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Decision No. _____.

ORIGINAL

Decision No. 3754

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA.

In the matter of the application)
of HUNTINGTON BEACH COMPANY for)
permission to discontinue its)
practice of granting a discount)
on certain bills and to charge a)
certain rate for desk sets.)

Application

No. 2488.

P. E. Harroun for Huntington Beach
Company.

A. P. Nelson for the City of Hunting-
ton Beach.

BY THE COMMISSION.

O P I N I O N .

Huntington Beach Company, applicant in this proceeding, owns and operates a telephone system as a public utility in the City of Huntington Beach and has heretofore filed its schedules of rates with this Commission in accordance with the provisions of the Public Utilities Act and of the orders of the Commission requiring the filing of rates, rules and regulations. The schedules provide, among other things, that those patrons

who pay their monthly bills for local exchange service on or before the tenth day of the month for which the bills are rendered shall be allowed a discount of twenty-five cents from the amount of the bill rendered. This secures to the patron a net rate in return for prompt payment, which is lower than the rate which would be exacted if payment were not made until after the tenth day of the month. It appears also that the practice of the applicant prior to the filing of its rate schedules with the Commission has been to charge a rate of twenty-five cents per month for the use of portable or desk telephone sets in addition to the rate which it has established for the use of wall telephones, but that in filing its rate schedules with the Commission it failed to file this additional rate and subsequently eliminated the additional charge.

It now represents that it is operating its telephone business at a loss and seeks permission to abolish the monthly discount and to re-establish the additional charge referred to for the use of portable or desk telephones.

So far as the monthly discount is concerned, it is, of course, apparent that the net rate to which patrons who take advantage of the present discount privilege are entitled, is as much an established rate as any of the applicant's other rates. It is also apparent that the withdrawal of this discount privilege from the applicant's schedules would result in rate increases to those patrons who now, by paying their bills on or before the tenth of the month, take advantage of the discount. The

petitioner does not ask the Commission in its application to determine whether the net rates or any of its rates are proper, and until this may be done it cannot be determined whether or not the request to discontinue this practice is a reasonable request.

In addition to operating this telephone system, the applicant is also engaged in other public utility business and is also interested in the acquiring, improving, subdividing and selling real estate, as an adjunct to which its utility business has been developed.

No valuation of the applicant's telephone property having been fixed and no segregation of its various business interests having been made by the Commission, there is not sufficient evidence upon which to base a conclusion as to reasonable rates or to determine to what extent the company's claim that it is now operating its telephone system at a loss is in accordance with the facts.

According to the testimony, discounts aggregating approximately \$490. were allowed the patrons of this applicant during the year 1915. This would indicate that approximately 163 of the applicant's present patrons would be affected by this increase, and until it may be determined whether all of the present rates are proper it does not appear that this permission should be granted.

With reference to an additional charge for the use of portable or desk telephones, it is not an uncommon practice among telephone companies to make such a charge and there are various justifying reasons for a reasonable

charge for desk set equipment in lieu of wall telephones. In this case, it appears that the company's former schedules did make provision for the rate which it now desires to charge and that this charge was discontinued only after its attention had been directed to the fact that it is unlawful to charge any rates in excess of those which have been filed with the Commission without the Commission's permission. The applicant apparently having acted in good faith with reference to the former withdrawal of this charge, there appears to be no good reason why it should not be permitted to re-establish this rate.

O R D E R

Application having been made to this Commission by Huntington Beach Company, a public utility, for authority to discontinue its present practice of allowing monthly discounts from its patrons' bills in return for payment on or before the tenth day of the month for which its bills are rendered, and for permission to charge a rate of twenty-five cents per month for the use of desk telephones in addition to the rates now charged its patrons for this type of telephone at its Huntington Beach exchange.

And a hearing having been held and it appearing to this Commission, as set forth in the preceding opinion, that the present practice of granting monthly discounts to its

patrons should not be discontinued; and it appearing further to the Commission that this applicant should be permitted to charge a rate of twenty-five cents per month in addition to the rates now being charged its patrons for desk telephone sets, as set forth in the preceding opinion;

IT IS HEREBY ORDERED that this applicant, Huntington Beach Company, be, and it is hereby, granted authority to charge its patrons a rate of twenty-five cents per month in addition to the rates now charged and on file with this Commission for desk telephones at its Huntington Beach exchange, the authority herein granted to be and become effective November 1, 1916.

PROVIDED, that the applicant shall, within thirty days from the effective date of this order, revise and refile with this Commission its present rate schedules in conformity with this authorization.

AND IT IS HEREBY FURTHER ORDERED that in all other respects the application herein be, and it is hereby, denied without prejudice.

Dated at San Francisco, California, this 4th day of October, 1916.

Max Thelen

J. B. Howard

W. G. W. W.

Edwin O. Edgerton

Commissioners