

Decision No. 9831

## BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Associated Telephone Company, a corporation, for leave to discontinue the installation of telephones for public use upon the premises of subscribers at flat monthly rates and to substitute therefor public pay stations at local switching rates.

ORIGINAL

Application No. 6983.

W. W. Butler )  
 George P. Ellis ) for petitioner.  
 Sam R. Hefflay )  
 George L. Hoodenpyl, City Attorney, and  
 C. A. Buffum, Mayor, for the City of Long Beach.  
 William Guthrie, City Attorney,  
 for City of San Bernardino.  
 R. B. Peters, President, San Bernardino Farm  
 Bureau.  
 Dwight Towne, representing Towne-Allison  
 Drug Company.  
 F. W. Phipps, representing San Bernardino  
 Merchants Association.

Benedict, Commissioner.

O P I N I O N

Associated Telephone Company, petitioner in this proceeding, owns and operates local telephone exchanges in the cities of Long Beach and San Bernardino. The rate schedules for service at these exchanges, on file with the Railroad Commission and in effect, provide only for flat monthly rates for unlimited local exchange service.

In this proceeding petitioner is asking authority to discontinue certain of its flat rate telephones and to substitute

pay stations with a local switching rate of 5 cents per switch in lieu thereof.

Public hearings were held in Los Angeles on July 14th and on September 21st and 22nd, 1921.

The application sets forth that it has been the practice of petitioner heretofore upon application by the owner or occupant of the premises on which service is to be provided to install service at flat rates, the service which it is now desired to withdraw being accessible for public use without other payment to petitioner than the flat rate paid by the subscriber.

It is further alleged that this practice leads to much abuse of the service and that those of the representative business subscribers who were canvassed with a view to eliminating the present practice, almost without exception, expressed themselves as favorable to the change on condition, however, that other subscribers in the same line of business also agree to the proposed change. During the course of the hearings considerable opposition developed, however, from the representatives of both of the cities and from representatives of subscribers of both exchanges.

From the evidence in this case it appears that there are two general classes of cases in which the service is used by the public or is accessible for such use.

The first class consists of cases in which telephones have been placed in business houses or other places of a more or less public or semi-public nature for the convenience of the public generally, but chiefly for the accommodation of

the patrons of the establishment in which they are located. In these cases the use of the service is solely by the public, although the service is paid for by the subscriber or person on whose premises and under whose direction the service was installed in the form of a flat monthly rate. Separate telephones are provided in these cases for the use of the subscriber on whose premises the public telephone is located.

The other class consists of cases in which the service is used by the subscriber or person on whose premises the telephone is located, the telephone being placed in a location where it is accessible for use by the public also. In these cases also the service is paid for by the subscriber in the form of a flat monthly rate.

In both classes of cases no charge is made to the public for the use of the service.

Exhibits filed in the case by petitioner show that as of the dates of the hearings there were 29 telephones of the first class mentioned above and 279 of the second class, installed and in use in Long Beach and in San Bernardino, 8 of the first and 194 of the second class. The total <sup>number of</sup> telephones of all classes in service in the Long Beach and San Bernardino exchanges is approximately 11,000 and 2,000 respectively.

The percentages to total telephones in service of telephones accessible for public use are thus shown to be as follows:

Long Beach:

Telephones used by public only	
Percent of total telephones used in Long Beach,	.26
Telephones used by subscriber and public	
Percent of total telephones in Long Beach,	2.54

Long Beach (continued)

Total telephones of both classes  
Percent of total telephones in Long Beach, 2.8

San Bernardino:

Telephones used by public only  
Percent total telephones in San Bernardino, 0.4

Telephones used by subscriber and public  
Percent of total telephones in San Bernardino, 9.7

Total telephones of both classes  
Percent of total telephones in San Bernardino, 10.1

Long Beach and San Bernardino Combined:

Telephones used by public only  
Percent of total telephones in Long Beach  
and San Bernardino, 0.28

Telephones used by subscriber and public  
Percent of total telephones in Long Beach  
and San Bernardino, 3.64

Total telephones of both classes  
Percent of total telephones in Long Beach  
and San Bernardino, 3.92

At the first hearing of the Case held on July 14th, petitioner filed as Exhibit No. 1 a statement of traffic for the month of June at Long Beach. From this statement it appears that the average number of calls answered per day from the total of all classes of telephones in service was 6.8, while the average from the flat rate telephones used by the public was 130. It was disclosed by the testimony of witnesses, however, that the record of calls from public telephones was taken from only 11 of such stations, these stations being used by the public only, and those selected for the record of calls placed were the most frequently used of all the telephones accessible for public use in Long Beach.

No record was presented in this hearing to show the extent to which such telephones in San Bernardino are used. Petitioner was accordingly directed by the Commission to record subsequent service observations covering a broader and more representative showing of the average use of such telephones. These observations were taken by petitioner and filed at the hearing on September 21st as petitioner's exhibits No. 2 for San Bernardino and No. 3 for Long Beach.

The observations in Long Beach were taken over two periods of four days each from 21 of the 28 telephones used by the public only, including 9 of the 11 previously observed, and over a period of eight days from 47 of the total of 279 telephones used by subscribers and the public.

In San Bernardino the observations cover a period of nine days from all of the 8 stations used by the public only, and varying periods of 3 and 4 days from 24 of the 194 telephones used by subscribers and the public.

Similar observations were also recorded from a limited number of telephones not accessible to public use in Long Beach and San Bernardino.

The result of these various observations recorded by petitioner shows the average use of the service expressed in number of calls per day as follows:

	<u>Exhibit No. 1</u>		<u>Exhibit No. 3</u>		<u>Exhibit No. 2</u>	
	<u>Long Beach</u>		<u>Long Beach</u>		<u>San Bernardino</u>	
	<u>No. Ob-</u>	<u>Av. Calls</u>	<u>No. Ob-</u>	<u>Av. Calls</u>	<u>No. Ob-</u>	<u>Av. Calls</u>
	<u>servations</u>	<u>per Day</u>	<u>servations</u>	<u>per Day</u>	<u>servations</u>	<u>per Day</u>
Used by Public Only	11	130	42	78.1	16	34.8
Used by Subscriber and Public	—	—	47	35.1	25	17.2
Not Accessible for Public Use	—	—	36	15.5	9	8.5

Service observations by the City of San Bernardino, have also been recorded and filed as protestants' Exhibits No. 1 and No. 4.

Protestants' Exhibit No. 1 shows a total of 47 observations recorded from 29 telephones used by the subscriber and the public with an average of 8.5 calls per day from these telephones. Of these average daily calls 7.4 were calls used by the subscriber and 1.1 by the public. Protestants' Exhibit No. 4 shows four observations from 3 of the 8 telephones in San Bernardino used by the public only, with an average of 13 calls per day. Similar observations by protestants in Long Beach were not presented.

It appears from the exhibits filed by petitioner that although the average daily use of telephones which are accessible for public use, is approximately from 100 to 200 per cent greater than the use of telephones which are not accessible for public use. The percentage of the former to the total telephones in service particularly in Long Beach is so low as to be of no particular consequence in so far as the effect on the total volume of traffic is concerned.

In San Bernardino the same comparative use of telephones accessible for public use is shown by petitioner's exhibits, and

the percentage of these telephones to the total telephones in service is considerably greater than in Long Beach. The exhibits filed by the City, however, show that the average use of telephones which are used by the subscriber and by the public in San Bernardino is approximately the same that the petitioner's exhibit shows for telephones used by subscribers only, and of the telephones used by the public only, the observations recorded by the City show the use to be but 38 per cent approximately of that shown by petitioner's exhibit.

It is urged by petitioner that much of the use to which these telephones is put by the non-paying public is trivial in character, and that it results in an unwarranted burden on the traffic during the hours of peak traffic load, reflecting an undesirable and detrimental effect on the general service.

It is further claimed by petitioner that it will entail the installation of additional central office equipment and the employment of additional operators if continued. Protestants urge on the other hand that the service is not used for trivial purposes; that its use is largely by persons having telephones at other locations within the exchange and that so far as those telephones that are provided solely for the use of the public are concerned, not only are they an asset to the business paying for the service which is thus afforded the public but they also serve to avoid the public use of telephones required for private business purposes.

With the relatively low percentage of total tele-  
phones of these two classes now in use, even though the  
amount of traffic originating from them undoubtedly is very  
considerably heavier than the average traffic originating  
from other subscribers' stations, petitioner's contention  
that their continued use will entail additional capital out-  
lay and operating expenses does not appear to be tenable.

It is true that if petitioner were allowed by the  
Commission to substitute pay stations for telephones now used  
by the public only and paid for only by the subscriber that  
the <sup>public</sup> use of telephones required for the private business of sub-  
scribers could be avoided as effectively perhaps as by the  
present practice.

It is also true that petitioner should not be requir-  
ed to provide service for the public without adequate payment  
therefor, but the question as to whether the rates now paid by  
petitioner's subscribers for service furnished the public are  
adequate rates goes to the reasonableness of the present rates.  
That question is not at issue in this proceeding. On the other  
hand, as to those cases in which subscribers permit the public  
use of telephones which are used also for their private business,  
it would not be an easy matter effectively to prohibit or regulate  
such joint use, and if petitioner were permitted by the Commis-  
sion to require these subscribers to make use of pay stations for  
their own service whenever it might appear that the service would  
be accessible for public use, such permission would be susceptible  
of abuse and discrimination.

It is my opinion that the substitution of pay stations  
for flat rate service in this case would prove more harmful than



beneficial both to petitioner and to subscribers, and that under the circumstances the application should be denied. The following Order is recommended:

O R D E R

Associated Telephone Company having filed its application with the Railroad Commission asking leave to withdraw certain service now provided on subscribers' premises at flat monthly rates for public use and to substitute therefor public pay stations, and asking authority to establish a rate of 5 cents for each local call originating from such public pay stations; public hearings having been held; the Commission being fully apprised, and the matter having been submitted; and it appearing to the Commission as set forth in the Opinion preceding this Order that the application should be denied,

IT IS HEREBY ORDERED, that the application herein be and it is hereby denied.

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 14<sup>th</sup> day of December, 1921.

H. B. F. J. J. J.  
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Commissioners.