed on all rates except those marked with an asterisk (*) if bill is paid on or before the 15th of the current month.

(2) Business and residence intercommunicating service will be provided outside the several primary rate areas but within the territory served at the above rates plus mileage charges. A subscriber's intercommunicating system, located outside the several primary rate areas, will be served by the company from any central office at its discretion; however, mileage charges to such subscriber will be based on the air-line distance from the receiving station to the boundary of the nearest primary rate

EXCHANGE SERVICE - SCHEDULE NO. A-8 (Continued)

area of the company.

(3) Each business intercommunicating system will consist of at least four stations, including receiving station, and two trunk lines. Each residence intercommunicating system will consist of at least four stations, including receiving station, and one trunk line.

EXCHANGE SERVICE - SCHEDULE NO. A-12.JOINT USER SERVICE:SERVICE:

Applicable to Joint user service furnished throughout the entire territory served.

RATE:

	<u>Rate Per Month</u>
Each Joint User Service in Connection with:	
Individual Business Flat Rate Service	\$1.50
Individual Business Coin-box Service (Pomona Zone)	.50

CONDITION:

(1) The applicability of joint user service is determined by the obvious or actual use made of the service.

(2) The rate for joint user service includes a listing in the telephone directory and applies in addition to the rates and charges for the facilities and all other service provided. The rate for joint user service is applicable and the service is furnished upon applications made by the subscriber as follows:

(a) Applications for the use of the subscriber's service by an individual, firm, company or association occupying jointly or in part the premises in which the primary station is located. The subscriber's facilities or service are not to be extended outside the premises to provide joint user service.

(b) Applications for the use of the subscriber's service for another business conducted by the subscriber and differing in character and subject to a different classification from that for which the facilities are provided.

(3) In the case of individuals, firms, companies and associations engaged in the same business or profession, utilizing a common reception room with offices opening thereon or adjoining thereto, one of the number may become the subscriber and the remainder joint users. If the individuals or members of a firm, company or association file a joint income tax return, that

EXCHANGE SERVICE - SCHEDULE NO. A-12 (CONTINUED)

will be accepted as sufficient evidence of a single business, and joint user service is not applicable. Whenever any individual member of a firm, company or association does not substantially participate in the earnings of his fellow members of such firm, company or association, then that fact shall be conclusive evidence that he is a joint user and the joint user rate is applicable.

(4) The minimum charge for joint user service shall be the monthly rate, provided that if the service is listed in the telephone directory, it shall be paid for until the end of the directory period unless the subscriber's service is discontinued, or the joint user vacates the subscriber's premises or becomes a subscriber to business service in the same exchange, but in no case shall the charges continue more than six months after the listing has appeared in the directory and has been ordered discontinued.

EXCHANGE SERVICE - SCHEDULE NO. A-13.

PUBLIC PAY STATION SERVICE:

SERVICE:

Applicable to service from Company's non-listed public telephone stations.

RATE:

Each Exchange Message \$0.05.

CONDITIONS:

(1) Public telephones will be installed by the Company at its discretion, in public locations, to meet the general and transient telephone requirements.

EXCHANGE SERVICE - SCHEDULE NO. A-14.DIRECTORY LISTINGS:

Applicable to listings in telephone directory of Pomona Valley Telephone and Telegraph Union.

Listings in the alphabetical section of the telephone directory are intended solely for the purpose of identifying subscribers' telephone numbers as an aid to the use of telephone service. Telephone directories are furnished subscribers to facilitate the use of the service and remain the property of the telephone company and may be collected upon issuance of new directories. Subscribers are entitled, without additional charge, to listings in the alphabetical section of the directory as follows:

Individual Line Service	1 listing
Party-line Service, each	
Primary Station	1 listing
Private Branch Exchange Service	
Including Intercommunicating	
System, each Trunk Line	1 listing

RATE:Additional Listings in Telephone Directory

	<u>Rate per Month</u>
(a) Member of same firm or business, each listing	\$0.50
(b) Any individual residing at a residence, listed at the residence, each listing . . . . .	.50
(c) Listing of guest of hotel, each listing . . . . .	.50
(d) Any information in addition to a listing, each line . . . . .	.50
(e) Additional listing for a subscriber whose name may be spelled in more than one way, each additional listing . . . . .	.50

CONDITIONS:

(1) Orders for additional listings must be signed by

EXCHANGE SERVICE - SCHEDULE NO. A-14 (Cont'd)

the subscriber of record who becomes responsible for the charges therefor:

(2) The charges for additional listings begin with the day they are included in the information records, and when printed in the directory may not be discontinued until the end of the directory period unless the service of the subscriber is previously discontinued except that the additional listing charge will not be continued longer than six months after it has appeared in the directory and has been ordered discontinued.

EXCHANGE SERVICE - SCHEDULE NO. A-15.

SUPPLEMENTAL EQUIPMENT:

SERVICE:

Rates applicable to supplemental equipment furnished by the company throughout the entire territory served.

RATE:

	<u>Supplemental Equipment</u>	<u>Installation charge</u>	<u>Rate per month</u>
(a)	Extension Bell	\$1.50	\$0.25
(b)	Extension Gong	1.50	.50
(c)*	Cord exceeding six feet in length on desk telephone	(1.00 plus (.10 per ft. -	- -

*Desk telephones are regularly furnished with six foot cords. The installation charge for cords exceeding six feet in length applies when such cord is requested after the telephone has been installed and on each renewal of such cord in any length. In connection with new installations the charge of ten cents (10¢) per foot applies, and the initial charge of one dollar (\$1.00) does not apply. Cords exceeding six feet in length will not be furnished with hand sets.

(d) Head receivers, in addition to regular hand receiver on primary or extension stations.

Single Head Receiver	\$1.50	\$0.25
Double Head Receiver	1.50	.50

(e) Switching Keys

Cam Lever Key	\$1.50	\$0.25**
Four-party Type Key	2.00	.50**

**Rate applies only when key is installed in addition to stations. If key is installed in lieu of a station or stations the only charge is for installation and rental of the station or stations which the key replaces.

(f)***Jack on Same Premises as Primary Station, each \$1.50 \$0.25

***Station wiring is terminated on mounted spring jacks at the above

EXCHANGE SERVICE - SCHEDULE NO. A-15 (Cont'd)

rate. One stationary wall, desk or hand set or portable set with cord and plug is allowed for each station line terminated on jacks at the primary station rate. Additional portable sets with cords and plugs will be provided at the extension station rate.

CONDITIONS:

The equipment covered by the above rates is owned and maintained by the company.

EXCHANGE SERVICE - SCHEDULE NO. A-18.SERVICE:

Applicable to the permanent connection together of two telephone lines at the request of the subscriber.

RATE:

	<u>Rate per Month</u>
Each Business Primary Station	Individual Line Bus. Rate
Each Residence Primary Station	Individual Line Res. Rate

CONDITIONS:

(1) A discount of twenty-five cents (25¢) is allowed on each of the above rates as provided in Exchange Service Schedule No. A-1.

(2) All stations connected must be applied for by the same subscriber of record, and shall be for the use of such subscriber on his premises.

(3) Under the above rates signaling, in accordance with the Company's standards, for the several stations will be performed as requested by the subscriber.

(4) In no case will more than four (4) stations be permanently connected under this schedule.

(5) In cases where actual or obvious use indicates that the station for which connection to a business primary station is requested is a business extension station, this schedule does not apply, but the regular business extension rate with mileage, if any, does apply.

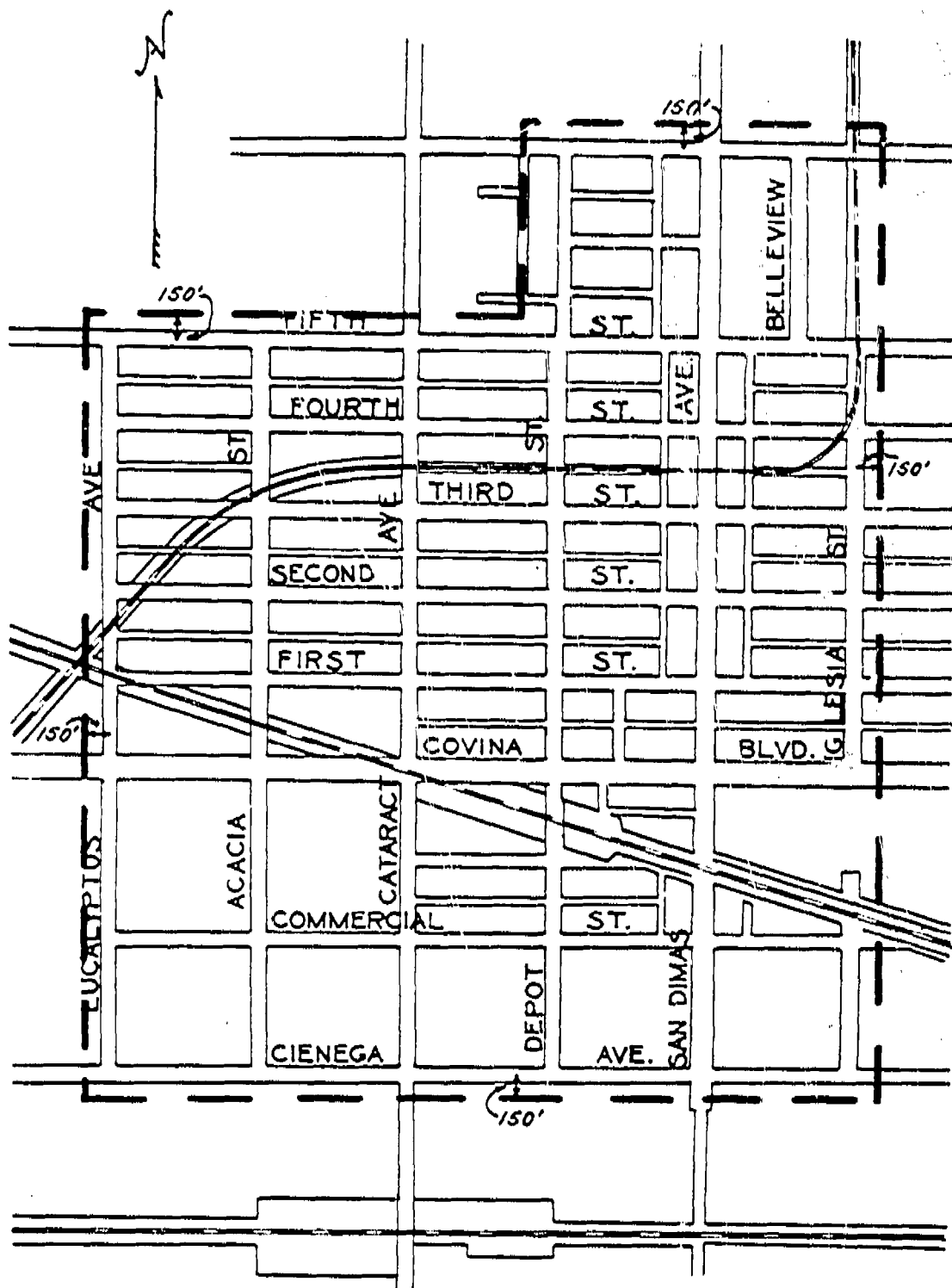
(6) This schedule of rates applies only where the stations to be connected together have service from the same central office.

EXHIBIT "B"

PRIMARY RATE AREAS

CALIFORNIA RAILROAD COMMISSION

MAP SHOWING
SAN DIMAS PRIMARY RATE AREA
POMONA VALLEY TELEPHONE AND TELEGRAPH UNION



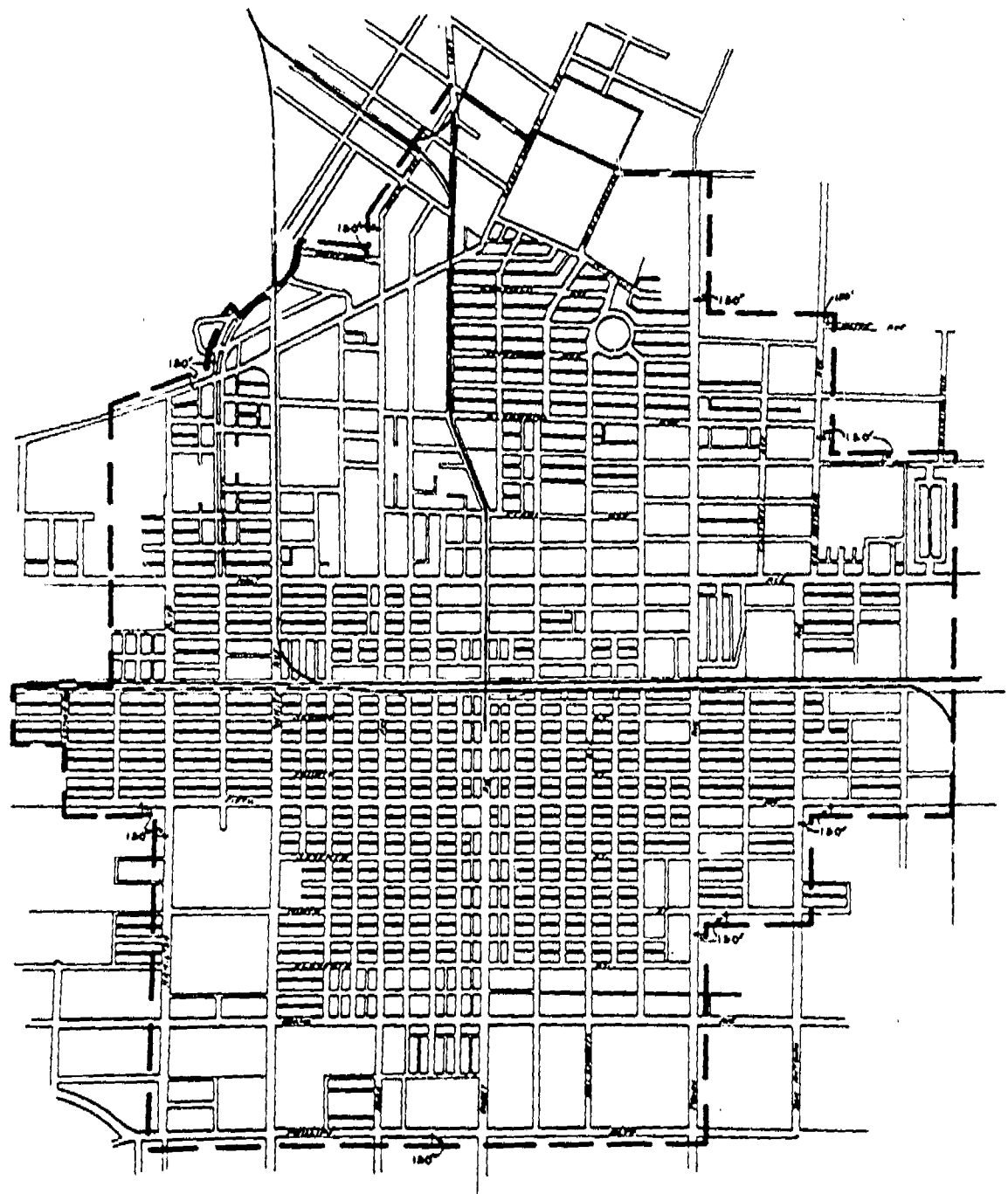
CALIFORNIA RAILROAD COMMISSION

MAP SHOWING

POMONA PRIMARY RATE AREA

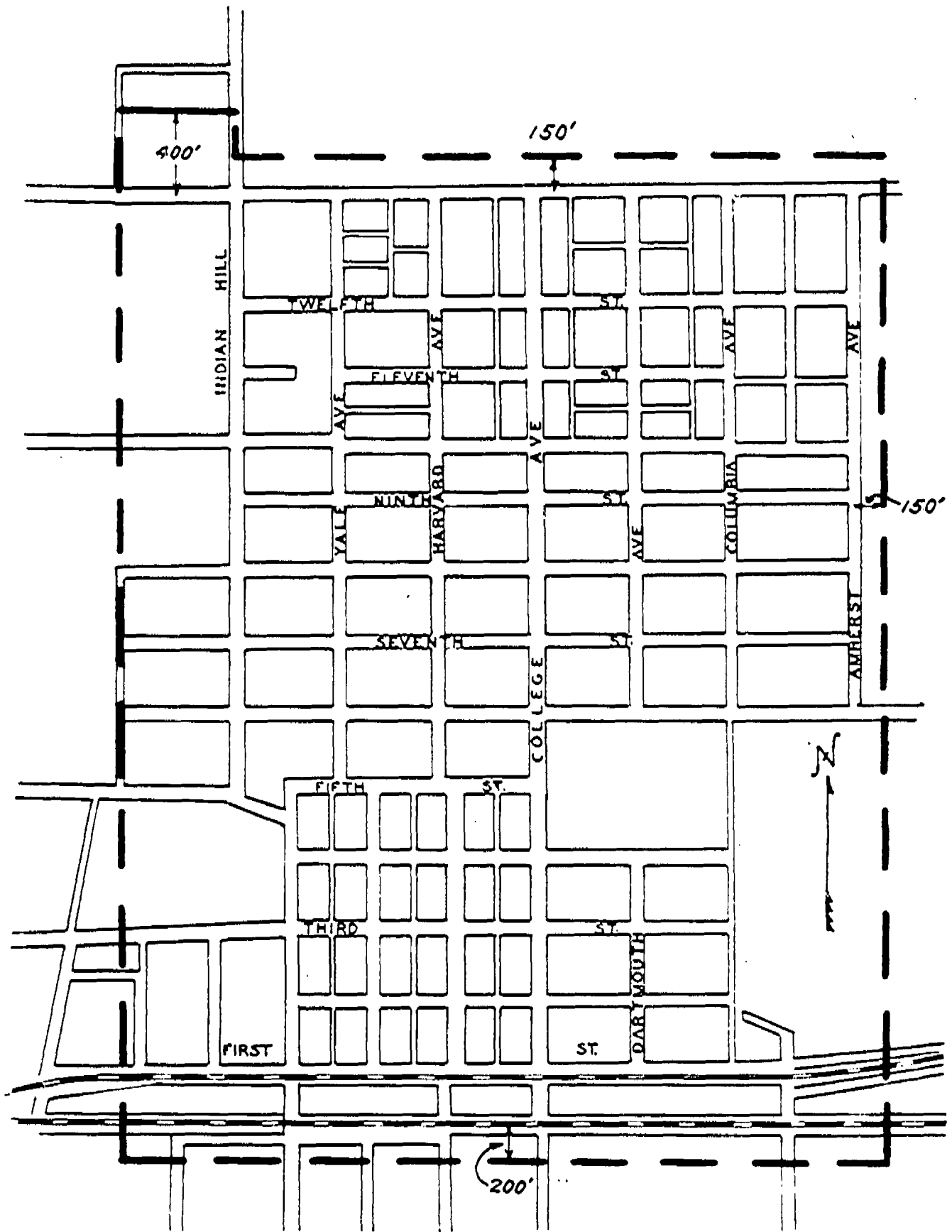
POMONA VALLEY TELEPHONE AND TELEGRAPH UNION

SCALE IN FEET
0 1000 2000
P.R.A. BOUNDARY



CALIFORNIA RAILROAD COMMISSION

MAP SHOWING
CLAREMONT PRIMARY RATE AREA
POMONA VALLEY TELEPHONE AND TELEGRAPH UNION



CALIFORNIA RAILROAD COMMISSION

MAP SHOWING
CHINO PRIMARY RATE AREA
POMONA VALLEY TELEPHONE AND TELEGRAPH UNION

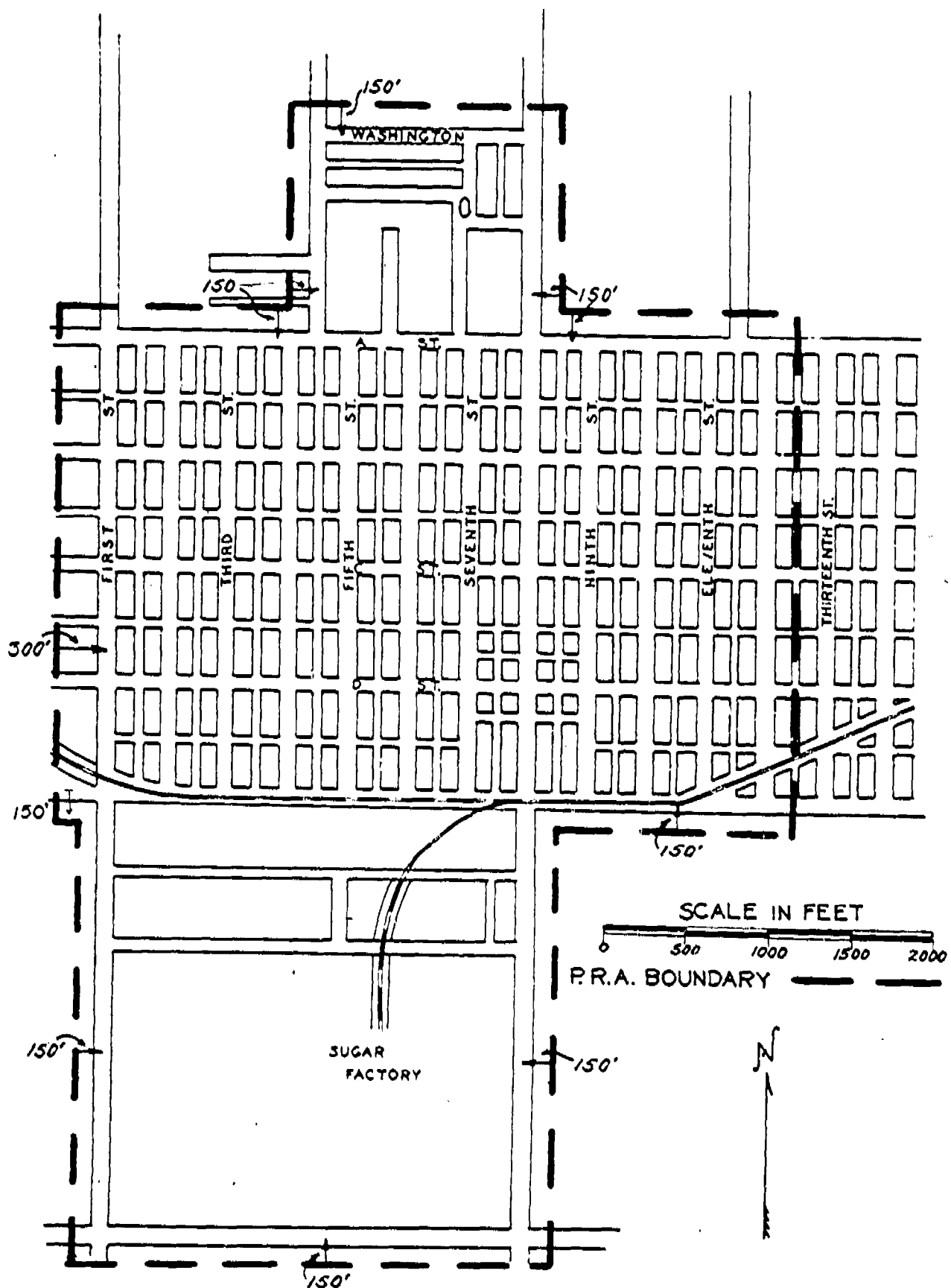


EXHIBIT "C"

SUBURBAN ZONES

CALIFORNIA RAILROAD COMMISSION
 MAP SHOWING
 TERRITORY SERVED
 AND
 SUBURBAN SERVICE ZONE BOUNDARIES
 POMONA VALLEY TELEPHONE AND TELEGRAPH UNION
 TERRITORIAL BOUNDARY-----
 ZONE BOUNDARY - - - -

