

Decision No. 32242

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the Matter of the Application of the SOUTHERN CALIFORNIA TELEPHONE COMPANY, a corporation, for an order to adjust rates at its Encinitas Exchange in connection with the introduction of community dial service.

Application No. 22655

James G. Marshall, for Applicant

CRAEMER, COMMISSIONER:

O P I N I O N

Southern California Telephone Company, operating a telephone system in the southern part of the State of California, herein requests authority to modify its rate schedules and to increase certain rates for telephone service in its Encinitas exchange coincident with the introduction of dial service.

A public hearing in the matter was held in Encinitas on April 19, 1939.

At the present time the Encinitas exchange is operated on a manual basis with local battery magneto equipment. In the past, from time to time, the utility has received requests for an improved telephone service. On February 7, 1937 The Greater Encinitas Club wrote to the Commission stating that the matter of improved service had been discussed with representatives of Southern California Telephone Company (hereinafter some times termed the Telephone Company), that a canvass of subscribers had been made, and stating its

request that the Railroad Commission assist the community "in obtaining a dial system." The Greater Encinitas Club stated that each of 264 subscribers would be expected to pay an increase of not more than twenty-five cents per month for service if the dial system was installed. More than 80 per cent of the subscribers whose monthly charges for service would be increased signed cards as evidence of their approval of the plan. Of the remaining subscribers, some were satisfied with the magneto service and others would not sign the cards.

The Encinitas exchange is operated by an agent under contract with the Telephone Company. The operators are employees of the agent. According to its filed schedules, Southern California Telephone Company is obligated to furnish service each day from 6 a.m. to 10 p.m. It was stated at the hearing that the agent was furnishing some emergency service during the closed hours of the exchange.

One subscriber at the hearing said that most of the subscribers wanted a "manual system," but the Telephone Company would not consider it at all. One subscriber objected to any change as the present service was satisfactory.

The present and proposed rates for the services which would be increased are as follows:

<u>Individual Line and Party Line Service</u>	<u>Rate per Month</u>	
	<u>Present</u>	<u>Proposed</u>
(1) Business Flat Rate Service:		
Each individual line desk set station	\$2.75	\$3.00
Each 2-party line desk set station	2.25	2.50
(2) Residence Flat Rate Service:		
Each individual line desk set station	2.25	2.50
Each 2-party line desk set station	2.00	2.25
Each 4-party line desk set station	1.75	2.00

The rate for an auxiliary line business flat rate service is the individual line business flat rate less 25 per cent. Consequently, an increase of \$.19 per month would be made in this rate. The rate for the first both-way flat rate commercial and hotel private branch exchange trunk line would be increased \$.25 per month, and the rate for each additional both-way trunk line would be increased \$.19 per month. No modification of the rate schedules for suburban or semi-public services is contemplated. The schedules of rates for commercial and hotel private branch exchange message rate services would be canceled as there has been no demand for these services in this area and no demand is expected. The change of instrument charge now applicable when changing from wall set to desk or hand set type of telephone, and from desk to hand set, would be waived for changes made during the conversion period and restored upon completion of the Encinitas exchange conversion from manual magneto to common battery dial service.

The level of the proposed rates is comparable to that of rates in effect in other of applicant's exchanges where dial service is furnished and similar conditions prevail.

Mr. W. C. Schweizer, engineer in charge of special studies of Southern California Telephone Company, submitted in evidence a revenue and expense statement for Encinitas exchange for the year 1938 which shows an average of 304 Company stations for the year; revenues, \$10,001.28; operating expenses, \$14,733.90; balance net revenue, a red figure of \$4,732.62; and average telephone plant, equipment and working assets, \$76,177.91. The per-

centage relationship of the balance net revenue to the average telephone plant, equipment and working assets is a red figure of 6.21%. It was estimated that the average number of Company stations for the first year of dial operations would be 362; the revenues, \$13,310.00; the expenses, \$17,755.00; balance net revenue, a red figure, \$4,445.00; and average telephone plant, equipment and working assets, \$93,210.00. The percentage relationship of this balance net revenue to the plant, equipment and working assets is 4.77%, a red figure.

In summing up the evidence, we find that the great majority of the subscribers have indicated in writing their desire to have the Encinitas exchange changed to dial operation. I infer that the type of operation, which two persons present at the hearing would have substituted for the proposed dial operation, is common battery manual service. This operation is an improvement over magneto manual operation but in general is more costly than magneto operation.

Since this matter was submitted for decision, the Commission has received a petition, purporting to have been signed by subscribers to Encinitas telephone service, requesting the Commission to grant the Telephone Company permission to install and operate a "Common Battery Service." The dial system, which the Telephone Company has applied for authority to install in Encinitas, answers that description. Subsequent to the hearing the Commission asked the Telephone Company to state its position relative to the installation of a common battery manual system in Encinitas. The Telephone Company replied that if such a system were installed instead of the common battery dial system, the loss would be increased by \$1,850 per year and that, accordingly, the Telephone Company was

not agreeable to the installation of a common battery manual system in Encinitas.

In view of the facts that the great majority of the subscribers indicated in writing their desires for a more modern system than the present magneto service, that it is economically unsound to install a manual common battery switchboard in Encinitas, and that the preference of the public generally is for dial service, I believe that the application should be granted.

The following Order is proposed:

O R D E R

Southern California Telephone Company having requested authority to adjust certain telephone rates applicable to service in its Encinitas 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 Encinitas exchange to common battery dial operation, with modifications of rates as set forth in the Opinion preceding this Order, is justified, therefore

IT IS HEREBY ORDERED that Southern California Telephone Company may install common battery dial operation in its Encinitas exchange on or before July 1, 1940.

IT IS HEREBY FURTHER ORDERED that Southern California Telephone Company may make effective in its Encinitas exchange on and after the date of the installation of the common battery dial service therein, the increases and adjustments in rates as

proposed and set forth in the Opinion preceding this Order, provided,

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

IT IS HEREBY FURTHER ORDERED that Southern California Telephone 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 Encinitas exchange during the conversion period.
- (2) File on or before the fifth day immediately preceding the date of the establishment of common battery dial service in the Encinitas exchange, 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 19th day of

September, 1939.

Raymond W. ...
Frank H. ...
Ray H. Riley
...
Justice J. ...
Commissioners.