

Decision No. 706

BEFORE THE RAILROAD COMMISSION
OF THE STATE OF CALIFORNIA.

ORIGINAL

Decision No. 706

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In the matter of the application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY for permission to withdraw
from certain territory, and J. H.
EVANS to construct, operate and main-
tain a telephone system in the said
territory.
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Application No. 434

Appearances:

- J. H. Evans, representing Evans Telephone Company,
- H. A. Johnson, representing The Pacific Telephone
and Telegraph Company.

GORDON, Commissioner:

O P I N I O N.

In this proceeding, J. H. Evans makes application under the provisions of Section 50-c of the Public Utilities Act for an order of this Commission declaring that this Commission will hereafter, upon application, issue a certificate declaring that public convenience and necessity require the exercise by J. H. Evans of the rights and privileges contained in a franchise which J. H. Evans contemplates securing from the Board of Supervisors of Stanislaus County, California, which franchise, however, has not yet been granted.

J. H. Evans, at present, operates a telephone system at Patterson, Stanislaus County, California. He now desires to make extensions in his system into certain specified territory in the neighborhood of Patterson. The territory is more specifically described as follows:-

"That part of Stanislaus County, California, described by a line beginning at the north-east corner of Section 1, T. 5 S., R. 8 E.; thence running west to the west bank of the San Joaquin River; thence following said River bank in a northwesterly direction to the junction of El Puerto Creek; thence following said creek in a southwesterly direction to the north line of Section 14, T. 5 S., R. 7 E.; thence west to the northwest corner of Section 18; thence south five miles; thence east to the southeast corner of Section 1, T. 6 S., R. 8 E.; thence north to the point of beginning."

The Pacific Telephone and Telegraph Company is a portion of now serving the territory which J. E. Evans desires to enter.

The Pacific Telephone and Telegraph Company, however, has joined in the application in this proceeding and has expressed an entire willingness that J. E. Evans serve this specified territory. I believe that if J. E. Evans is permitted to enter this territory the interests of the public will be subserved, and I, therefore, recommend that the Commission make an order preliminary to the granting of the franchise, in accordance with the provisions of Section 50-c of the Public Utilities Act.

I desire, however, to call attention to two matters which are involved in this proceeding. J. E. Evans has submitted to the Commission for its approval the schedule of rates which he intends to put into effect in the territory which, if this application is granted, he will be permitted to serve. The following provision is contained in this schedule of rates:-

"Rates are monthly and payable in advance, and 25% discount will be allowed on all rental bills (except for farmer service and mileage rates) if paid on or before the sixth day of the current month."

The rates involved in this clause are as follows:

	<u>Wall</u>	<u>Portable</u>
One business flat	\$2.75	\$2.75
One residence flat	2.25	2.25
Four residence flat	1.75	2.00
Extension Set	1.25	1.25

At the hearing upon this application, J. E. Evans indicated that he did not regard this 25% discount on the prompt payment of bills as a rate, nor that it was based upon any legitimate operating expense. He testified that he had ^{no} collectors at

present and did not contemplate having any in the future. This 25% discount is arbitrary and would amount to a considerable increase in revenue if the consumers failed to pay before the date specified. While I do not think this practice should be entirely condemned, it should be used merely to enforce prompt payment of bills, thereby saving operating expenses in the collection of such bills, but in no event should the discount be so large that it can be used as a revenue producing device. I believe also that when this practice is permitted it should not take the form of a discount of the bill but should take the form of an additional charge for the non-payment of the bill by a certain time.

I recommend that the rate schedule submitted by J. H. Evans be so that each rate shall appear 25% less than as submitted in the schedule, and also that J. H. Evans be permitted to make an additional charge upon all bills which are not paid by the 10th day of each current month, such additional charge to be 10% of the amount of the bill for the current month.

I wish to call attention also to the fact that the connecting agreement now in effect between J. H. Evans and the Pacific Telephone and Telegraph Company should be amended so as to provide that in the division of toll revenues between the long distance company and the local company the local company shall receive thirty per cent (30%) of originating tolls, or the equivalent thereof in payments divided on originating and incoming business.

I recommend that the application be granted and submit herewith the following form of order:

O R D E R .

J. H. Evans having applied, under the provisions of Section 50-c of the Public Utilities Act, for an order preliminary to the issuance of a certificate declaring that public convenience

and necessity require the exercise of rights and privileges contained in a franchise to be secured from the Board of Supervisors of Stanislaus County, California, and granting to said J.H.Evans the right to operate a telephone system in a certain specified portion of Stanislaus County set forth in the foregoing opinion, and the Pacific Telephone and Telegraph Company, which is now serving said territory, having expressed entire willingness that the application in this proceeding be granted, and a public hearing having been held upon this application,

IT IS HEREBY ORDERED That this Commission will, upon application, under such rules and regulations as it may prescribe, issue a certificate declaring that public convenience and necessity require the exercise by J. E. Evans in that portion of Stanislaus County specified in the foregoing opinion of the rights and privileges contained in a franchise applied for but not yet secured from the Board of Supervisors of Stanislaus County.

IT IS FURTHER ORDERED That on and after July 1, 1913, J. E. Evans shall put into effect in the territory covered by this application the following rates:

	<u>Wall</u>	<u>Portable</u>
One business flat	\$2.50	\$2.50
One residence flat	2.00	2.00
Four residence flat	1.50	1.75
Extension Set	1.00	1.00

and the following regulation:

"Rates are monthly and payable in advance, and an additional charge amounting to 10% of the bill for any current month shall be collected upon all bills which are not paid by the tenth day of the current month."

IT IS FURTHER ORDERED That on and after July 1, 1913, the toll revenues shall be so divided between the Pacific Telephone and Telegraph Company and J. E. Evans, operating the local system at Patterson and vicinity, that the local system shall receive thirty per cent (30%) on originating tolls, or the equivalent thereof in payments divided on originating and incoming business.

The foregoing opinion and order are hereby approved
and ordered filed as the opinion and order of the Railroad Commis-
sion.

Dated at San Francisco, California, this 6th
day of June, 1913.

W. D. Loveland

W. J. Gordon

Edwin D. Edgerston

Max Shelden

Commissioners.