

thirty-five subscribers who, under the proposal, would receive increases in their monthly rates and charges, and seventy-six subscribers who would receive decreases. The over-all effect would be a saving to present subscribers of \$147.60 a year. There was no objection offered to this change which appears to be appropriate and in the interest of the public generally.

Los Gatos exchange schedules provide a service connection charge of \$1.50 for residence service and \$2.50 for business service where the instruments are not in place on the subscriber's premises, and \$1.00 for either business or residence extension stations. In order to bring these charges into line with the charges of similar utilities, applicant should be authorized to increase them to \$2.50, \$3.00, and \$1.50, respectively, as requested. Based upon the number of service connections during the twelve months July 1, 1940 to June 30, 1941, it is estimated that the revenues from this source would be increased \$402 per year.

Applicant asks authority to increase the charge for changing the type of instrument from \$1.00 to \$1.50, and for changing the location of an instrument within the same room from \$1.00 to \$1.50. It was also desired to have the \$1.50 charge uniformly applicable to changing an instrument, if such is necessary when changing to a higher grade of service, as is the usual practice with telephone utilities. It is also desired to make a \$1.50 change charge applicable to the changing of location of private branch exchange system stations within the same room. Los Gatos Telephone Company has on file with the Railroad Commission average uniform charges for moving private branch exchange switchboards on the same premises. It is proposed to replace these charges with charges based upon the actual cost of labor and material. It is our opinion that such a schedule will be equitable. No objection was made to this proposal. During the period between the date of this Order and the date of the withdrawal of ten-party line suburban service, the subscriber in changing from ten-party to eight-party line service should have the option of choosing the type of instrument -- wall, desk, or hand set -- without a change charge.

Applicant has a charge for service with a hand set telephone which is ten cents per month more than the charge for the same service with the desk set telephone for the first twelve months of continuous service, after which the charge is eliminated. There appears to be some element of discrimination in the present schedule which permits a change in rate for the same service to the same person at the same location. The Company, in line with the practices of other telephone utilities in California, desires to eliminate completely this hand set differential and make the rate for service with a hand set station the same as with a desk set station. It is estimated that the elimination of this differential will result in a reduction in charges to present subscribers of \$300 on an annual basis. The elimination of the hand set differential should be approved.

Applicant's schedule for hotel private branch exchange systems has a rate of \$4.75 per month for the first both-way trunk line and a rate of \$3.56 per month for each additional both-way trunk line. It is desired to reduce the \$4.75 rate to \$4.00, and to increase the \$3.56 rate to \$4.00, thereby making the rate of charge for all trunks uniformly \$4.00 per month. This schedule also has rates for wall and desk set stations located in guest rooms, varying from twenty-five cents to fifty cents per month in accordance with the number of stations connected to the private branch exchange system. The schedule also precludes the furnishing of hand set stations in connection with a hotel private branch exchange system. Applicant desires that the rate for each wall set station, regardless of the number connected to the system, shall be forty cents per month, and that the rate for each desk and hand set station, regardless of the number of stations, shall be sixty-five cents per month. The rearrangement of this schedule as applied for appears to be in the interest of the general public, and will result in a small reduction in charges to the one present hotel private branch exchange subscriber.

Applicant has no rate on file for the furnishing of battery supply or ringing supply circuits in connection with private branch exchange service

when such service is located outside the base rate area. It is desired to file a rate of fifty cents per month for each quarter mile or fraction thereof applicable to each such circuit. There are no subscribers at the present time who would be affected by the filing of these charges which are similar to charges heretofore approved by the Commission for similar service.

Applicant desires to place a limit on the number of extension stations with and without bells that may be connected to the principal grades of service. There are no limitations at present specified in the Company's schedules, and no present subscriber would be affected by the change requested. Such limitation is good telephone practice, and the proposed limitation is in line with that on file by other utilities.

Los Gatos Telephone Company at present offers two types of suburban multi-party line service. The eight-party line service is full selective, each subscriber's bell ringing only when he is signalled. In the ten-party line nonselective ringing service, each subscriber may hear a maximum of four bells of other subscribers on his line in addition to his own signal. Applicant proposes immediately to discontinue the offering of ten-party line service and, not later than May 1, 1942, to discontinue all existing ten-party line services. The rates for ten-party line suburban service are \$2.25 and \$2.75 per month for residence and business service with desk telephones, respectively. Present rates for eight-party line full-selective service are \$3.00 and \$3.50 per month for residence and business desk set service, respectively. It is proposed to reduce these eight-party line rates to \$2.75 and \$3.25 per month for residence and business service with desk telephones, respectively. Subscribers to the ten-party line service could then convert to eight-party line service for an additional charge of fifty cents per month. Ten-party line nonselective service is not considered to be a high-grade service, while eight-party line full-selective service is recognized as an improvement, due to the elimination of the annoyance of hearing signals for other subscribers, and the decreased "busy" conditions on the line. We

do not believe that the Los Gatos Telephone Company should be required to continue the furnishing of both of these grades of multi-party services on account of the costs resulting therefrom, which we believe are not justified under the circumstances. The record shows that 253 subscribers would be affected if the utility's proposal should be placed in effect. Of the 253 subscribers who would be affected, and who were notified of the hearing, one subscriber, representing the Board of Governors of the Aldercroft Heights Improvement Association, objected to the discontinuance of the ten-party line service. Another subscriber, representing herself, testified that she was satisfied with her ten-party line service and did not need the improved service. No objection to the proposal has been received from the other ten-party line service subscribers. We have given careful consideration to the proposal to eliminate the ten-party line service in the Los Gatos exchange and believe that the service of the Los Gatos subscribers generally will be improved thereby and that the discontinuance of the ten-party line service should be authorized as proposed.

Applicant desires to change its present restriction in regard to the number of subscriber lines that may be permanently tied together from four to two. This is in line with good telephone practice, and no present subscriber would be affected thereby.

Mr. Farwell testified that in cooperation with The Pacific Telephone and Telegraph Company, Los Gatos Telephone Company plans early in 1942 to introduce Extended Service in the Los Gatos exchange whereby Los Gatos extended service subscribers could, at the extended service rate, place all of their calls on a flat rate basis to the San Jose, Campbell, and Saratoga exchanges without the payment of toll charges, and that reciprocally, extended service subscribers in the San Jose, Campbell, and Saratoga exchanges of the Pacific Company could place their calls to Los Gatos subscribers on a local or non-toll basis. It was stated, however, that should the National Emergency

develop to the point where facilities were not available, the offering of extended service would not be made until conditions permitted of this class of service. It is estimated that the offering of this extended service would result in savings to Los Gatos subscribers of \$2000 per year.

In summation of the effect of the various changes set forth in the application and as discussed in this Opinion, the utility estimates that the over-all results of the rate and service changes would amount to \$106.90 per year loss in revenue to the Company.

O R D E R

Los Gatos Telephone Company, having made application for authority to modify the base rate area of the Los Gatos exchange, and to modify rate schedules, a public hearing having been held, and the matter having been submitted for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the changes and modifications requested are justified, therefore

IT IS HEREBY ORDERED that Los Gatos Telephone Company may file with the Railroad Commission in accordance with General Order No. 68, to become effective not later than March 1, 1942, a modified base rate area map of Los Gatos exchange, modified schedules of service connection charges, moves and change charges, hand set charges, hotel private branch exchange service rates and charges, mileage charges, and eight-party line suburban service, and to modify its Schedule A-1 to limit to two the number of lines a subscriber may have tied together, all as proposed and as discussed in the preceding Opinion, provided such filings are made not later than ten (10) days immediately preceding their effective date.

IT IS HEREBY FURTHER ORDERED that Los Gatos Telephone Company may file with the Railroad Commission to become effective not later than May 1, 1942, the rate schedules necessary to effect the withdrawal and discontinuance

of ten-party line suburban service, provided such filing is made not later than ten (10) days immediately preceding its effective date.

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 20th day of January, 1942.

[Signature]
Ray & Remy
Justice J. Calver

[Signature]
Commissioners.