

Decision No. 134129**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 Newman
 Exchange in connection with the
 introduction of dial service.

Application No. 24020

James C. Marshall, for Applicant
 L. E. Steffensen, Mayor, and H. C. Kingsburg,
 City Clerk, for the City of Newman
 William S. Thompson, for Newman Chamber of
 Commerce
 A. B. Joseph, for Newman Exchange Club
 Gordon B. Hollister, for Newman Stickers Club

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, herein seeks an increase in certain exchange telephone service rates in its Newman exchange coincident with the conversion of the exchange from magneto to dial operation.

On January 10, 1941 the Railroad Commission received a letter signed by the Mayor and City Clerk of the City of Newman, the President of the Chamber of Commerce, the President of the Newman Exchange Club, and the President of the Newman Stickers Club, requesting the Commission to assist them in securing dial service for the Newman exchange. It was stated that the Pacific Company was willing to install the desired service if the rates for the principal classifications of the service, excepting suburban, farmer line and semi-public coin-box service were increased twenty-five cents per month.

All subscribers whose charges for service would be affected by the change in service were interviewed in order to ascertain the general attitude of the community toward such change. Of the 236 telephone subscribers who were interviewed, 214 signed application cards signifying their acceptance of the proposal. Of the 59 farmer line subscribers who would be required to make changes on their telephones to permit operation with the dial central office equipment, 55 signed cards agreeing to the change in the operation of the exchange.

Mr. H. E. Owens, Division Manager, Commercial Department, Inland Division of the Pacific Company explained the operations of the proposed dial system. A manually-operated toll switchboard would be located in the Newman central office. Local calls would be automatically completed when dialed by the calling subscriber. Long distance calls, information calls, and other assistance calls would be answered by operators in Newman. All present telephone numbers would need to be changed. If the date of the cut-over to dial operation would not coincide with the date of the regular issue of the telephone directory, a special directory with the new numbers would be issued for the Newman exchange.

The present and proposed rates for the services affected are as follows:

	<u>Rate Per Month</u>	
	<u>Present</u>	<u>Proposed</u>
Individual Line and Party Line Service		
(1) Business Flat Rate Service:		
Each individual line desk set station	\$3.00	\$5.25
Each two-party line desk set station	2.50	2.75
(2) Residence Flat Rate Service:		
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 line business service, which is based on the individual line business rate, would be increased nineteen cents per month. The charge for the first trunk of a private branch exchange service would be increased twenty-five cents per month and the rate for additional trunks would be increased nineteen cents per month each.

Applicant also proposes a change in Condition 6. of the farmer line schedule. The witness stated that this change in this schedule will have no effect on any present farmer line subscriber.

Mr. Owens submitted in evidence a revenue and expense statement for the Newman exchange for the year 1940, which showed operating revenues, \$11,318; expenses, \$14,310; average telephone plant and working assets, \$43,944; operating loss, \$2,992; and percentage relationship of operating loss to average telephone plant and working assets, 6.8%.

It was estimated that if the Newman exchange should be under dial operation for the year 1942 with the proposed rates in effect, the operating revenues would be \$13,470, the expenses would be \$14,820, the average telephone plant and working assets would be \$61,000, the operating loss would be \$1,350, and the percentage relationship of operating loss to average telephone plant and working assets would be 2.2%.

Officers of the City of Newman, Newman Chamber of Commerce, Newman Exchange Club, and Newman Stickers Club were present and advocated the granting of the application. One farmer line subscriber expressed his desire that the application be denied.

It appears that the level of the proposed rates is similar to that prevailing for similar services under similar conditions elsewhere in California, that the public of Newman and vicinity generally 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 the Railroad Commission to authorize an increase in certain rates for telephone service in its Newman exchange coincident with its conversion to dial operation, and a public hearing having been held before Examiner Fry at Newman on April 9, 1941,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the conversion of the Newman exchange to dial operation with rate modifications as set forth in the application and at the hearing is justified, therefore

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall install a common battery dial system in its Newman exchange on or before April 1, 1942.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective in its Newman exchange on and after the date of installation of dial service therein, the adjustments in rates as proposed in the application and in Exhibit No. 10 filed at the hearing, provided said schedules prescribing increases and modifications of rates and conditions therein are submitted to the Railroad Commission for filing between the twentieth and tenth days immediately preceding the date of the establishment of the dial service.

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 29th
day of April, 1941.

[Signature]
Ray & Reay

Francis L. Havens
Commissioners