

ORIGINALDecision No. 21427.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of PUBLIC UTILITIES CALIFORNIA CORPORATION, a corporation, for a Certificate of Public Convenience and Necessity to Construct Toll, Telephone and Telegraph Lines from Needles, California, to various points in San Bernardino County, California.

Application No. 15333.

Orrick, Palmer and Dahlquist, by R. W. Palmer and Stevenson, Henderson and Noland, by A. S. Henderson, for Applicant.

P. R. Ferguson, Henry W. Coil and H. N. Hammack, for Interstate Telegraph Company, Protestant.

James T. Shaw, for The Pacific Telephone and Telegraph Company, interested party.

BY THE COMMISSION:

O P I N I O N

In the above entitled matter Public Utilities California Corporation asks the Railroad Commission for a certificate of public convenience and necessity to construct toll telephone and telegraph lines in San Bernardino County, California. It is proposed to build four copper metallic circuits along the National Highway from Needles to Arrowhead Junction; two copper metallic circuits from Arrowhead Junction along the National Highway northward to the California-Nevada common boundary line and thence to Las Vegas, Nevada; two copper metallic circuits from Arrowhead Junction westward to Daggett, California; one copper metallic circuit along National Highway No. 66 from Daggett to Barstow; two copper metallic cir-

cuits from Daggett south to Lucerne Valley and westerly to Hesperia, and two copper metallic circuits from Hesperia by an undetermined route to San Bernardino. It is proposed to establish toll stations along the route of these several circuits.

A public hearing in this application was held before Examiner Rowell at San Bernardino on April 18, 1929, at which time testimony was introduced and the matter submitted for decision.

A. Welch, Western Manager for W. B. Foshay Company, as a witness for applicant, testified that there was in contemplation the building of lines connecting Needles, California, Kingman, Arizona, and Boulder Dam and Las Vegas, Nevada, and that work has been started on the Nevada Line. He stated that service from these communities to outside points to the westward was available over iron wires in a roundabout route, but that the service was unsatisfactory. Mr. Welch estimated that one hundred or possibly one hundred and twenty local subscribers might be secured in the territory along his proposed line west of Needles and that a substantial amount of business would be received from tourists whom, he stated, represented more than fifty per cent of the population. His estimate of revenue obtainable from this entire territory was eight thousand (8,000) dollars per month. He stated that applicant's lines would have connection with the Associated Telephone Company at San Bernardino, although no definite arrangements therefor had been made.

Mr. A. N. Johns, a witness for applicant, testified that it was proposed to construct two No. 12 N.B.S. Gauge copper circuits from Needles to Daggett, one copper circuit from Daggett to Barstow, two copper circuits from Daggett to Hesperia and two copper circuits from Hesperia to San Bernardino. The statement was made by

Mr. Johns that applicant would depend largely upon business originating in Needles or lines north and east of that point for its revenue from this project and that the amount of revenue which would be secured between Needles and Barstow would be relatively small and of itself would not justify the construction of the line which he estimated would cost approximately two hundred thousand (200,000) dollars. No estimate of the annual charges was made by Mr. Johns.

Several letters were submitted in evidence to indicate that telephone service to outside points was desired.

Mr. C. E. Fleager, a witness called on behalf of The Pacific Telephone and Telegraph Company, an interested party, introduced Exhibit No. 8, consisting of a map of the general territory involved in this application. This map purported to show certain transcontinental interstate telephone lines already built and others under construction and certain routes for lines which may be built in the future. On February 1, 1929, service from Los Angeles to Las Vegas, Nevada, was established by The Pacific Company over a line leased from the Union Pacific Railroad. Carrier circuits have been superimposed on this pair of leased wires, thus providing three commercial telephone circuits. The Pacific Company at this time is building its own lines eastward along United States Highway No. 66 and along the Arrowhead Trail to the California-Nevada State Line from whence they will be extended through Nevada via Las Vegas and thence eastward. The most southern transcontinental lines extend via San Bernardino, Whitewater, Mecca and Niland, California, Yuma and Phoenix, Arizona, to Denver, Colorado, and eastern points. At the present time, The Pacific Telephone and Telegraph Company is making an extension of this line from Whitewater via Goffs, California, to the California State Line from whence it will be extended

eastward via Kingman and points east. Mr. Fleager stated that service over this line from Los Angeles to Kingman and points east will be available on or before January 1, 1930. The witness for the Pacific Company stated that his company was not proposing service to Needles, but did express an idea that the proper way to connect that city with outside points would be by means of a line between Needles and Coffs and a connection with the transcontinental line. Mr. Fleager indicated in his testimony that local telephone companies would have the opportunity of using contacts on the poles of the Pacific Company. On cross examination, Mr. Fleager stated that it was expected to have the transcontinental lines completed to Las Vegas by early fall and possibly by July 1, 1929, and the transcontinental lines into Kingman about September 1st.

Mr. P. R. Ferguson, witness for Interstate Telegraph Company, protestant, stated that in January, 1928, a commercial survey was made by Mr. H. A. VanLoon, then General Superintendent of Interstate Company, for the purpose of ascertaining whether sufficient revenue could be derived from a line from Barstow to Needles to warrant its construction, and that the conclusion was reached that the expected revenue of five thousand (5,000) dollars per year would not justify the building of such a line. Mr. Ferguson estimated that a line from Barstow to Needles would cost in excess of one hundred thousand (100,000) dollars and that the annual charges would be between twelve thousand (12,000) and fifteen thousand (15,000) dollars.

A review of the testimony given in this proceeding indicates that the present telephone situation in the territory generally located between San Bernardino on the west, Las Vegas, Nevada, on the northeast, and Kingman, Arizona, on the southeast, is as follows:

1. There are now three Pacific Telephone Company circuits in service between Los Angeles and Las Vegas, Nevada, on wires leased from the Union Pacific Railroad. These circuits will be reinforced about July 1, 1929, with the completion of a new transcontinental toll lead.

2. A transcontinental interstate toll lead is being constructed by the Pacific Company from San Bernardino via Cadiz, Danby, Fenner, and Goffs to the California-Nevada State Line from whence it will be continued to Kingman, Arizona, and points east.

3. Evidence introduced in the hearing in this proceeding indicates that the Public Utilities California Corporation is about to begin or has begun the construction of a toll lead from Las Vegas, Nevada, to Kingman, Arizona.

4. W. E. Foshay Company interests have purchased the utility properties of Needles Gas and Electric Company, Needles, California, operating, among other businesses, a local exchange telephone system and also a toll line extending from Needles to Kingman. A witness for applicant testified that this iron wire line was not modern and would be replaced with copper wire circuits.

5. The Interstate Telegraph Company is about to extend its lines from Barstow eastward to Daggett and Yermo.

Thus, it appears that the construction of the lines between Las Vegas and Kingman should meet the requirements for telephone service between those two places; the replacement of the existing iron wire circuit between Needles and Kingman with modern facilities should meet the need for improved telephone service from Needles to both Kingman and Las Vegas; and Kingman and Las Vegas will be telephonically connected to San Bernardino via the transcontinental lines and, in this way, the more important points should be properly served. There is left a sparsely settled territory along the highway between Needles and Daggett which will not be

provided with toll telephone service by projects now in process of completion.

This application is for a certificate of public convenience and necessity, the granting of which must be predicated upon the showing that such certificate is justified. There can be no question as to the convenience of the use of telephone service. However, justification of the expenditure of moneys necessary to finance the proposed telephone line should be shown. The burden of these costs must be borne by the public.

If the revenues expected to be derived by applicant from customers in this state are entirely insufficient to justify such a capital expenditure, it is incumbent on the applicant to show that revenues from other sources will be sufficient to make up the deficiency. From the evidence which has been presented, it does not appear that the construction of a toll pole lead from Needles to Daggett is economically justified under the proposed conditions or would be, even approximately, self-supporting.

O R D E R

Public Utilities California Corporation having made application to the Railroad Commission for a certificate of public convenience and necessity to construct toll telephone and telegraph lines from Needles, California, to various points in San Bernardino County, California, the matter having been heard and submitted, full consideration having been given to the pertinent matters, and basing this order on the conclusions contained in the opinion which precedes this order,

The Railroad Commission of the State of California hereby declares that adequate proof has not been given to justify the

expenditure necessary for the construction of the toll telephone and telegraph lines, as requested by Public Utilities California Corporation, or to show that public convenience and necessity will require the construction of such lines or the granting of a certificate; therefore,

IT IS HEREBY ORDERED that Application No. 15333 be and the same is hereby denied.

The effective date of this order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 1st day of August, 1929.

Paul L. Lott

Leon A. White

Commissioners.