

Decision No. 24337.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

GEO. J. POTTER, MRS. GEORGE LERY,
J. J. MENDENHALL, MORRIS A. SOLOW,
S. NIEMCZYK, D. L. BURGESSON, A. H.
HENDERSON, MRS. A. V. RAND, E. C.
MERKIN, RUSSELL J. SEYBOLD, F. J.
SOLARI, WALTER P. COOMBS, WILLIAM
C. O'HARA, C. R. INMAN, WM. H.
HOEFENER, MRS. DELLA KISSINGER, J.
W. ROOKSTOOL, CARRIE B. THOMPSON,
PAUL V. STARR, MRS. MARIE AYLOR,
FRANCES BIANCHETTI, ART. V. MILLER,
OLIVE HUGHES, L. M. BERKEY, GRACE
BUSH, C. W. DIPBOYE, J. R. HUNTER,
J. R. WHEELCHEL, W. W. BIRMINGHAM,
EVA L. GUNN, MINNIE E. CUNNINGHAM,
MRS. S. B. GOLSEN, WILLIAM E. BLACK,
GEO. R. HARTSHORN, MRS. FLORENCE A.
BOWEN,

Complainants,

vs.

SOUTHERN CALIFORNIA TELEPHONE COMPANY,
a corporation,

Defendant.

Case No. 3117

Schaefer, Greenschlag & Plummer, by
S. C. Schaefer, for Complainants.
Oscar Lawler and James G. Marshall,
for Defendant.

BY THE COMMISSION:

O P I N I O N

In this proceeding thirty-five persons, asserted purchasers of telephone service in a certain territory situated between the eastern boundary of the City of Los Angeles and the western city limits of the City of Montebello, request that said territory be made a part of the Los Angeles Exchange Area. Defendant made answer to the complaint, and complainants filed demurrer to the answer.

A public hearing in this proceeding was held before

Examiner Kennedy at Los Angeles on December 9th and 10th, 1931, and the matter was submitted for decision.

The territory involved in this complaint is approximately two miles in width, from east to west, and varies from about three to four miles, from north to south. This area, situated west of and adjacent to the City of Montebello, is an unincorporated section of the County of Los Angeles, with approximately 1,890 families and 151 business concerns. There are included in the complaint area the Golden Gate Square, Eastmont and Montebello Park subdivisions.

Residents and business men of the community testified that the Government has extended its Los Angeles Post Office service to the area, which also is included in the Los Angeles City School District. The community has County Fire and Police protection and has no Los Angeles municipal utility services. Statements of certain witnesses indicate that the major communication requirements of the complaint district extend to Eastern Avenue, about one mile east of the Los Angeles City limits, and about one mile west of the common boundary of the Los Angeles and Montebello Exchange Areas and that some communication by telephone is had with the central portion of the City of Los Angeles. Evidence given also indicates that the territory from Eastern Avenue, with the subdivisions in the complaint area, to the eastern city limits of Montebello and possibly farther east is growing together as one community. All witnesses for complainants expressed a belief that their requirements for telephone service would be more satisfactorily met if the complaint area were transferred to the Los Angeles Exchange. Some of these witnesses did not know the rates of charge which would apply to their services in the event the boundary change were made, and were

uncertain that they would subscribe for service at Los Angeles Exchange rates.

Some objection was made to the listing of Montebello services in the Los Angeles County section of the telephone directory instead of the City section. It appears that Montebello Exchange subscribers may secure Los Angeles City listings for an additional monthly charge.

Walter L. Kietzman, General Tariff Engineer testifying for Southern California Telephone Company, presented data showing that, of the 35 complainants, the 29 who are subscribers to telephone service would receive a net increase in charges of \$32.50 per month, or an average increase each of \$1.12, if the area were transferred as requested and the usage of the service were the same as during the period studied by him. Of the local telephone messages originated by the 26 complainants, who subscribe to Montebello service, from September 25th to October 8, 1931, 249 terminated in the complaint area and 108 outside that area but in the Montebello Exchange Area. The traffic information submitted also indicated considerable communication between telephones in the complaint area and telephones in the remainder of the Montebello Exchange Area by others than those who are complainants in this proceeding. Apparently considerable requirement for Montebello exchange service exists in the complaint area as the record shows that, of the telephones in the complaint area, 519 are Montebello exchange stations and 204 are Los Angeles foreign exchange stations. It is noted that the complaint area is about one-third of the Montebello Exchange Area and that on August 31, 1931, it had 723 of the 1,454 telephones of the exchange. The Los Angeles base rates for

exchange service are considerably higher than the rates for Montebello service in the complaint district.

Harry W. Hitchcock, Chief Engineer of Southern California Telephone Company, testified that, in the event the complaint district were transferred to the Los Angeles Exchange, the present cable system in the district would need to be rearranged and supplemented with a cable extending to the Angelus Central Office where the present Los Angeles foreign exchange services are connected to the Los Angeles system and where any new Los Angeles services would be switched. Mr. Hitchcock estimated that it would cost \$47,543 to install the necessary new cable with conduit, to rearrange the present plant in the district and to perform the required telephone subscribers' station work, if the request of complainants were granted. At the present time sufficient central office equipment is available in the Angelus office to care for the services which would need to be changed under the proposal. A like amount of equipment, left vacant in the Montebello central office, would be of no use to the telephone company until needed for new services in the future. Likewise, cable from the Montebello office would be left vacant and some would be of larger conductor size than would be required for the greatly lessened area with its shorter lines. The complaint district is approximately twice as far from the Angelus office as from the Montebello office. Mr. Hitchcock, in Exhibit No. 6, presented in evidence a table showing revenue and expense of the Montebello Exchange for the year 1931, based on the company's books for the first six months and on an estimate for the last six months of the year. According to this statement the revenues failed to meet the operating expenses by \$11,440. In

Exhibit No. 7 there is set forth figures to show that the expected result of transferring the complaint area is a net revenue loss of \$10,420.

Arthur B. Fry, Telephone and Telegraph Engineer of the Commission, under examination by counsel for complainants, explained that Southern California Telephone Company for some time has been making traffic studies for use in a determination of an appropriate fundamental plan under which the telephone operations and service between Los Angeles and surrounding communities might be coordinated, possibly rearranged and generally improved. Although much data have been gathered, the solution has not been reached for this situation, in which exchanges are operated on a manual or dial basis under Bell or independent ownership with no uniform numbering plan for these communities where telephone interests have become interwoven. This study is reviewed by the Commission's Engineering Department as progress is made.

Before deciding a boundary complaint such as is here before us, it is proper to review the history of the situation to determine whether changes in the service conditions have been made in an irregular manner and whether or not the utility has made an effort to modify its operations as community changes have occurred. Records show that Los Angeles exchange service only was available in the complaint area for many years prior to August 1, 1924, when the Montebello Exchange was established with an exchange area the same as at present, except that a slight modification of the Los Angeles and Montebello common exchange boundary was made effective January 1, 1930, by Decision No. 21767, in Case No. 2688. A

schedule of rates for Los Angeles foreign exchange business service in Montebello was filed with the Commission by Southern California Telephone Company on February 1, 1925, in accordance with the Opinion in this Commission's Decision No. 14420, dated December 31, 1924, in Application No. 9648 and Case No. 2026, in which we said: "The requirements placed upon this service by the company, providing that the foreign exchange subscriber be required to subscribe for the local service from the exchange within which he is located, can not work any unreasonable hardship on him, and it is fair and just to the local subscriber in that exchange that telephone conditions be available without toll" (25 C.R.C. 762). Complainants object to this requirement. No Los Angeles residence exchange service was authorized or allowed in the Montebello Exchange Area by Decision No. 14420. On May 4, 1928, the Montebello Base Rate Area was extended westward to include all of the developed section to the Los Angeles Exchange boundary, which is located between Analia and Hillview Avenues, thus eliminating mileage charges on Montebello exchange services in the present complaint area. Effective July 1, 1929, Los Angeles foreign exchange residence service was established throughout the Montebello Exchange Area. Coincident with this concession in regular telephone rate making, the Los Angeles Base Rate Area was extended eastward to the Los Angeles and Montebello common exchange boundary, which would allow Los Angeles foreign exchange service to be received in Montebello Exchange Area without any Los Angeles local exchange mileage charges.

Foreign exchange residence service was first established in California in the Glendale and Burbank Exchange Areas by the Order in Decision No. 20802, in Case No. 2556, dated February 18, 1929 (32 C.R.C. 678). Under the plan then established, a

further concession from regular telephone rate making was made by allowing an applicant in the foreign exchange area to receive residence service from either or both exchanges, at his option, provided his location be not more than one-half mile distant from the common boundary of the two exchange areas. Beyond the one-half mile zone, foreign exchange residence service subscribers would be required to have service from both exchanges under conditions similar to those applying to foreign exchange business service. The foreign exchange service now available in the Montebello Exchange Area, including the complaint area, is governed by the same rules and regulations which are effective elsewhere in California for foreign exchange service, and no discrimination exists.

It appears that the effect of present telephone service conditions in the complaint area are not seriously detrimental in view of the fact that 17.6 per cent of the families of the complaint area and 75 per cent of the business firms have telephones, which is a reasonable development. In the entire Montebello Exchange there has been a growth from 180 telephones, or 3.6 per 100 population, in September, 1923, to 1,454, or 12.1 per 100 population, in September, 1931.

One of the conditions under which the present high development of telephone service in California has been obtained, with good service at reasonable rates, is that of defining exchange areas and filing maps thereof with the Commission, as required by our General Order No. 68. Toll service is made available between all exchanges and toll points so that persons requiring communication service well beyond their immediate communities may

secure such service and pay for the amount used. Under this plan, the telephone plant within the exchange area is engineered to provide the size of conductors and facilities most economical for appropriate telephonic transmission to the established exchange boundary. Unquestionably, a plant designed to accommodate services at undefined distances from the central office would be one with a very high average line cost. The fact, that the average cost of conductors necessary to connect a telephone in the complaint area to the Montebello central office is \$78.50 and to connect the same telephone to the Angelus central office in the Los Angeles Exchange is \$251.00, illustrates the fallacy of large central office districts and exchange areas.

In reviewing the facts relating to the situation in the Eastmont and Montebello Park areas, we must conclude that the granting of the present petition, which has been capably presented by counsel, would not result in the correct solution of the situation in the best interests of the public in this locality. It appears that no material enlargement of the present Los Angeles Exchange Area should be made except such change unquestionably is shown to be required prior to the adoption of some fundamental plan of service for the City of Los Angeles and its nearby communities. The telephone companies which furnish service in and about Los Angeles should energetically prosecute a study of the telephone situation which exists there at this time and reach a determination as to the best coordinated plan of general service which may be inaugurated with reasonable dispatch. Only in this

way may future expenditures of money in the Los Angeles territory result in the greatest benefit to the public and to the utilities.

We find that the complaint herein should be dismissed.

O R D E R

This case being at issue upon complaint and answer filed with the Commission, a public hearing having been held, careful consideration having been given to the matters and things involved, and basing this order on the finding of fact and conclusions contained in the opinion which precedes this order;

IT IS HEREBY ORDERED that the above entitled proceeding be and the same is dismissed.

Dated at San Francisco, California, this 18th day of January, 1932.

Cl. J. J. J.

Jean Whisell

M. J. J.

W. B. Harris

Frederic G. Stewart

Commissioners.