

Decision No. 35630

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CONSOLIDATED TELEPHONE COMPANY, a corporation, for an order authorizing proposed schedule changes, regrading, of certain services, changes in rules and regulations, realignment of boundary between the Whittier and Downey exchanges, the elimination and alteration of certain zones and special rate areas, and, in connection therewith, an adjustment of rates for telephone service.

Application No. 25003

Also, in the Matter of Petitions in Intervention by ASSOCIATED TELEPHONE COMPANY, LTD., and SOUTHERN CALIFORNIA TELEPHONE COMPANY for authorization to revise certain rates for foreign exchange service to conform with revised rates proposed by Applicant.

Gerald C. Kepple, for Applicant.

Ernest Watson, for Associated Telephone Company, Ltd., Intervenor.

James G. Marshall, for Southern California Telephone Company, Intervenor.

F. V. Rhodes, for California Independent Telephone Association.

Daniel O. Newton, for La Habra Heights Improvement Association.

Don T. Delmet, for Norwalk Chamber of Commerce.

William E. Potter, for Air Warning Service.

Thomas W. Bowley, City Attorney, for City of Whittier.

BY THE COMMISSION:

O P I N I O N

In this application, Consolidated Telephone Company, a corporation, hereinafter also termed the Company, requests authority to make certain changes in its schedules of rates, rules and regulations for the Downey and Whittier exchanges.

The Company operates a telephone system serving the City of Whittier and territory adjacent thereto including the communities of Pice and Riviera, and the unincorporated community of Downey and surrounding territory including

Norwalk, Artesia and Bellflower, all in Los Angeles County, together with the City of La Habra and the territory adjacent thereto in Los Angeles and Orange Counties.

The Company's present rates and service arrangements differ from those generally in effect and approved for other telephone utilities in Southern California and it proposes to revise its schedules to conform generally with those of other telephone utilities.

A public hearing was held before Examiner Fry in Whittier on July 9, 1942, at which time the Company introduced evidence that notices of the hearing had been mailed to each of the Company's subscribers and that notice of the hearing had been published in "The Whittier News."

The Company introduced as Exhibit No. 1 a schedule of rates, rules and regulations which it desires to place in effect and Mr. Orrin Gallup, Vice President and General Manager of the Company, testified in considerable detail as to the proposed changes in individual schedules.

In general, the Company proposes to divide the Whittier Exchange and the district areas of the Downey Exchange into base rate area territory and suburban territory as contrasted with the present division of the territory into base rate areas, special rate areas, and suburban zones. The Rivera special rate area would be eliminated and the territory included in the suburban area.

It is proposed to establish uniform rates for the same class of service in the base rate areas of the Whittier Exchange. Uniform rates for the same class of service are also proposed for the base rate areas in each district area of the Downey Exchange. In the suburban territory, it is proposed to establish ten-party service at uniform rates and to make available the services offered in the base rate area at base rates plus mileage.

The proposed arrangement is in contrast to the present lack of uniformity in rates and services offered in the various base rate areas, special rate areas, and suburban zones.

Business four-party line service would continue to be furnished within certain base rate areas of the Whittier and Downey Exchanges until such time as facilities are available to furnish two-party service.

The Company also proposes to eliminate the present differential of \$.15 per month between a desk and handset station.

Mr. Gallup testified that it would be desirable to introduce the plan first in one exchange and then one month later in the other exchange. In view of the extended scope of the service rearrangements, such a program for the introduction of the proposed changes is reasonable.

The following modifications of the Company's proposal as set forth in Exhibit No. 1 should be made and the Order will so provide:

(1) A-4 Mileage Rates and Rule and Regulation No. 1, section D, "Off-Premises Extension and Private Branch Exchange Stations" should be revised to continue the provision for extension stations installed on other than the subscriber's premises provided they are for the use of the subscriber and are located on the same continuous property as the primary station.

(2) Private Branch Exchange Schedules should be revised as follows:

(a) Revise the rate for battery and power supply for mechanical equipment to apply to each station line connected to the mechanical switches instead of each station.

(b) Exclude from the conditions a charge for isolated power plants for manual private branch exchange service furnished in the suburban area equal to the mileage charges which would be applicable to battery and ringing power supply circuits if they were furnished. The mileage charges increase with the distance from the base rate area boundary and bear no logical relation to the size or type of the installation. In lieu of the mileage charges, the Company may, subject to the approval of the Commission, file a

monthly rate and installation charge for an average installation or rates and charges for installations of different sizes of isolated power plants, for manual private branch exchange service furnished in the suburban area, provided the estimated revenue does not exceed that which results from charges based on hypothetical supply circuits.

- (c) Revise the regulation which permits the Company to require an initial payment from a subscriber to limit the amount to the net cost of the equipment and its installation instead of the total cost of the equipment and its installation. The revision of the regulation covering an initial payment by the subscriber also applies to a similar regulation in the schedule for Intercommunicating Systems.

(3) Revise the Rule and Regulation No. 24, "Service Connections to be Made by Company's Employees," to state that the scheduled rates and charges may be billed in the event that changes by unauthorized persons are made in instrumentalities or facilities furnished by the Company rather than stating that the charges will be billed.

In addition to the above modifications the Company proposes to withdraw the following exchange service schedules:

- (1) A-16 Auxiliary Line Service. The withdrawal of this schedule will have the effect of discontinuing the present discount of \$.50 on auxiliary business individual lines.
- (2) A-17 Business Foreign Exchange Off-Premises Extension Station Service. The withdrawal of this schedule will not affect any subscriber's service, as no service is now being furnished.
- (3) A-19 Permanent Connection of Telephone Lines - Local Service. The withdrawal of this schedule will have the effect of discontinuing the \$.25 discount on individual line residence service under this service arrangement.

(4) A-19 Permanent Connection of Telephone Lines - Extended Service. The withdrawal of this schedule will not affect subscribers' services and is consistent with the discontinuance of the schedule for local service.

The Company also proposes to withdraw the following rules and regulations:

(1) No. 9 Service Charge for Restoration of Service. The withdrawal of this rule and regulation will eliminate the charge of \$1.00 which is applied before a service, which has been temporarily disconnected, is restored.

(2) No. 14 Directory Listings. The provisions of this rule and regulation are included in the proposed Exchange Service Schedule No. A-14.

(3) No. 15 Public Telephone Service. The provisions of this rule and regulation are included in the proposed Exchange Service Schedule No. A-11.

(4) No. 23 Compensation to Company's Employees. The Company states that this rule is no longer required.

(5) No. 25 Company's Right of Ingress to and Egress from Subscribers' Premises. The Company states that this rule is no longer required.

(6) No. 29 Moves and Changes. The provisions of this Rule and Regulation are included in the proposed Exchange Service Schedule No. A-29.

(7) No. 30 Service Connection Charges. The provisions of this rule and regulation are included in the proposed Exchange Service Schedule No. A-30.

The Company now has on file with the Commission two Whittier foreign exchange services in Downey which are furnished under Whittier local rates. It is proposed to eliminate these deviations and furnish the service under

the filed rates.

The Company's Exhibit No. 2 sets forth in detail by groups of subscribers and by class, type and grade of service the estimated revenue effects resulting from the application of the schedule of rates, rules and regulations which the Company has proposed. The Company's witness, Mr. Gallup, testified as to the method of preparing the estimate and in detail as to a number of the changes. Based on services as of March 31, 1942, it was estimated that the proposed rates would result in a reduction of \$1,412.05 and an increase of \$723.00, or a net monthly decrease of \$689.05 which would amount to \$8,260.60 on an annual basis.

In Paragraph IV, section 6, of the application, the Company requested that a realignment be made in the common boundary to transfer territory from the Whittier to the Downey Exchange. Since the time of filing this application, the Company has completed a canvass of the subscribers in the area. The canvass disclosed that a majority of the subscribers preferred to remain in the Whittier Exchange. As a result the Company has requested permission to withdraw that portion of its application. The Company also introduced as Exhibit No. 4 a petition signed by 13 parties requesting that the area remain in the Whittier exchange. The Company should be permitted to modify its application as requested.

Associated Telephone Company, Ltd., and Southern California Telephone Company each filed a petition to intervene in this proceeding for the limited purpose of requesting authorization by the Commission to revise certain rates for foreign exchange service furnished from the Company's exchanges in exchanges of the petitioners. It was stipulated by both petitioners that the testimony and evidence offered by the Company at the hearing of this application would apply to the petitions in intervention. Permission to intervene was granted by the Commission.

Associated Telephone Company, Ltd., through its witness, Mr. G. Howard Briggs, introduced a statement designated as Exhibit No. 3 which set

forth by individual subscribers five Whittier suburban residence foreign exchange services in the Covina exchange which would experience an increase of \$.25 per month if the application is granted. This exhibit also listed two subscribers whose rates would not be changed.

Mr. J. G. Marshall, attorney for Southern California Telephone Company, stated that there was one subscriber to Whittier suburban residence foreign exchange service in El Monte and 15 subscribers to Downey suburban residence foreign exchange service in Compton who would experience an increase of \$.25 per month, if the application is granted.

Revision by the intervenors in certain rates for residence suburban foreign exchange service is required in order that these rates may conform with revised rates proposed by the Company. The intervenors introduced evidence that notices of the hearing had been mailed to each of the subscribers who would be affected.

The testimony in this proceeding shows that the plan submitted by the Company would, in general, eliminate discriminations between communities, bring the service arrangements into line with those of other telephone utilities, and that the changes are consistent with the measures which have been taken to conserve scarce and critical materials which are necessary in the war effort. The general effect of granting the Company's application would be to simplify the rate structures in the Whittier and Downey Exchanges, and effect an estimated net reduction in the charges to subscribers of approximately \$8,300 on an annual basis.

Mr. Thomas W. Bowley, counsel for the City of Whittier, stated he had reviewed the application and expressed an opinion that the granting of the application was in the interest of the citizens of Whittier as well as the City of Whittier as a subscriber. No objection was offered at the hearing to the granting of the application as modified or the revisions requested by the intervenors.

ORDER

Consolidated Telephone Company having made application for authority to revise its schedule of rates, rules and regulations, and Associated Telephone Company, Ltd., and Southern California Telephone Company having filed petitions in intervention for authority to revise certain foreign exchange rates to conform with the revised rates proposed by the Applicant, 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 revisions as set forth in the Company's Exhibit No. 1, and as discussed in the Opinion preceding this Order are justified, and it is further found as a fact that the revisions requested by Associated Telephone Company, Ltd., and Southern California Telephone Company in the petitions of intervention are justified, therefore,

IT IS HEREBY ORDERED that Consolidated Telephone Company may file with the Railroad Commission, in accordance with General Order No. 68, to become effective not later than November 1, 1942, a revised schedule of rates, rules and regulations as set forth in Exhibit No. 1 and as discussed in the Opinion preceding this Order, together with the revision of such other rates, rules and regulations as may be approved; provided such filing is made not later than fifteen (15) days immediately preceding its effective date, or if the filing is made effective on different dates in the Whittier and Downey Exchanges, each rate sheet shows the effective date for the respective exchanges and such filing is made not later than fifteen (15) days immediately preceding the earlier effective date.

IT IS HEREBY FURTHER ORDERED that Associated Telephone Company, Ltd., may revise its suburban residence foreign exchange rates for Whittier service in Covina to conform with the rate for Whittier exchange service at the common boundary.

IT IS HEREBY FURTHER ORDERED that Southern California Telephone Company is hereby authorized to revise its suburban residence foreign exchange rates for Whittier service in El Monte and for Downey service in Compton, to conform to the rates for Whittier and Downey exchange services at their respective boundaries.

IT IS HEREBY FURTHER ORDERED that Associated Telephone Company, Ltd., and Southern California Telephone Company may each file its revised schedule of rates with the Railroad Commission in accordance with General Order No. 68, to become effective not later than November 1, 1942, provided such filings are made not later than ten (10) days immediately preceding their effective date.

For all other purposes, the effective date of this Order shall be twenty (20) days from the date hereof.

Dated at Los Angeles, California, this 25th day of July 1942.

Justice J. Cramer
Ray C. Riney

Francis R. Havens
Richard L. Lachs

Certified as a True Copy

Secretary of the Railroad Commission
of the State of California