

Decision No. 36474**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER & TELEPHONE COMPANY,
a corporation, for an order authorizing
it to connect to its Hemet, California
switchboard certain lines now connected
to the San Jacinto switchboard and in
the future to connect subscribers in the
San Jacinto-Hemet Exchange Area to either
the San Jacinto or Hemet switchboard.

Application No. 25042

Bacigalupi, Elkus and Salinger, by Claude Rosenberg; and A. N. Johns; for Applicant.

James G. Marshall, for Southern California Telephone Company.

Frazier M. Sallee, for City of San Jacinto and San Jacinto Valley Chamber of Commerce.

Oliver P. Insley, for City of Hemet.

F. V. Rhodes, for California Independent Telephone Association.
Gregory Esgate, for Idyllwild.

Earl Gilman, Jr., for Gilman Hot Springs.

Chester Kline, Edward Poorman, Frank O. Dunbar, Warren Browning, and Robert W. Meek, in propria persona.

CRAEMER, COMMISSIONER:

O P I N I O N

California Water & Telephone Company, hereinafter termed the California Company, makes application for authority to modify certain service arrangements in its telephone properties located in what is designated its San Jacinto-Hemet exchange with the object of improving its service and saving much critical telephone material. The matter was first heard on July 10, 1942, and a further hearing was had on May 20, 1943.

Southern California Telephone Company, hereinafter termed the Southern Company, filed a petition in intervention sometime prior to the first hearing. In that petition it was requested that if the Commission grant the application of the California Company, the Southern Company also be authorized to discontinue its toll rate center at San Jacinto, leaving Hemet as the one toll rate center

for the exchange area. This petition in intervention was withdrawn at the second hearing. In explanation of this action the Southern Company submitted a letter expressing the view that its request first made for authority to discontinue a toll center with the consequent increase in some toll charges at that point might possibly be construed by the Office of Price Administration as in violation of regulations in the meantime imposed by that body upon all public utilities.

For an understanding of the California Company's application, and of the effect the granting of its application would have upon the toll service rendered by the Southern Company, it is necessary to refer briefly to the physical situation surrounding the telephone service rendered in the San Jacinto-Hemet area.

San Jacinto and Hemet are contiguous cities of the sixth class, located in Riverside County. Although they have always been included in a single exchange area, without any message charge made for inter-city telephone calls, there has at the same time been maintained a central office in each city. The office in San Jacinto is manually operated, while that in Hemet is dial equipped. Nine local trunks connect the two switchboards. Although telephone subscribers in one city are usually connected to the switchboard at that same city, there are many nearby resorts whose service lines may be connected to the office farther distant, and it may also follow a course where the terrain compels more costly installations than would be required if service connections could be made to the other central office.

An unusual situation exists also in respect to the toll connections maintained between the California Company's exchange system and the lines of the Southern Company. Both San Jacinto and Hemet are toll connection points, although only two miles apart. And it is a peculiar circumstance that these two toll rate points within a single exchange area happen to be in different rate blocks set up by the Southern Company. Consequently, because the toll rates of the Southern Company are designed on a block and mileage basis, the toll

charges on messages originating within the San Jacinto-Hemet exchange and destined to certain points forty miles or more distant may not be the same. Those exchange service subscribers attached to one central office of the California Company may bear or receive a differential of five cents per toll message over or under those subscribers attached to the other central office.

The California Company now proposes to remedy this condition by attaching any existing or future subscriber's service line to either its San Jacinto or Hemet switchboard, as efficient and economical engineering practice may dictate, and also by eliminating the existing toll connection in San Jacinto. Such a plan would permit of the removal of a considerable amount of unnecessarily extensive lines now in place and the conservation of critical materials most urgently needed elsewhere. In addition, it is estimated by the company's engineer, Mr. Lambert, that the proposed rearrangement of its facilities would result in an increase of over fifty per cent in the efficiency with which toll calls could be handled for the Southern Company. There are now four toll circuits terminating at the San Jacinto switchboard and six toll circuits terminating at Hemet. The exchange subscribers in one city do not have access to the toll lines terminating in the other. Under the proposed arrangement of terminating all the toll lines at Hemet, making one group of ten toll circuits, more expeditious and economical handling of long-distance messages obviously would be permitted.

Representatives of the cities, as well as various individual telephone subscribers, at first expressed their disapproval of the proposed rearrangement of applicant's facilities. At the second hearing most of the objections first presented appear to have been withdrawn. A subscriber who operates a nearby resort with the greatest toll usage, and who at first protested the attachment of his service line to the Hemet office because of the resulting increase in some of his toll message charges, appeared at the second hearing to express his approval of the proposed arrangement. Assurance was given by Mr. Johns of the California Company that it was not his intention to discontinue central

office operations in San Jacinto.

The proposed changes in the facilities of the California Company will result in a saving of critical materials and in economies to that company and to the Southern Company as well. Without such rearrangement of the exchange company's plant the Southern Company would be required to add additional toll circuits of its own, costing approximately \$4,000 each, if satisfactory service is to be afforded. It may be, as the Southern Company stated upon withdrawing as an intervener in support of the California Company's application, that it will be required to so amend its tariff schedules as to make Hemet the sole toll rate center of the San Jacinto-Hemet exchange. A five-cent increase in some toll message charges, and a like decrease in others, would result, with a total net increase of about \$450 per year. But this fact should not deter the Commission from taking any action necessary to relieve the situation of the California Company. The Southern Company does not protest the application. The evidence indicates that the granting of the application would be to this company's distinct advantage. Hence, if the Southern Company deems it necessary or desirable to amend its tariffs to show the elimination of one toll point, there appears to be no reason why the Commission may not, in this proceeding, give it the requisite authorization to make such tariff changes.

It is concluded that the public interest requires the granting of the application. The effective date provided for in the Order to follow will be at a time sufficiently advanced to permit the Southern Company to make any appropriate changes in its tariffs deemed necessary.

O R D E R

California Water & Telephone Company having presented its application, as above entitled, the matter having been heard and fully considered,

IT IS ORDERED that California Water & Telephone Company be and hereby is authorized to connect any of its present or future telephone subscribers within the San Jacinto-Hemet exchange area to the central office switchboard located in Hemet or to that located in San Jacinto, at its option, and to

discontinue its existing toll center at San Jacinto, and to file on or before August 15, 1943, and make effective September 1, 1943, appropriate tariffs showing such changes in its service.

IT IS FURTHER ORDERED that Southern California Telephone Company be and hereby is authorized to file, upon ten days' notice, and make effective September 1, 1943, such revised tariff schedules as may be necessary to indicate the discontinuance of its San Jacinto toll connection point.

For all other purposes the effective date of this Order shall be the twentieth day from and after the date hereof.

Dated, San Francisco, California, this 17th day of July, 1943.

[Signature]
Justice F. Craven
[Signature]
Commissioners