

Decision No. 130533

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 Los Banos
Exchange in connection with the
introduction of dial service.

ORIGINAL

Application No. 23478

James G. Marshall, for Applicant
Thomas C. Mott, Mayor and
Gregory P. Maushart, City Attorney, for City
of Los Banos
Dr. L. R. Hillyer, for Los Banos Chamber of
Commerce
Charles H. Johnson, for Los Banos Cosmic Club
Elmer Germino, for Los Banos 20-30 Club
L. G. Sandell, for West Side Credit Association,
Los Banos Division
T. F. Sadlar, in his own behalf

BY THE COMMISSION:

O P I N I O N

The Pacific Telephone and Telegraph Company, operating a general telephone business in California and in other states, in this application seeks an increase in certain exchange telephone service rates in its Los Banos exchange coincident with a change from manual magneto to dial operation.

On April 3, 1940, the Railroad Commission received a group letter from the City of Los Banos; Los Banos Chamber of Commerce; West Side Credit Association, Los Banos Division; Los Banos Cosmic Club and Los Banos 20-30 Club petitioning the Commission to assist them in securing dial service. It was stated that The Pacific Telephone and Telegraph Company was willing to install a

dial telephone system in Los Banos on the basis of an increase of twenty-five cents per month in the rates for the principal classifications of service excepting suburban, farmer line and semi-public coin-box service.

All of the subscribers whose charges would be affected by this rate increase were canvassed. Of the total of 391 all but sixteen or 4.1% signed specifically worded application cards signifying their approval of the conversion proposal with the rate modifications.

Mr. H. E. Owens, Division Manager, Commercial Department, Inland Division, The Pacific Telephone and Telegraph Company, explained that under the proposal all telephone numbers of Los Banos subscribers would have to be changed. If the cut-over date is between regular directory issues, a temporary telephone directory for the Los Banos exchange would be issued and distributed. A representative, specially trained in the operation of dial equipment, would be located at Los Banos. An operating force would be maintained in Los Banos. Information would be furnished by an operator at Los Banos for a portion of the day and by Fresno operators during the remaining hours of the day.

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>
(1) <u>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
(2) <u>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 charge for service with a hand set telephone would continue to be the same as with a desk set, and the charge for service with a wall set telephone would remain the desk set charge less twenty-five cents per month. The rate for auxiliary line

service would be increased nineteen cents per month. The charge for the first trunk of a private branch exchange or intercommunicating system would be increased twenty-five cents per month and the charge for each additional trunk would be increased nineteen cents per month. There would be no increase in the farmer line rate but the owner of the farmer line telephone would be required to arrange for the telephone to be equipped with a dial. The conditions under which farmer line service would be furnished would be changed to make the schedule more easily administered. Applicant proposes to waive, during the conversion period, the change of instrument charge for a change from wall or desk set to hand set telephone, or from wall to desk set telephone, if the replacement is made at the time the dial telephone is installed. The inter-exchange telephone and telegraph rates would not be changed.

Mr. Owens submitted in evidence a revenue and expense statement for the Los Banos exchange for the year 1939, which showed total company stations at the end of the year, 502; operating revenues, \$18,633; expenses, \$18,876; average telephone plant and working assets, \$58,030; operating loss, \$243; and, percentage relationship of operating loss to average telephone plant and working assets, 4.2%.

It was estimated that if the Los Banos exchange should be under dial operation for the year 1941 with the proposed rates in effect, the average number of company stations at the end of the year would be 571; the operating revenues would be \$21,870; the expenses would be \$18,850; the net revenue balance would be \$3,020; the average telephone plant and working assets would be \$80,370; and percentage relationship of net revenue balance to average plant and working assets would be 3.8%.

Representatives of the City of Los Banos and of the organizations whose communication was received by the Commission each expressed the opinion that the community was in favor of the plan proposed.

It appears that the level of the rates proposed is similar to that prevailing for similar service under similar conditions elsewhere in California, that the public of Los Banos desires the dial service under the conditions proposed, and that the application should be granted.

O R D E R

The Pacific Telephone and Telegraph Company having requested authority to increase certain rates for telephone service in its Los Banos exchange coincident with the introduction of dial service and a public hearing having been held before Examiner Fry at Los Banos on June 21, 1940,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the conversion of the Los Banos exchange to dial operation with rate modifications as referred to in the preceding Opinion is justified, therefore,

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company may install a common battery dial system in its Los Banos exchange on or before March 1, 1941.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective in its Los Banos exchange, on and after the installation of 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 of rates and changes in conditions of service, are

submitted to the Railroad Commission for filing on or before the tenth day immediately preceding the date of the establishment of the dial service.

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

- (1) File with the Railroad Commission 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 telephone in its Los Banos exchange during the period of conversion to dial operation.
- (2) Make effective as of the date of the conversion of the Los Banos exchange from magneto to dial operation a revised "Move and Change Charges Schedule" which will restore the changes eliminated in (1) above, provided said revised schedule is submitted to the Railroad Commission for filing in accordance with General Order No. 68 on or before the tenth day immediately preceding the effective date thereof.

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 16th day of

July, 1940.

James P. ...

Robert ...

W. H. ...

Justus L. Caseman
Commissioners