

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
 THE PACIFIC TELEPHONE & TELEGRAPH
 COMPANY for permission to withdraw
 from certain territory and CONSOLIDATED
 UTILITIES COMPANY to conduct a tele-
 phone system therein. : Application No. 565.

Appearances.

H. D. Pillsbury and C. F. Mason, for the
 Pacific Telephone & Telegraph Company.
 J. Lee Shepard, for the Consolidated Utilities
 Company.
 Arthur Wright, for the United States Long Distance
 Telephone and Telegraph Company.

GORDON, Commissioner.

OPINION.

This is an application involving the withdrawal of The Pacific Telephone and Telegraph Company from certain territory in and about Compton and the entrance of Consolidated Utilities Company into this territory, and the withdrawal of the latter company from certain other territory in and about Watts, and the entrance of the former company into this territory.

The hearing developed the fact that the Consolidated Utilities Company owns and operates a telephone system in the town of Compton, Los Angeles County, California, and is serving the territory in and adjacent to Compton from its Compton exchange including approximately eight subscribers located at Watts Station.

The Pacific Telephone & Telegraph Company has only a toll station at Compton and at Watts Station is serving approximately seventy subscribers connected by means of suburban circuits with its Los Angeles exchange.

It was also developed at the hearing that the subscribers of the Consolidated Utilities Company located at points outside of Compton, and particularly those located at Watts Station, do not pay a toll charge on calls going to Compton, and that

subscribers of The Pacific Telephone and Telegraph Company, located also at Watts Station, talk to Los Angeles without payment of a toll charge.

The withdrawal of The Pacific Telephone & Telegraph Company from the field at Compton in favor of the Consolidated Utilities Company and the withdrawal of the Consolidated Utilities Company from Watts Station in favor of The Pacific Telephone & Telegraph Company will result in the elimination of free switching between Compton and Watts Station since business between these towns will thereafter be handled over the toll system of either of the two companies. It will also eliminate the toll charge which the Watts Station subscribers of the Consolidated Utilities Company have heretofore been required to pay on Los Angeles business and will establish free switching on business between Watts Station and Los Angeles.

That the elimination of free switching between the two communities of Watts Station and Compton would meet with more or less objection on the part of those whose personal interests are now served by this free service is evident. The hearing, however, did not develop objections on this ground sufficient to justify serious consideration, while on the other hand the larger community interest between Watts Station and Los Angeles, which it was also shown would benefit by the change, is sufficient indication that public necessity and convenience will be subserved thereby.

It was further established at the hearing that the Consolidated Utilities Company is under contract with the United States Long Distance Telephone & Telegraph Company for interchange of traffic and it was thought possible that the proposed connecting agreement between the Consolidated Utilities Company and The Pacific Telephone & Telegraph Company, which is also designed to provide for interchange of traffic, may be in conflict with the

former contract as effecting such interchange of traffic with the Consolidated Utilities Company. The application, however, provides, and it was also stipulated at the hearing, that the agreement herein referred to between the Consolidated Utilities Company and the United States Long Distance Telephone & Telegraph Company is to be continued without prejudice.

The elimination by the Consolidated Utilities Company of the former free switching privileges between Compton and Watts Station and the placing of a toll charge on business between these localities will necessitate the filing by the Consolidated Utilities Company with the Commission of toll rates which it is desired to apply on this business. This recommendation is made contingent upon the filing of such rate and with the understanding that the rate to be charged shall be the same rate as is charged for similar service under similar conditions.

It was further developed at the hearing that the proposed connecting agreement between the applicants provides for the payment by The Pacific Telephone & Telegraph Company to the Consolidated Utilities Company of fifteen per cent. of originating and three cents per message on incoming tolls. This Commission has repeatedly insisted that the division of toll revenues in the interchange of traffic shall be on the basis of not less than thirty per cent. of originating tolls or the equivalent thereof divided between originating and incoming tolls. The order herein recommended is therefore made contingent upon this agreement being so altered as to provide for the payment by The Pacific Telephone & Telegraph Company to the Consolidated Utilities Company of not less than thirty per cent. of originating tolls or the equivalent thereof as above provided.

In view of these developments the following order

is recommended.

O R D E R.

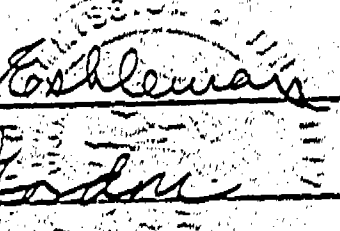
Application having been made by The Pacific Telephone & Telegraph Company and by the Consolidated Utilities Company, the former to withdraw from territory in and about Compton, Los Angeles County, and the latter to conduct a telephone system in the said same territory, and the latter also to withdraw from territory in and adjacent to Watts Station, Los Angeles County, and the former to conduct a telephone system in the said same territory, as defined in that certain proposed connecting agreement, filed with this application, and a hearing having been held thereon and no reasonable objection appearing,

IT IS HEREBY ORDERED, that the application of The Pacific Telephone & Telegraph Company and the Consolidated Utilities Company, the former to withdraw from and the latter to conduct a telephone system in and about Compton, Los Angeles County, California, and the latter to withdraw from and the former to conduct a telephone system, in and adjacent to the town of Watts Station, Los Angeles County, as a public utility operating a telephone plant as hereinbefore provided, be and the same is hereby granted; provided, that the proposed connecting agreement herein referred to be so modified as to provide for the payment by The Pacific Telephone & Telegraph Company to the Consolidated Utilities Company of not less than thirty per cent. of originating tolls or the equivalent thereof divided between originating and incoming tolls; and provided further that the present agreement between the United States Long Distance Telephone & Telegraph Company and the Consolidated Utilities Company, providing for the interchange of traffic, is to be continued without prejudice; and provided further, that the rate to be charged its customers and

patrons by the Consolidated Utilities Company for toll messages between Compton and Watts Station shall be the same rate as is charged for similar service under similar conditions; and it is further provided, that this permission is not to be taken as approval of the rates since this Commission has not as yet passed upon their ultimate reasonableness. This order to be and become effective on the filing with ^{and approval by} this Commission of a revised connecting agreement on the part of the two companies involved and a rate schedule providing for toll rates to be charged by the Consolidated Utilities Company to its customers and patrons for business between Compton and Watts Station, said filing to be made within thirty days of date of this order.

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 10th day of July, 1913.


John W. Washburn
Arthur J. ...
Max ...

