

Decision No. 9474

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application of Associated Telephone Company, a corporation, for permission to revise and file rates for farmer line and suburban telephone service outside of the City Limits of Long Beach and San Bernardino, California.

Application No. 6924.

W. W. Butler)
George B. Ellis) for applicant.
Sam B. Heffley)

William Guthrie, City Attorney, for City of San Bernardino.
C. A. Buffum, Mayor, and George L. Hoozenpyl, City Attorney, for City of Long Beach.
Dwight Towne for Towne-Allison Drug Company of San Bernardino.

Benedict, Commissioner.

O P I N I O N

In Decision No. 7438, in Application No. 4817, of Union Home Telephone and Telegraph Corporation, now known as Associated Telephone Company, the Railroad Commission authorized the establishment and filing of rates for the principal classes of telephone service being furnished by the applicant in the cities of Long Beach and San Bernardino. Provision was also made for the subsequent filing of rates subject to Commission approval for those classes of service for which rates were not specifically provided in the order. Rates for private branch exchange service have been filed and approved by the Commission as required in this provision and applicant has offered a revised schedule of suburban and farmer line rates to complete its filing in accordance with this provision. It appearing to the

Commission upon investigation, however, due to certain increases in rates, which are involved in the revised schedule here referred to, that its approval for the filing of revised rates requires the filing of a formal application and a further hearing, this application was filed and a public hearing was held in Los Angeles on July 14, 1921.

The rates now in effect for suburban and farmer line service at applicant's Long Beach and San Bernardino exchanges are set forth in Exhibit A, appearing in this application as follows:

PRESENT RATES CHARGED AND COLLECTED

By Associated Telephone Company
FOR
Suburban and Farmer Line Service.

AT LONG BEACH:

	Wall Set	Desk Set
Business	\$3.00	\$3.25
Residence	1.75	2.00
Plus mileage at rate of 25¢ for each half mile or fraction thereof, outside City Limits.		

AT SAN BERNARDINO:

	Wall Set	Desk Set
Business	\$2.75	\$3.00
Residence	1.50	1.75
Plus mileage at rate of 25¢ for each half mile or fraction thereof, outside City Limits.		

FARMER LINES:

Where the subscriber owns the instrument and line to City Limits where same are connected to our lines, (they maintaining their own lines to this point), at a rate of \$8.40 per annum.

The rates proposed by applicant as cancelling and superseding the present rates shown in Exhibit A are set forth in Exhibit B, appear-

ing in the application as follows:

PROPOSED RATES
FOR
FARMER LINE AND SUBURBAN SERVICE.

LONG BEACH

<u>SUBURBAN SERVICE MONTHLY NET RENTAL RATES:</u>	WALL	DESK
*Ten-party line, harmonic selective, instrument located in business place.	\$3.25	\$3.50
*Ten-party line, harmonic selective, instrument located in residence.	2.75	3.00
#Ten-party line, magneto, instrument located in business place.	3.25	3.50
#Ten-party line, magneto, instrument located in residence.	2.75	3.00

*This class of service not furnished beyond four mile limit.
#This class of service furnished outside of four mile limit only.

SAN BERNARDINO

<u>SUBURBAN SERVICE MONTHLY NET RENTAL RATES:</u>	WALL	DESK
*Ten-party line, harmonic selective, instrument located in business place.	\$3.00	\$3.25
*Ten-party line, harmonic selective, instrument located in residence.	2.50	2.75
#Ten-party line, magneto, instrument located in business place.	3.00	3.25
#Ten-party line, magneto, instrument located in residence.	2.50	2.75

FARMER LINE SERVICE ANNUAL NET RENTAL RATES:

Connected at City Limits with minimum of five stations on line, \$8.40 each station.

*This class of service not furnished beyond four mile limit.
#This class of service furnished outside four mile limit only.

The present rates for suburban service were established under Federal control, during which time the Railroad Commission was without jurisdiction in the matter of the establishment of rates. Subscribers

having this class of service are located in the outlying or suburban sections of the cities of Long Beach and San Bernardino, and as will be seen from the schedule appearing in Exhibit A, the present rates are made up by the addition of mileage charges to specified base rates, the amount of the mileage charge in each case varying as the distance between the subscriber's location and the City Limits varies. The result is a wide variation in rates for the same or similar service. It happens also that although the San Bernardino exchange is much the smaller of the two exchanges, serving approximately one quarter the number of subscribers that are served from the Long Beach exchange, and although the base rate is as it should be, lower than the Long Beach base rate, by the application of mileage charges on the present basis, the ultimate rate at San Bernardino is generally very considerably higher than the ultimate rate for similar service at Long Beach.

The difficulty in this case appears to lie in the method employed in computing the rates. Within cities or towns where the development is more or less compact, it is the practice usually to provide a class or classes of telephone service designed to meet local requirements and at rates which are at once compensatory to the utility and not prohibitive to its patrons. In sparsely settled territory the cost of construction, necessary to furnish the same classes of service as those furnished within the more densely settled areas, would make the rates, which would be compensatory to the utility, prohibitive to the patrons. It is therefore necessary to provide a class or classes of service in suburban territory which will not involve either construction costs or rates which may be prohibitive. To do this the service which will admit of the connection of a greater number of subscribers or patrons to each line than is ordinarily connected within the more compactly developed areas is usually provided. The class of such service, in this respect, is inferior to the other classes but it

is the best that circumstances will permit, and usually it meets the requirements of suburban areas. It is that class of service commonly referred to as suburban service. The rates applicable thereto should be and usually are uniform, just as the rates for the better classes of urban service are usually uniform. In the present case, however, as a result of applying mileage charges of varying amounts to fixed base rates, as pointed out above, applicant's present rates are not uniform and in some instances at San Bernardino they are excessive.

The rates set forth in applicant's Exhibit Z, if made effective, will result in uniformity and they are comparable with the rates now in effect for similar service at other points in California. In San Bernardino their establishment will bring about substantial reductions due to the fact that the present rates are excessive. At Long Beach, however, they will result in a number of increases where the rates are now lower than they should be. The net result to the company insofar as its revenues are concerned will be negligible.

Under all of the circumstances it is our opinion that the establishment of uniform rates in this case is in the public interest and that the application herein should be granted. It should be noted, however, that since this matter was submitted it has come to the attention of the Commission that the applicant has made the rates, herein proposed, effective for all new business taken since its revised schedules were offered for filing, notwithstanding the fact that their establishment has not yet been authorized. The effect has been to increase published and filed rates in some instances, and in others to provide service at rates lower than schedule. This is, of course, discriminatory and in violation of the provisions of the Public Utilities Act. From the date of installation of service in each such case, applicant should make full reparation for all rates collected in excess of

legal rates in the first instance, and, in the second instance, collect from subscribers and patrons the difference between the legal rates and the lower rates heretofore charged. The following Order is recommended:

O R D E R

Associated Telephone Company having filed its application with the Railroad Commission, asking for authority to revise and refile its present rates for suburban service and farmer line service furnished at its Long Beach and San Bernardino exchanges, a public hearing having been held, the matter having been submitted and being now ready for decision,

IT IS HEREBY ORDERED that Associated Telephone Company be and it is hereby granted authority to publish, file with the Railroad Commission, within thirty (30) days of the date of this Order, and to make effective on and after October 1, 1921, a schedule of rates for suburban service and farmer line service at its Long Beach and San Bernardino exchanges as provided in Exhibit B set forth in the Opinion preceding this Order and,

IT IS HEREBY FURTHER ORDERED that Associated Telephone Company, within thirty (30) days from the date of this Order, shall in each case in which suburban service has been installed at rates other than those legally in effect and on file with the Railroad Commission make full reparation for all rates charged and collected in excess of legal rates and collect from subscribers the difference between the legal rates and the rates heretofore actually charged and collected, in all cases in which rates lower than those legally in effect and on file with the Railroad Commission have heretofore been charged and collected, and shall within sixty (60) days of the date of this Order furnish to the Railroad Commission satisfactory evidence that the provisions of this paragraph have been fully complied with.

This 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 7th day of September, 1921.

W. B. Underwood

F. H. Howard

Charles H. Brown

W. J. Smith

Commissioners.