

Decision No. 123
BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

Decision No. 123

In the matter of the application of
THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

for authorization to purchase the capital
stock of the Home Telephone and Telegraph
Company of Pasadena.

Application No. 54

In the matter of the application of
THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

for authorization to sell or lease its tele-
phone exchange at Pasadena, California, to
the Home Telephone and Telegraph Company of
Pasadena.

Application No. 58

APPEARANCES:

E. D. Pillsbury, for The Pacific Telephone and Telegraph
Company.

E. M. Robinson, for the Home Telephone and Telegraph Company
of Pasadena.

William J. Carr, City Attorney, for the City of Pasadena.

Sam M. Haskins, for the Home Telephone and Telegraph Company
of Los Angeles.

Arthur . . Wright, for the United States Long Distance Tele-
phone and Telegraph Company.

DECISION

Eshleman and Edgerton, Commissioners.

These two applications were filed on May 20th and
21st, 1912, respectively, and thereafter the City of Pasadena
asked and was granted leave to intervene. The applications
were consolidated and the hearing on the applications and the
intervention held on the 21st day of June, 1912, in the City
of Pasadena.

The testimony disclosed the situation, which is
substantially as follows:

As the result of litigation between the City of

Pasadena and The Pacific Telephone and Telegraph Company, finally determined by the Supreme Court of the State of California (Sunset Telephone and Telegraph Company vs. City of Pasadena, 118, Pac. 796) The Pacific Telephone and Telegraph Company finds itself unable to operate further its telephone exchange business within the City of Pasadena without the granting of a new franchise by that city,

The Home Telephone and Telegraph Company of Pasadena is operating a telephone exchange in the City of Pasadena under a legal franchise. The City of Pasadena desiring to consolidate the telephone service being rendered, has refused to renew the franchise of The Pacific Telephone and Telegraph Company and has insisted upon a consolidation of its telephone service.

It appears from all the evidence before us that such a consolidation is generally desired and is desirable.

The United States Long Distance Telephone and Telegraph Company is an interested party because of the fact that it is now and has been for sometime in the past rendering long distance service to the patrons of the existing Home Telephone and Telegraph Company, whereas, the patrons of The Pacific Telephone and Telegraph Company have had access to the long distance lines of The Pacific Telephone and Telegraph Company, and it is proposed that, under the consolidation, the subscribers to telephone service in Pasadena shall have access to long distance service of both long distance telephone systems.

No opposition has developed from any source to these ultimate purposes and desires of the applicant and the interested parties, and it appears that they are results that will tend greatly to the public benefit and convenience, both in the City of Pasadena and a considerable territory adjacent thereto. It remains, then, to effect such a result under such reasonable terms and regulations as will safeguard the interests of the general public, the telephone users and the operating companies involved, in the future.

The City of Pasadena requests that the order which we shall issue in the premises be made subject to the endorsement of the City of Pasadena. The Commission does not desire to put itself in the light of issuing an order requiring any other approval and in this case our decision and order are made entirely without reference to, or recognition of, any such necessity, but desiring in every way to co-operate with city authorities jointly interested in the regulation of utilities and in this case, the City of Pasadena and the residents thereof being the parties directly interested in the combination of these two systems, we are disposed not to permit a combination under terms which will be distasteful to the authorities of such city.

Therefore, we are disposed to make the effectiveness of this decision and order contingent upon the approval of it by the City of Pasadena through a proper ordinance and the effective date hereof will be the date of the going into effect of such ordinance. If the City of Pasadena is not satisfied with the terms imposed herein and does not pass an ordinance approving the same, then, of course, the result will be a denial of the application to consolidate.

The City of Pasadena has requested that certain conditions be imposed, most of which we now find to be entirely proper and reasonable, and with slight exception, we will make our approval contingent upon such conditions. Certain conditions asked for are imposed by operation of law, particularly those preventing the increase of rates and the impairment of the standard of service and, therefore, no conditions are necessary to be imposed with reference thereto. The only two important provisions concerning which there is much controversy are those requiring an optional two-number and particular-party service over The Pacific Telephone and Telegraph Company's lines between the Pasadena Exchange and the City of Los Angeles and the requirement of a deposit on the part

of the subscriber as a prerequisite to having his service connected.

This first matter involves primarily a question of expense. Statements have been submitted to the Commission showing that a compliance with the City's request in this regard will occasion expenditures of considerable size and it seems to be undisputed that such is a fact. We do not desire to require this company to make unnecessary expenditures, but on the other hand, we desire to require the very best possible service within the territory involved. It has not been made clear to us that the added advantages to the city will offset the additional expenditure, but we do not desire to foreclose the question and we reserve a decision as to this matter and request that sometime within a year from date the city authorities present to us their further views, based upon experience with the consolidated system. If it appears at such time that any inconvenience is occasioned to the patrons of this company within the City of Pasadena by reason of not requiring optional two-number and particular-party service, the Commission will require that such optional two-number and particular-party service be installed and the decision is rendered contingent upon the companies involved being willing immediately to comply with this Commission's order in this regard, if it shall hereafter be made.

As to requiring a deposit, we feel that the need of such deposit should be plain. Anything which adds to the burdens of the patrons of a utility without being of substantial benefit to the utility should, of course, not be required and any payment which adds to the burdens of the patrons of the utility which the utility has not a plain right to exact will not by this Commission be approved. We, therefore, reject the application to require a deposit of any sum in the nature of a guarantee and telephone service shall be rendered upon application and on the signing of

the company's contract, which contract shall be subject to the approval of the City of Pasadena.

We would suggest, however, that this company keep a detailed statement as to any losses which may be entailed by reason of its not being allowed to exact a guarantee, and if, at a subsequent date, it appear that these losses are sufficiently large to warrant the imposition of a deposit, we will be disposed to modify this decision and order in this regard.

X The city also requests that within a reasonable time all property and rights of the Home Telephone and Telegraph Company of Pasadena shall be assigned and transferred to the Pacific Telephone and Telegraph Company. The Pacific Telephone and Telegraph Company resisted this application on the ground that the holders of the bonds of the Home Telephone and Telegraph Company might object to such a condition. At the suggestion of the Commission, the representatives of the bond holders were consulted and we have been assured that no objection would be raised by the bond holders to the granting of this request.

We, therefore, recommend the following order:

Application having been made by The Pacific Telephone and Telegraph Company for authorization to purchase the capital stock of the Home Telephone and Telegraph Company of Pasadena, which application has been consolidated with the application of The Pacific Telephone and Telegraph Company for authorization to sell or lease its telephone exchange plant at Pasadena, California, to the Home Telephone and Telegraph Company of Pasadena, and a hearing having been duly held upon said consolidated applications, and it appearing to the Commission that the applications should be granted under reasonable restrictions and limitations regarding the administration and continuation of the consolidated telephone service, it is hereby ordered as follows:

The Pacific Telephone and Telegraph Company is authorized to purchase the capital stock of the Home Telephone and Telegraph

Company, and The Pacific Telephone and Telegraph Company is authorized to sell or lease its telephone exchange plant at Pasadena, California, to the Home Telephone and Telegraph Company of Pasadena, California, in conformity with the following terms and conditions and contingent upon the passage of an ordinance of the City of Pasadena approving said purchase and sale and said terms and conditions.

-I-

(a) Long Distance toll service shall be maintained and be at all times available to all present or future telephone subscribers who may be subscribers to the consolidated telephone service in Pasadena, so that any subscribers in Pasadena may have incoming service from or outgoing service to the existing toll lines now entering Pasadena. It shall be optional with these subscribers over which toll system their messages shall be sent. In particular, ample and suitable space, room, and facilities shall be furnished the United States Long Distance Telephone and Telegraph Company, their successors and assigns, in any building in which the exchange telephone service shall be established, in which said Long Distance Company shall have the right to set up, maintain, and operate a sufficient and satisfactory long distance equipment and apparatus for caring for and continuing its long distance business, both outgoing and incoming.

+ The United States Long Distance Telephone and Telegraph Company shall have the right and may install its apparatus, appliances, equipment, and facilities for the carrying on of and caring for its long distance business, and shall employ on its own account all operators and employees necessary to conduct said business.

The physical connections between the long distance apparatus and equipment and the apparatus of the local plant shall be made in a manner suitable to carrying on of the long distance business to the advantageous operation of the long distance apparatus and lines and proper service for the patrons of the local company and without unnecessary cost. The patrons of the local

local company shall have the right and option to call for long distance service over the lines of the United States Long Distance Telephone and Telegraph Company and calls made by patrons of the local company for such service shall be so handled by the operators of the local company that the service given the patrons of the local company by the Long Distance Company shall not be in any way at a disadvantage. All messages, both incoming and outgoing, over the lines of the Long Distance Company shall be handled promptly by the operators of the local company and with the same promptness that incoming and outgoing messages are handled over the long distance lines of any other company.

The Long Distance Company shall have the right to designate the name by which its service shall be called and published.

As new or additional equipment or alterations in equipment are made by the local company, the Long Distance Company shall be given the information at as early a date as possible of any contemplated changes and permitted to do anything necessary to bring its equipment into proper relation with the proposed change, and no delay or hindrance shall be made by the local company in this connection nor in the event the Long Distance Company shall desire to make changes in or additions to its own apparatus.

(b) The Pacific Telephone and Telegraph Company shall maintain its present long distance service, whether particular party or two-number, until the further order of this Commission.

(c) A directory or directories showing the subscribers of the Pasadena Exchange shall be furnished each of such subscribers not less than twice each year. Such directory or directories shall also contain the names and numbers of all the subscribers of The Pacific Telephone and Telegraph Company of the city of Los Angeles and contiguous territory, and in the Pasadena edition of such directory, the Pasadena lists of subscribers shall appear first. A directory or directories shall

also be furnished each of such subscribers by the United States Long Distance Telephone and Telegraph Company not less than twice annually, containing all the subscribers of the Home Telephone and Telegraph Company of Los Angeles, and also the subscribers of other independent companies operating in territory contiguous to Los Angeles.

-II-

Local Rates and Service.

The rentals charged the subscribers of the Pasadena Exchange, and the service given and facilities afforded by said Exchange, shall conform to the following requirements:

(a) The minimum rate for the several classes of service now prevailing in the systems of the Home Telephone and Telegraph Company of Pasadena and of The Pacific Telephone and Telegraph Company in Pasadena, respectively, and the maximum radius of service under the said several rates now existing in the said systems, respectively, shall in the several instances prevail as the maximum rate and the minimum radius.

(b) The average time for answering line signals shall not exceed 4.5 seconds.

(c) The percentage of line signals answered in ten seconds or under shall not be less than 95 per cent.

(d) The average time for the disconnection of calls shall not exceed four seconds.

(e) The percentage of disconnections within eight seconds shall not be less than 95 per cent.

(f) The calls not affected by operators' errors shall not be less than 98 per cent.

(g) The above service requirements shall apply under normal conditions, and at no times shall the ratio of operators to traffic handled be less than is necessary to the maintenance of these standards under normal conditions.

(h) Telephone service shall be rendered upon application on the signing of the Company's contract, which contract

shall be subject to the approval of the City of Pasadena, and without a deposit of any sum in the nature of a guarantee or the requiring of payment in advance for longer than one month.

-III-

General and Miscellaneous Requirements.

(a) The interchange of service between the two systems pending their physical consolidation shall be effected within three months after the order granting these applications goes into effect, and the engineering work necessary to effect complete consolidation of the systems shall be fully completed within not less than twelve months from the date this order goes into effect. Strict adherence to the service requirements hereinbefore outlined will not be insisted upon during the time last mentioned, but allowance will be made for inherent difficulties in rendering first-class service during the time of effecting physical consolidation of the systems.

(b) The construction to be retained in service in the course of the physical consolidation as well as future installations, shall, so far as located within the City of Pasadena, be subject to the approval of the City Engineer of Pasadena, and shall conform to the ordinance of said city now, or which may hereafter be, in effect. As nearly as possible installation without the City and within the Exchange limits shall follow the construction within the city. Particularly shall interior block construction for the business section and rear property line construction for the residence section prevail in the preservation of existing facilities as well as future installations, subject to the supervision of the City Engineer, and conditioned upon rights of way being obtainable from property owners without charge, or for reasonable compensation.

(c) For the purpose of determining gross receipts, a percentage of which will go to the City of Pasadena, the Company

shall make a just segregation of toll revenues based upon a pro rata determined upon the actual segregation of toll investments and expenses and exchange investments and expenses. In case the Company and the City do not agree as to such segregation, the party dissatisfied therewith shall have the right to appeal to the Railroad Commission, the determination of which, in this respect shall be final.

(d) The permission hereby granted shall become effective only upon the concurrence by ordinance of the City Council of the City of Pasadena of said transactions and consolidation, and the terms and conditions thereto herein contained, and this consent shall become effective concurrently with such approval by said City Council.

(e) Within not less than eighteen months from the date of this order, all property and rights of the Home Telephone and Telegraph Company of Pasadena shall be assigned and transferred to The Pacific Telephone and Telegraph Company, conditioned upon the assent of the City of Pasadena thereto upon reasonable terms (the terms herein stated shall be deemed reasonable), it being contemplated hereby that the true ownership and control of such Exchange shall appear.

(f) Nothing in this order or in the proceeding preliminary thereto shall be deemed in any way to be an acceptance either by the Railroad Commission or by the City of Pasadena of the valuation placed upon the property of said Home Telephone and Telegraph Company, or The Pacific Telephone and Telegraph Company or the Sunset Telephone and Telegraph Company. The value of the properties of said Companies is expressly left open for future determination.

(g) Nothing in this order, or in the proceedings preliminary thereto, shall be deemed in any way to constitute a contract between said Telephone Company, or any of them, and the City of Pasadena or the State of California. It is intended hereby to establish certain service, construction, and rate

regulations to which said Company, and each of them, must conform until otherwise provided by law.

The above decision and order are hereby approved and ordered filed as the opinion and order of this Commission.

San Francisco, California,
July 15, 1912.

John M. Eshleman

Commissioner.

W. Gordon

Commissioner.

Edwin C. Edgerton

Commissioner.

