

Decision No. _____

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE
STATE OF CALIFORNIA

Decision No. 5617

In the matter of the application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY for authority to sell prop-
erty and franchises and to lease
property to Santa Monica Bay Home
Telephone Company and to withdraw
from the telephone business and of
SANTA MONICA BAY HOME TELEPHONE COM-
PANY for authority to acquire prop-
erty and franchises and to lease
property from The Pacific Telephone
and Telegraph Company and to issue
bonds.

Application
No. 3821

- Pillsbury, Madison & Sutro and James T. Shaw
for The Pacific Telephone and Telegraph
Company.
- Dexter & Ellis for Santa Monica Bay Home Tele-
phone Company.
- Victor R. McLucas, City Attorney, for City of
Santa Monica.
- R. M. Blodget, City Attorney, for City of
Venice.

EDGERTON, COMMISSIONER:

O P I N I O N

The purpose of this application is to bring about
the consolidation into one system of two separate and com-
peting telephone plants operating in the cities of Santa
Monica and Venice and territory tributary thereto.

The Pacific Telephone and Telegraph Company proposes to sell its telephone properties in this locality to its competitor and thereupon to retire from the field.

The purchase price which has been agreed upon involves the issuance and delivery of bonds by Santa Monica Bay Home Telephone Company and the exchange of certain of its telephone properties and certain of its equipment for other equipment of The Pacific Telephone and Telegraph Company and pending the consolidation it is proposed that The Pacific Telephone and Telegraph Company lease its competing telephone system to Santa Monica Bay Home Telephone Company.

If this application is granted the Santa Monica Bay Home Telephone Company proposes to install a full automatic telephone system.

The Cities of Santa Monica and Venice appeared through their legal representatives and formally stated that the citizens of these communities favored a consolidation of these competing telephone systems; and no protest has been made in opposition to this application.

The objections to the continuance of a double telephone service have been so frequently and fully set out in opinions of this Commission that it is needless to again fully cover this ground.

It may be said, however, that after a number of years of experience with two telephone systems in these communities, the subscribers almost unanimously demand a consolidation into one system and the reasons for this are obvious. The telephone being a natural monopoly there should be one universal service as this will enable complete interchange of communication between all telephone users in the community; this in addition to the usual advantages of consolidation of utility properties resulting from the elimination of duplicate property and duplicate operating expenses.

The terms and conditions of the sale as set out in the application cannot adequately be passed upon at this time for the reason that there is not sufficient evidence before the Commission upon which a sound judgment may be reached as to the value of the plant to be sold and exchanged or to determine the total property value of the Santa Monica Bay Home Telephone Company upon which the proposed and existing bond issue will rest, or as to the earnings that may reasonably be expected after the consolidation.

Therefore I recommend that an order be made authorizing the consolidation of these telephone systems and leaving for a subsequent supplemental order the fixing of the terms and

conditions upon which such consolidation shall be made.

Herewith a form of order:

O R D E R

Application having been made therefor by The Pacific Telephone and Telegraph Company and Santa Monica Bay Home Telephone Company and a public hearing having been had;

IT IS HEREBY ORDERED BY THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA that The Pacific Telephone and Telegraph Company is hereby authorized to sell to and exchange with Santa Monica Bay Home Telephone Company all that certain real and personal property and franchises located in the Cities of Santa Monica and Venice and the territory tributary thereto now being used by said The Pacific Telephone and Telegraph Company in the conduct of a telephone business, all as more particularly described in Exhibit A and Exhibit No. 2 on file herein and pending the consolidation The Pacific Telephone and Telegraph Company is authorized to lease said property to Santa Monica Bay Home Telephone Company.

Santa Monica Bay Home Telephone Company is hereby authorized to purchase and lease said above described property and to consolidate said property with its telephone system now

being operated in the Cities of Santa Monica and Venice and territory tributary thereto.

PROVIDED, however, that before said sale or lease is consummated a supplemental order shall be made by this Commission fixing all of the terms and conditions of such sale and lease and fixing the amount of bonds which may be issued by Santa Monica Bay Home Telephone Company and the terms and conditions of such issue.

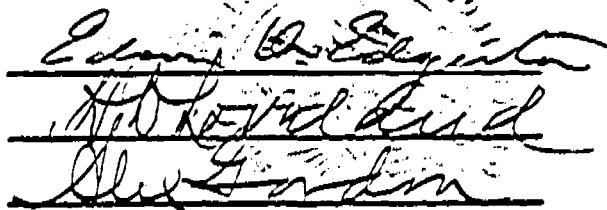
IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company is hereby authorized to withdraw from the telephone business in the Cities of Santa Monica and Venice and the territory tributary thereto.

IT IS HEREBY DECLARED BY THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA that public convenience and necessity require and will require the exercise of rights and privileges under the franchises which it will acquire from The Pacific Telephone and Telegraph Company.

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.

Dated at San Francisco, California,

this 26th day of July, 1918.



Commissioners.