

Decision No. 22859

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 Shafter
 Exchange in connection with the
 introduction of community dial
 service.

Application No. 22859

James G. Marshall, for Applicant

BY THE COMMISSION:

O P I N I O N

The Pacific Telephone and Telegraph Company, operating a telephone and telegraph system in California and other states, herein requests authority to increase certain rates for exchange telephone service in its Shafter exchange coincident with the introduction of dial service. A public hearing in the matter was held before Examiner Fry in Shafter on September 7, 1939.

The Shafter exchange is now and in the past has been operated on a manual, local battery, magneto basis. Some time ago The Pacific Telephone and Telegraph Company, hereinafter sometimes referred to as the Telephone Company, was requested by some of its Shafter subscribers to install a more modern type of service. After discussions of the request the Shafter Business Men's Association with representatives of the Telephone Company canvassed the users of the service to ascertain their views of the proposal to

convert the exchange to common battery dial operation. Cards were signed by subscribers favoring the introduction of dial service at Shafter coincident with certain increases in rates for exchange service. Shafter Business Men's Association on June 21, 1939 wrote to the Railroad Commission requesting the Commission to render assistance in securing dial service for Shafter telephone subscribers. It was stated that of the 252 subscribers whose charges for service would be affected, 228 signed cards indicating that they were desirous of securing the dial service under the conditions which would obtain. The Commission, by letter, transmitted to the Telephone Company the request of the Shafter Business Men's Association, and the present application followed.

The present and proposed rates for the services affected 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	\$2.75	\$3.00
Each two-party line desk set station	2.25	2.50
<u>(2) Residence Flat Rate Service:</u>		
Each individual line desk set station	\$2.25	\$2.50
Each two-party line desk set station	2.00	2.25
Each four-party line desk set station	1.75	2.00

The rate for an auxiliary line business flat rate service with desk telephone would be increased \$.19 per month. The rate for the first private branch exchange trunk line would be increased \$.25 per month, and the rate for each additional trunk would be increased \$.19 per month. A schedule of proposed rates and conditions for farmer line service, if such service is later wanted in Shafter exchange, is included in Exhibit No. 2 filed at the hearing. No change in extension station rates is proposed. Service with a wall

telephone will continue to be the desk set rate less \$.25 per month, and no hand set differential is proposed. The schedule applicable to commercial and hotel private branch exchange message rate service would be withdrawn as there is now and never has been any demand for such service in the Shafter exchange. No change in interexchange message telephone or telegram rates is proposed. The rates for suburban and semi-public service would remain unchanged. For the period of the conversion to dial service, the Telephone Company would change subscribers' telephones from wall or desk set type to hand set type, or from wall to desk set type of telephone without applying a change of instrument charge. These charges, however, would be restored at the end of the conversion period.

Mr. H. E. Owens, Division Manager, Commercial Department, Inland Division, of the Telephone Company, submitted in evidence a revenue and expense statement for the year 1938 which showed total Company stations at the end of the year, 280; revenues for the year, \$12,232; expenses, \$11,237; balance net revenue, \$995; average telephone plant and working assets, \$47,346; and percentage relationship of balance net revenue to average telephone plant and working assets, 2.1%.

It was estimated that if the Shafter exchange were under dial operation as proposed for the year 1940, the total Company stations at the end of the year would be 428; total revenues, \$18,780; expenses, \$15,480; balance net revenues, \$3,300; average telephone plant and working assets, \$83,850; and percentage relationship of balance net revenue to average telephone plant and working assets, 3.9%.

The application will be granted as the level of the proposed rates is reasonable, the anticipated return from the opera-

tions is not excessive, and the evidence showed that the great majority of the subscribers were desirous of having the improved type of operation.

O R D E R

The Pacific Telephone and Telegraph Company having requested authority to adjust certain telephone rate schedules coincident with the introduction of dial service in its Shafter 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 Shafter exchange to dial operation with modification of rate schedules as proposed is justified, and

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company may install a common battery dial system in its Shafter exchange on or before July 1, 1940.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective in its Shafter 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 and modifications 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 telephone and from wall set to desk set type of telephone in the Shafter exchange during the conversion period.
- (2) File with the Railroad Commission not more than thirty (30) days prior to the date of completion of the installation of the dial system in the Shafter exchange, a revised "Move and Change Charges" schedule which would restore the charges eliminated in (1) above.

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

Dated at Los Angeles, California, this 26th day of September, 1939.

Rafaela [Signature]

Ray P. Rice

Justin Z. Casner
Commissioners.