

Decision No. 22806

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

George F. Erickson,

Complainant,

vs.

PACIFIC TELEPHONE AND TELEGRAPH
CO., a corporation; SAN JOAQUIN
ASSOCIATED TELEPHONE CO., a
corporation, FIRST DOE, SECOND
DOE, FIRST DOE CO., a corporation,
SECOND DOE CO., a corporation,
and FIRST DOE, a copartnership,

Defendants.

ORIGINAL

Case No. 4438

Harold V. Thompson, for Complainant.

Ernest Irwin, for Defendant San Joaquin
Associated Telephone Company.

James G. Marshall, for Defendant The Pacific
Telephone and Telegraph Company.

WAKEFIELD, COMMISSIONER

O P I N I O N

George F. Erickson, herein makes complaint against San Joaquin Associated Telephone Company and The Pacific Telephone and Telegraph Company alleging that one hundred and seventy-three (173) owners of residences in a certain territory, hereinafter fully described, are desirous that San Joaquin Associated Telephone Company, hereinafter sometimes termed San Joaquin Company, be ordered to surrender any right which it may have to serve said territory, and that The Pacific Telephone and Telegraph Company, hereinafter sometimes termed Pacific Company,

be ordered to supply said territory with telephone service. Each defendant filed with the Commission its Answer to the Complaint, in part denying the allegations and stating that each defendant would cooperate with the other in furnishing Fresno foreign exchange service in the territory hereinafter described, but not agreeing to any territorial change.

A hearing upon the issues thus joined was held at Fresno on November 22, 1939, at which place and time all telephone subscribers and other interested parties were afforded the opportunity of being heard in favor of, or against the granting of, the request of complainant.

The territory in which complainant desires the Pacific Company to furnish telephone service is described as follows:

"Beginning at a point 500' west of Walnut Avenue and 500' north of South Avenue; thence easterly about $3\frac{1}{2}$ miles to a point 500' east of Maple Avenue; thence southerly about $2\frac{1}{2}$ miles to a point 500' south of Huntsman Avenue; thence westerly about $3\frac{1}{2}$ miles to a point 500' west of Walnut Avenue; thence northerly about $2\frac{1}{2}$ miles to point of commencement; all being in Township 15 South, Range 20 East, Fresno County, California."

This territory, which for convenience will hereinafter sometimes be termed Bowles area, is agricultural in character, except that it includes the unincorporated town of Bowles. The center of the Bowles area, about nine square miles in extent, is about nine miles from downtown Fresno, the county seat of Fresno County, and about six miles from the City of Fowler. Fowler and Bowles are about the same distance from Fresno. There are twenty-seven (27) telephone subscribers in the Bowles area, which is served by the San Joaquin Company. To the northwest of this area is the Fresno exchange of the Pacific Company and the Caruthers exchange of the same company adjoins on the southwest.

All present telephone subscribers in the Bowles area have ten-party service at rates ranging from \$2.00 per month for residence service to \$2.50 per month for business service. Five of these subscribers testified to their preference for Fresno service and two testified in favor of the San Joaquin Company continuing service in the Bowles area. Complainant, George F. Erickson, testified that four of the Bowles area subscribers wished to retain their present Fowler services. Four non-subscribers testified that they preferred to have the area served from Fresno.

There was filed at the hearing a petition, addressed to the Railroad Commission, with one hundred eighty (180) signatures thereon, requesting that the Pacific Company furnish telephone service in the Bowles area from its Fresno exchange. The testimony of witnesses who circulated parts of the petition indicates that the signers did not know at what rates, and under what conditions, Fresno exchange service might or would be furnished in the Bowles area if the territory were transferred. Witnesses stated that they desired a better service than ten-party service.

Mr. H. E. Owens, Division Manager, Commercial Department of the Pacific Company, stated that the rates for Fresno exchange ten-party suburban service are \$3.25 per month for residence desk or hand set service and \$3.75 per month for business desk or hand set service. Wall set service is twenty-five (25) cents less per month. The rate for individual line business desk set service is \$5.75 per month and for two-party line business desk set service is \$5.00 per month in the base rate area of the Fresno exchange. Residence service with desk set is furnished in the Fresno base rate area for \$3.25 per month for individual

line service; \$2.75 per month for two-party service, and \$2.25 per month for four-party service. For these services located outside the base rate area, air-line mileage charges are added to the base rates as follows: Individual line, each quarter-mile or fraction, fifty (50) cents; two-party line service, thirty-five (35) cents per quarter mile; and four-party line service, twenty-five (25) cents per quarter mile per month. The charges, base rates plus mileage charges, for the higher grades of service (one-party, two-party and four-party) at a location in the Bowles area nearest the Fresno base rate area boundary, would be no less than \$16.50 per month for individual line business service; \$12.45 for two-party business service; \$14.00 for individual line residence service; \$10.20 for two-party residence service, and \$7.50 for four-party line residence service per month, all for wall set service. These charges would be increased for services installed in locations in the Bowles area still farther removed from the Fresno base rate area boundary. The higher grades of service are furnished in the base rate area of the Fowler exchange at a rate level considerably lower than that effective in the base rate area of the Fresno exchange. Mileage charges are added to the Fowler base rates for these grades of service in the Bowles territory, but such added mileage charges would be considerably less than the charges for similar service from the Fresno exchange as the air-line distance from the Fowler base rate area boundary to the Bowles area is much less than the distance between the Fresno base rate area boundary and the Bowles area. It is therefore clear that the transfer of the Bowles area to the Fresno exchange would result in much higher monthly charges for all grades of service furnished in the area, ranging from \$1.00 for ten-party suburban service to several dollars for the higher grades of service. Undoubtedly the

telephone subscribers in the Bowles territory did not know the rates which they would have to pay for Fresno service, especially for the higher grades of service. There was an evident desire of subscribers for the higher grades of service from the Fresno exchange, but charges for these services furnished in the Bowles territory, although not on an excessively high level, are much more than residents in agricultural areas generally believe they can afford to pay.

It is an approved practice to establish in an exchange territory one or more base rate areas within which the higher grades of service are furnished at base rates and outside of which these services are furnished at the base rates plus mileage charges depending upon the distance from the base rate area, which includes the more developed section. The mileage rates, which are the same for the Fresno and Fowler suburban areas, are those uniformly effective throughout California. There are no mileage charges for ten-party suburban service, a practice which is justified by the fact that several subscribers are served from the same line. The principal difference between individual line, two-party line, four-party line and ten-party suburban service is in the number of telephones served from the line. It is not contemplated in the schedules that ten-party suburban rates are correct when the line does not have a reasonable fill.

It follows that the farther and farther out from the base rate area the exchange boundary is moved, the higher is the charge for the recognized good grades of service, until the charges therefor become more than the public can reasonably pay. Witnesses at the hearing, after learning the probable charges for the higher grades of Fresno service in the Bowles area, indicated that they would be obliged to use the ten-party suburban service

if the Fresno local service is made available.

The Commission, at various times, has received formal and informal requests for exchange boundary changes from many communities of the State, including all of those in the vicinity of the Bowles area. Since the submission of the present complaint, the Commission has received a request for aid in securing Fresno service at a location in the Caruthers exchange area, a few hundred feet from the described southern boundary of the Bowles area. The transfer of the Bowles area from the Fowler exchange of the San Joaquin Company to the Fresno exchange of the Pacific Company would not satisfy all present subscribers in that area, and such action would not be for the best interests of the public in the general vicinity of Bowles.

As a Tender of Satisfaction to the complaint herein, the San Joaquin Company filed with the Railroad Commission a rate schedule of Fresno residence foreign exchange service in the Fowler exchange. Under this type of schedule the two utilities, in cooperation, would extend service from the subscriber's residence to the Fresno central office, at which point the subscriber's incoming and outgoing calls would be completed. The charges for this foreign exchange service are made up of the Fresno base rates plus Fresno suburban mileage charges and Fowler foreign exchange mileage charges. By means of this service, residents of the Bowles area may receive direct Fresno service but at considerably higher cost to them than for the Fowler service. Condition (7) of this schedule sets forth that subscribers having foreign exchange service at locations within the Fowler base rate area, or more than one-half mile from the Fresno exchange area boundary, are required to subscribe for Fowler service also. After careful consideration of Condition (7) as applicable to the Fowler exchange area, and the testimony of subscribers, I believe

that the dual service requirement in connection with Fresno residence foreign exchange service furnished in the suburban area of the Fowler exchange should be eliminated. Counsel for San Joaquin Company stated that if the Bowles area remains in the Fowler exchange area, the San Joaquin Company for ninety (90) days would modify the application of Condition (10) (a) and (b) of the foreign exchange schedule as follows: The Company would string the wire for Fresno foreign exchange service in the Fowler area without charge to such subscribers where the poles are now in place and further would extend service to any new customers at its regular extension charges. The Order herein will provide for these deviations from the regular procedure. The San Joaquin Company also would permit subscribers who then have Fowler service to change to the Fresno residence foreign exchange service during the ninety (90) day period referred to above without the payment of a service connection charge. This concession should be made as offered.

After a very careful consideration of the record in this proceeding, which was ably presented by counsel of interested parties, and with cognizance of the effect of trials of changing boundaries in similar situations elsewhere, it is concluded that the modifications of the schedule of Fresno foreign exchange service should be made as discussed above and that the Bowles area should not be transferred to the Fresno exchange.

I submit the following Order.

O R D E R

This case, being at issue upon complaint and answers on file, having been duly heard and submitted by the parties thereto, careful consideration of the matters involved having been had, and basing this Order on the findings of fact and conclusions contained in the Opinion preceding this Order, which Opinion is hereby referred to and made a part hereof,

IT IS HEREBY ORDERED that San Joaquin Associated Telephone Company and The Pacific Telephone and Telegraph Company shall cooperate in furnishing Fresno residence foreign exchange service in the Fowler exchange area at the rates and charges set forth in the schedule for such service now on file with the Railroad Commission of the State of California, except as modified in accordance with the conclusions set forth in the Opinion preceding this Order.

IT IS HEREBY FURTHER ORDERED that San Joaquin Associated Telephone Company shall submit to the Railroad Commission for filing a revised foreign exchange service schedule for Fresno residence service in the Fowler exchange area, modifying Conditions (7) and (10) of the present schedule as discussed in the Opinion preceding this Order, not later than ten (10) days immediately preceding the effective date thereof, which shall be on or before March 1, 1940.

IT IS HEREBY FURTHER ORDERED that San Joaquin Associated Telephone Company may submit to the Railroad Commission for filing, a foreign exchange schedule for Fresno residence service in the Fowler exchange area, restoring Condition (10) thereof to its present status, not later than ten (10) days immediately preceding the effective date thereof, which shall be ninety (90) days from and after the effective date of the first modification of Condition (10) referred to above.

For all other purposes 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 27th
day of December, 1939.

Robert [unclear]
[unclear]
Ray & [unclear]
[unclear]

Commissioners.