

Decision No. 31824

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 an order
to adjust rates at its Davis Exchange
in connection with the introduction
of common battery service.

Application No. 22574.

James G. Marshall, for Applicant.

RILEY, COMMISSIONER:

O P I N I O N

The Pacific Telephone and Telegraph Company, operating a telephone and telegraph system in California and other states, requests authority to modify its rate schedules and to increase certain rates for exchange telephone service in its Davis exchange. A public hearing in the matter was held in Davis on March 3, 1939.

The Davis exchange is at present operated on a local battery magneto basis. Some months ago the Davis Chamber of Commerce, Rotary Club, Leisure Hour Club, and the City of Davis inaugurated a movement to have the magneto system replaced by a common battery dial system. The Pacific Telephone and Telegraph Company (hereinafter sometimes termed the Pacific Company) was agreeable to the conversion if subscribers to the principal classes of service in the city would agree to a slight increase in monthly rates for their services, which in no case would exceed twenty-five cents per month in any rate. Representatives of these organizations, with some assistance from Pacific Company representatives, undertook a canvass of the subscribers whose charges would be affected, with a view to determining their

wishes in the matter. Of the 401 subscribers canvassed 356, or 88.8 per cent, signed cards indicating that they favored the plan and 45, or 11.2 per cent, did not sign cards for various reasons. Changes since the date of the canvass have made no material change in the situation. No one has requested the Commission to deny the request of the applicant.

The present and proposed rates for the services whose rates will be increased are as follows:

<u>Individual Line and Party Line Service</u>	<u>Rate Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
<u>(1) Business Flat Rate Service:</u>		
Each individual line desk set station	\$3.00	\$3.25
Each two-party line desk set station	2.50	2.75
<u>(2) Residence Flat Rate Service:</u>		
Each individual line desk set station	2.50	2.75
Each two-party line desk set station	2.25	2.50
Each four-party line desk set station	2.00	2.25

The rate for auxiliary business flat rate service is the individual line business flat rate less 25 per cent. Consequently, a slight increase in charges for this service will result with the establishment of the plan. Likewise, as the rates for trunks to commercial and hotel private branch exchanges and business intercommunicating systems are based upon the individual line business flat wall set station rate, slight increases will result in these trunk rates. The wall set and hand set differentials will not be changed. No modification of the rates for suburban, semi-public or farmer line service is proposed. In order that farmer line service stations may operate with the proposed dial system, such telephones must be equipped with dials. An arrangement satisfactory to the farmer line service subscriber has been made whereby this charge should not exceed \$3.00 per telephone.

Applicant desires to withdraw its schedules of rates for commercial and hotel private branch exchange message rate services as there has been no demand for these services.

Applicant desires to waive, during the period of conversion to dial service, the change of instrument charge when changing from wall set to desk or hand set types of telephones and from desk set to hand set telephones. This procedure will be beneficial to the subscribers and other interested parties.

The level of the proposed rates is in line with that of other exchanges of this utility where dial service is furnished and similar conditions prevail.

A revenue and expense statement for the year 1938 for the Davis exchange, placed in evidence by Mr. D. W. Chapman, General Commercial Engineer of applicant company, showed 643 company stations at the end of 1938; revenues, \$19,041; operating expenses, \$21,590; balance net revenue, a red figure of \$2,549; and average telephone plant and working assets, \$73,012.

It was estimated that if the Davis exchange is under dial operation throughout the year 1940 with the proposed rates in effect, that the number of company stations at the end of the year will be 792; annual operating revenues, \$24,370; operating expenses, \$22,595; balance net revenue, \$1,775; and average telephone plant and working assets, \$105,715.

The application should be granted as the level of the proposed rates is reasonable, the expected return from the operations is not excessive and the large majority of the subscribers are in favor of the change to dial service.

I propose the following Order:

O R D E R

The Pacific Telephone and Telegraph Company, having requested authority to adjust certain telephone rates applicable to telephone service in its Davis exchange, a public hearing having been held,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the conversion of the Davis exchange to common battery dial operation, with modifications of rates as set forth in the Opinion preceding this Order, is justified, and

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall install common battery dial operation in its Davis exchange on or before December 1, 1939.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective in the Davis exchange, on and after the date of the installation of the common battery dial service therein, the adjustments in rates as proposed and set forth in the Opinion preceding this Order, provided

Said schedules prescribing increases in rates and withdrawal of schedules are submitted for filing with the Railroad Commission on or before the tenth day immediately preceding the date of the establishment of the common battery dial service.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may

- (1) File with the Railroad Commission subsequent to the date of this Order a revised Move and Change Charges Schedule which will eliminate the charge for changing from wall or desk set to hand set type of telephone and from wall set to desk set type of telephone in the Davis exchange during the conversion period.

- (2) On or before the date of the establishment of common battery dial service in Davis exchange, file a Move and Change Charges Schedule which will restore the charges eliminated by (1) above.

Except as otherwise prescribed herein, the effective date of this Order shall be twenty (20) days from and after the date hereof.

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 13th day of March, 1939.

Robert A. Quinn
Frank R. Smith
Ray H. Pinner
H. B. Allen
Justus F. Coe
Commissioners.