

Decision No. 28476

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
THE PACIFIC TELEPHONE AND TELEGRAPH  
COMPANY, a corporation, for permission  
to publish, file and place in effect  
exchange, interexchange and telegraph  
rates at Avenal, Kings County, California.

Application No. 20225

James G. Marshall, for Applicant.

BY THE COMMISSION:

O P I N I O N

The Pacific Telephone and Telegraph Company, applicant in this proceeding, is a corporation operating a telephone and telegraph system in California and elsewhere. The request herein is for authority to establish a telephone exchange at Avenal, Kings County, California and to make effective certain telephone and telegraph rates. A public hearing in this application was held before Examiner Fry at Avenal on December 4, 1935 for the purpose of receiving evidence, and the matter was then submitted for decision.

Avenal, an unincorporated community, is the trading and residential center for the Kettleman Hills oil producing district. It is located about fifteen miles southeast of Coalinga and thirteen miles southwest of Huron. The chief support of the community is the oil industry, as the territory is not suitable for agriculture.

When well drilling first began in the Kettleman Hills district, the communication requirements were met by the establishment of a toll station. As new wells were brought in, additional toll stations were established as needed. This toll station growth in the community reached the status of eighty-three primary toll stations and thirty-eight extensions as of September 20, 1935. At present, The Pacific Telephone and Telegraph Company, hereinafter at times called the Pacific Company, has on file applications for six additional toll stations in this area. There is a charge of ten cents per message between any two of these toll stations. This method of communication service apparently met the needs of the community for a time. However, with the rapid growth of Avenal there has followed a need for a rate plan which would not retard local communication. Applicant now comes with a proposal intended to meet the present and expected future telephone service requirements of the community.

Mr. D. W. Chapman, General Commercial Engineer of the Pacific Company, gave evidence relative to various contemplated changes as set forth in Exhibits "A", "B" and "C" attached to the application and in his Exhibits 1, 2, and 3 filed at the hearing. The proposed Avenal exchange area embraces a territory of sixty-six full sections wherein is situated practically all present development, including Avenal and vicinity. The base rate area as shown on the map in Exhibit "B" contains the town of Avenal and all closely built-up territory. It is planned to render telephone service within the exchange area at exchange rates and to complete telephone calls to and from the Avenal Exchange at interexchange rates. Applicant desires to install unattended automatic or dial equipment in Avenal. Local calls would be dialed by the subscriber and would be completed by machine switching equipment. Public telephone service would be provided

by the installation of post-payment coin-box telephones in locations available to the general public. Information, intercepting and other assistance service would be furnished from Coalinga without charge to the subscribers in Avenal upon dialing the proper code number. Toll calls to points outside of Avenal would be completed by the operator at Coalinga. It is proposed that the maintenance work of the exchange would be performed by an employee located at Avenal. Applications for service and the payment of bills would be handled by some business concern in Avenal acting as agent. Applicant proposes to file rates for Avenal exchange service which are on the same level as those prevailing in the Coalinga Exchange where similar conditions are found. The principal monthly exchange rates are as follows:

Each individual line business flat rate desk set station --	\$3.75
Each two-party line business flat rate desk set station --	3.25
Each individual line residence flat rate desk set station--	2.75
Each two-party line residence flat rate desk set station --	2.25
Each four-party line residence flat rate desk set station--	2.00

It is not proposed to file message rate schedules for commercial private branch exchange, hotel private branch exchange and business intercommunicating system services. Mr. Chapman stated that other exchange service schedules effective in exchanges elsewhere in applicant's system where similar conditions obtain would be offered for filing with the Commission. At this time interexchange rates are on file with the Commission and in effect for toll service between Kettleman toll stations and toll points outside that general area. These schedules result in charges per message based upon the airline distance between the toll rating points, which may be exchange connecting points, toll stations, or the centers of blocks or sections, in accordance with the toll rate plan which has become standardized in California. With the establishment of Avenal Ex-

change and the increased availability of telephone service, the interexchange rates for services to and from Avenal would remain as at present. Likewise, the present telegraph rates would not change. We find no objection to the filing of the rate schedules heretofore discussed and no protest was entered. The record shows that there exists in the Avenal territory certain services furnished under rates and conditions at variance with the regular practices of the utility. Applicant contemplates removing these and all other deviation services in the territory. It appears that the appropriate practices of the Pacific Company should be uniformly administered in this area.

The evidence shows that in the early part of this year representatives of applicant canvassed the Avenal territory, explained the proposed establishment of an exchange and obtained 210 applications (Exhibit No. 1) for service conditional upon the consummation of the plan. It is interesting to note that sixty-two of these applications were for individual line business service and ten for two-party business service. Fifty-one of the applications were for individual line residence service and sixty-one were for two-party line residence service. No one cared for the four-party line residence service, although as the witness explained, the choice of service was made by the various applicants uninfluenced by the Pacific Company's representatives. Subsequent to September 20, 1935, eleven additional applications for service were received, as evidenced by Exhibit No. 2 filed at the hearing. It is uneconomical to have in effect too many grades of service in the smaller exchanges. Apparently the requirement of Avenal and vicinity will properly be satisfied without the offering of the lower grade four-party semi-selective service. It is quite possible that some saving in plant and equipment may be obtained if rates for this grade of service are not filed. Accord-

ingly, the Order following will not require the making effective of this grade of residence service. If in the future the requirements of the Avenal public so change as to indicate a definite need for this grade of service, the matter may be brought to the attention of the Commission in the prescribed manner.

The estimated results of operation for the first year under the exchange plan were: total operating revenues \$20,280, total operating expenses \$13,170, balance net revenue \$7,110. The present toll fixed capital where retained will be transferred to exchange capital. This transferred plant, together with additions, equipment and working assets will total \$96,585.

No protest against the establishment of the Avenal Exchange as proposed has come to the notice of the Commission either at the hearing or otherwise. On the contrary, the record indicates that service is desired as soon as possible. Applicant estimates that the installation of the exchange would not be completed before nine months after the same may be authorized by the Commission. It would appear that applicant, with the resources at its command, should be able to make more rapid progress in such a project when all interested parties are in agreement as to its reasonable requirement. The Order following will name a period of six months for the installation and we believe that applicant should better that estimate if reasonably possible.

From a careful consideration of all the evidence presented in this proceeding, it appears that the interests of the Avenal community require the early establishment of an exchange with rates and charges as hereinafter ordered.

O R D E R

The Pacific Telephone and Telegraph Company, having asked the Railroad Commission for authority to establish a telephone exchange at Avenal, Kings County, California, to place in effect exchange, interexchange and telegraph rates, a public hearing having been held in the application and the matter having been submitted for decision,

The Railroad Commission of the State of California hereby finds as a fact that the public interests of Avenal and vicinity require the establishment of the Avenal Exchange by The Pacific Telephone and Telegraph Company and, basing its Order on this finding of fact and such other findings of fact and conclusions as are contained in the Opinion preceding this Order,

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall:

1. Establish and begin to operate within six (6) months from and after the date of this Order a dial telephone exchange at Avenal, Kings County, California, with continuous twenty-four (24) hour service and with exchange and base rate areas as shown on maps in Exhibit "B" attached to the application herein.
2. Make effective for the Avenal Exchange as of the date of the establishment thereof, exchange service rates, (except for residence four-party line service) interexchange and telegraph rates as set forth in Exhibit No. 3 filed at the hearing herein, and such other rates and charges as may be approved.
3. Discontinue as of the date of the establishment of Avenal Exchange all toll stations located within the Avenal Exchange area and withdraw the rates therefor.
4. Submit to the Railroad Commission of the State of California for filing, maps showing exchange and base rate areas, as referred to in (1) above, and exchange, interexchange, and telegraph rates for Avenal Exchange as referred to in (2) above; between the thirtieth and tenth days immediately preceding the date of the establishment of said exchange.

5. Discontinue all irregular or deviation services in the Avenal exchange area on or before the date of the establishment of Avenal Exchange.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of December, 1935.

Leon White

W. H. Cunn

James R. White  
Commissioners.