

Decision No. 39276

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Lorraine Doggett, et al.,
Complainants

vs.

California Water and Telephone
Company,
Defendant

ORIGINAL

Case No. 4817

L. H. Phillips for Complainants; Claude N. Rosenberg
and A. N. Johns for Defendant; Frank V. Rhodes for
California Independent Telephone Association.

O P I N I O N

HULS, COMMISSIONER:

In this proceeding Lorraine Doggett, together with some 46 other complainants, requests the Commission to provide relief in connection with alleged telephone service deficiencies of the California Water & Telephone Company in its San Fernando exchange. In addition, a petition from some 800 residents in the Sepulveda area of the San Fernando exchange was transmitted with the complaint. The petition alleged that service furnished by the defendant in the Sepulveda area was inadequate and unsatisfactory and requested service from the Southern California Telephone Company rather than from the defendant. The Southern California Telephone Company, however, was not made a party to the complaint and the present proceeding is limited to a consideration of alleged service deficiencies of California Water & Telephone Company. Hearings were held in this matter on May 1, 1946 at San Fernando and on May 2, 3, and 4 at Sepulveda..

Some 34 witnesses complained of the unsatisfactory service furnished through the Sepulveda central office of the San Fernando exchange. The matters complained about included:

1. Inability to reach the San Fernando operator.
2. Difficulty in being called by subscribers in other exchanges.
3. Poor transmission.
4. Inability to obtain extended service.
5. Excessive charges because of operating and billing errors.
6. Party-line interference.
7. More than one party on individual lines and more than the permitted number on party lines.
8. Disconnection by operator before completion of call.
9. Inability to obtain installation of telephone.

It was also testified by a number of subscribers that the service prior to and during the war was of poor quality.

After testimony was presented by the 34 witnesses for the complainants, counsel stipulated that if additional available witnesses were called by complainants, such witnesses would testify in accordance with a cross section of the testimony of witnesses who had already testified.

The company presented testimony to show the difficulties encountered during the war period and at the present time in obtaining sufficient equipment and material. Testimony was also presented as to the problems involved in obtaining a sufficient number of operators to man the San Fernando switchboard and as to the relative inexperience of the operating force.

The defendant's principal witness, Mr. A. N. Johns, Vice President of the California Water & Telephone Company, explained in some detail the method of operation of the Sepulveda and San Fernando systems. The Sepulveda central office is a community dial office connected to the San Fernando-Main manual office. Subscribers connected to the Sepulveda office can dial each other. Calls to subscribers in the remainder of the San Fernando exchange and calls to all other exchanges are trunked from Sepulveda to the San Fernando-Main central office and are handled by operators at that point. Of the total traffic originating in Sepulveda, 25% terminates in Sepulveda, 17% terminates in San Fernando exchange excluding Sepulveda and 58% terminates in other exchanges. Since 75% of the Sepulveda outgoing traffic passes over the trunks between Sepulveda and San Fernando-Main and is handled by the operators at San Fernando-Main, the adequacy of the inter-office trunking facilities, the operating force and the central office equipment at San Fernando-Main are particularly pertinent.

Company witness presented exhibits and testimony to show what had been done during the period 1937 to date to provide additions to the telephone plant. In connection with the San Fernando-Main central office, the company's principal witness testified that no additional switchboard positions were added during the period January, 1942 to November, 1945. He further testified that in his opinion there was no need to order equipment because it could not be obtained except for national defense purposes during this period and that he was not so much interested

in ordering material as in when delivery could be obtained. The need for such equipment was recognized, but the company still did not place orders even though, in 1942 and 1943, the manufacturers requested that orders be placed in order to determine postwar needs and to assist in scheduling the manufacture of equipment.

The company did not place orders for telephone sets until the fall of 1945, even though the need for sets was apparent at a much earlier date. According to the company, it did not consider ordering telephone sets during the war would be of benefit in connection with postwar requirements because telephone sets were not manufactured during the war.

The company, in its Exhibit 23, shows only one cable addition programmed for 1947. Company's witness testified additional cable would be ordered as the need became apparent, and also that the procurement situation with respect to cable was difficult at the present time and it appeared that it would become worse. However, in spite of these conditions, the company apparently does not consider it necessary to program the ordering and purchasing of additional cable for use in 1947 and subsequent years at this time.

The Sepulveda central office was established September 1, 1939, with one hundred lines of equipment installed. Ten additional line circuits were added in January, 1940, and another ten in June of 1940. The addition of such small quantities at short intervals indicates that the company did not follow a policy of providing adequate margins for growth and that if a forecast of requirements had been made on a sound basis, it would not have been necessary to add piecemeal to the plant at four and five-month intervals.

The record indicates a need for a more adequate staff and the exercising of the judgment and foresight necessary to provide sufficient equipment to meet service requirements. Defendant utility also appears to have been lax in failing to order essential equipment, although fully informed as to the difficulties in obtaining delivery of equipment. We believe that defendant utility should supplement its staff and take such other steps as may be necessary to keep currently informed as to the development in the territory it has undertaken to serve in order that it may forecast future requirements sufficiently in advance to provide satisfactory service at the earliest possible date.

Information presented by the company in Exhibit 14 showed a considerable increase in traffic handled by the San Fernando-Main operators. The total number of originating messages increased from 286,108 in September, 1940 to 564,587 in March, 1946, or an increase of 97%. The work units, which reflect the number of calls and the operator time necessary to handle the different types of calls, required to handle the traffic increased from 268,274 in September, 1940 to 675,864 in March, 1946, or an increase of 134%. The larger percentage increase in work units than in messages is due primarily to the increase in toll traffic timed and ticketed at San Fernando which requires more operator time per message than does the local traffic.

During about the same period, Exhibit 16 shows that the operator experience decreased rather markedly. As of March 1, 1940, 25% of the operators had less than one year's experience, 12.5% had over one year and less than three years' experience, and 62.5% had over three years' experience. As of March 1, 1946, 52.8% of the operators had less than one year's experience, 8.3% had over one year and less than three years' experience, and only 38.9% had over three years' experience.

The company added one position of switchboard in July, 1941 and three positions in December, 1941. Two positions of "B" board were placed in service in December, 1945. These were the only major additions made during the five-year period.

In view of the increased traffic loads, lack of facilities, and relatively less experienced operating force, it is not surprising to find the company's witness admitting that the service is now of a poorer quality than the subscribers are entitled to expect in normal times.

Apparently the company has attempted to connect hold orders as rapidly as possible without adequate study or supervision and failed to recognize the deleterious effect on service as a result of added stations and changes in the character of traffic. As a result the call handling capacity of its facilities has been exceeded and service has been degraded to the point where it is inadequate. The ability to provide a reasonably adequate service to its existing subscribers and to continue to furnish such service should be a prime factor in determining how rapidly additional stations are connected. The war left many telephone systems overloaded. Consistent degrading of service, in order to connect held applications, may quickly reach the

point where it is no longer in the public interest.

Numerous witnesses for the complainants testified that they were disconnected by the operator before they had completed their conversation on toll calls. This type of error is due primarily to inadequate operator training and overloading of the switchboard. The proper timing and ticketing of toll calls is influenced not only by the types of trunks used, but also by the experience of the operators and the traffic load to be handled. Several of complainants' witnesses testified that errors in charging for calls are not infrequent. This further emphasizes the necessity for providing a reasonably adequate service at all times and of avoiding excessive overloads. It also indicates that additional training and supervision, as well as additional facilities, will be necessary to alleviate this condition.

The complaints of individual line subscribers of other parties being on their line were explained by the company witness as being caused by faulty operation of the dial central office equipment or by line or cable crosses. This may be due to the heavy overloading of the central office equipment and to faulty maintenance. Thorough and competent maintenance is necessary to minimize this condition particularly in view of the overloaded condition of the central office equipment. Data furnished by the company showing the number of primary stations on lines, by grade of service, as of April 30, 1946, indicate that the company has not connected more subscribers to any line than the number permitted under the filed tariffs.

Several witnesses testified concerning poor transmission. The company's witnesses offered no explanation therefor. However, it was testified that the company had difficulty in obtaining sufficient maintenance personnel and it may well be that the poor transmission complained of is due in part to inadequate maintenance of outside plant and station equipment.

A number of complainants' witnesses testified that they desired extended service. Witnesses also complained of toll charges being applicable in connection with calls to Van Nuys. Individual line business and individual and two-party line residence extended service is offered in San Fernando exchange at monthly rates somewhat higher than for corresponding grades of local service. The company is unable to furnish extended service to all subscribers who desire it because of lack of facilities. Under extended service no toll charge is applicable on calls to

Van Nuys, Reseda, Canoga Park, Sunland, and Burbank-Chase district area and, in addition, a saving of 30% is effected on station-to-station calls to other Los Angeles metropolitan area points. An analysis of those exhibits presented by the complainants which consisted of subscribers' monthly bills for local and toll service indicates that substantial savings in toll charges would be effected for several subscribers if they could obtain extended service. This situation may be viewed essentially as degraded service and it thus appears that certain subscribers may be penalized because the company is unable to furnish the higher grades of service necessary to meet their requirements. As an example of the difference in the basis of charges, the rates applicable to station-to-station messages¹ between San Fernando exchange and certain metropolitan area points under extended service and local service are shown in the tabulation below:

	Extended Service	Local Service
	Message Unit	Toll
Between San Fernando and	5 Min. Initial Period	5 Min. Initial Period
Van Nuys	-	10¢
Reseda	-	10¢
Canoga Park	-	10¢
Sunland	-	10¢
Burbank-Chase District Area	-	5¢
North Hollywood	7¢	10¢
Burbank-Charleston District Area	7¢	10¢
Glendale	10¢	15¢
Mutual District Area*	14¢	20¢
Hollywood District Area*	10¢	15¢
Olympia District Area*	10¢	15¢
Whitney District Area*	10¢	15¢

*District area of the Los Angeles exchange. Mutual District Area includes the main business district of Los Angeles.

¹Federal tax is applicable to toll and message unit messages as follows:

	Subscriber's Station (other than coin-box)	Coin-Box Station
Toll Message		
24¢ or less	15%	-
Over 24¢	25%	25%
Message Unit Message	15%	Not applicable

On messages from subscriber's stations, other than coin box, the tax at the rate applicable to particular messages is based on the sum of all charges included in the bill which are subject to that rate.

On messages from coin-box stations, the tax is computed to the nearest multiple of five cents, and where the tax is midway between multiples of five cents, the next higher multiple applies.

The toll rates to and from San Fernando exchange are the rates of the Southern California Telephone Company applicable to intrastate service in California and are based on the airline distance between rate points. The rates are the same as those generally effective throughout the State of California. The tabulation below shows the basic schedule for distances up to 48 miles:

Airline Rate Mileage Over : Incl.	Station-to-Station		Person-to-Person		
	Initial Period	Overtime	Initial Period	Overtime Each Add'l. Min. First 3 : After 3	
0 - 6	5¢ - 5 Min.	5¢ - 5 Min.	-	-	-
6 - 12	10¢ - 5 Min.	5¢ - 3 Min.	15¢ - 3 Min.	5¢	5¢
12 - 18	15¢ - 5 Min.	5¢ - 2 Min.	20¢ - 3 Min.	5¢	5¢
18 - 24	20¢ - 5 Min.	5¢ - 2 Min.	25¢ - 3 Min.	5¢	5¢
24 - 32	25¢ - 5 Min.	5¢ - 1 Min.	30¢ - 3 Min.	10¢	10¢
32 - 40	30¢ - 3 Min.	10¢ - 1 Min.	40¢ - 3 Min.	10¢	10¢
40 - 48	35¢ - 3 Min.	10¢ - 1 Min.	45¢ - 3 Min.	10¢	10¢

The company did not start maintaining a record of held orders until April, 1944, at which time they became so numerous it was felt something should be done about them. Information furnished by the company in response to a request at the hearing indicates that the company had no held orders for upgrades or regrades of service as of the date of the hearing.

A record should be maintained of all requests for changes in service, as well as for new services, since such records furnish valuable information as to the telephone requirements of individual applicants and subscribers to serve as a guide for estimating future equipment requirements.

Company's witness testified as to the program of the company to provide dial service throughout the San Fernando exchange during 1947. The company's program during the interim period between the present time and August, 1947, when the dial service will be provided, was described in detail. An additional "B" board position is to be equipped and three "A" board positions and 640 lines are to be added at San Fernando-Main during 1946. Certain other additions which are programmed for 1946 are designed to provide relief primarily to the Sepulveda subscribers. These additions include the provision of direct trunks between Sepulveda and Van Nuys to permit extended service subscribers in Sepulveda to reach the Van Nuys switchboard directly, additional trunks between Sepulveda and San Fernando-Main, and additional line equipments in the Sepulveda office.

The trunks handling traffic in and out of the San Fernando exchange, except for two trunks to Sunland, are owned and furnished by the Southern California Telephone Company.

The company's estimates of station development for San Fernando exchange were furnished to the complainants and the Commission subsequent to the hearing and are set forth below by central office areas:

End of Year	Estimated Total Stations			
	San Fernando	Sepulveda	Granada	Total
1946	3,809	524	195	4,528
1947	4,215	629	276	5,120
1948	4,565	717	319	5,601
1949	4,850	787	367	6,004

The stations as of March 31, 1946 and the held orders as of the same date are shown below:

	<u>San Fernando</u>	<u>Sepulveda</u>	<u>Granada</u>	<u>Total</u>
Stations	3,106	277	196	3,579
Held orders	<u>1,518</u>	<u>313</u>	<u>116</u>	<u>1,947</u>
Total	4,624	590	312	5,526

Considering the stations plus held orders, which totaled 5,526 for the exchange as of March 31, 1946, there is serious question as to the reasonableness of the company's estimates which do not anticipate a comparable station development until the latter part of 1948. In view of the length of time required to obtain additional equipment for central offices, it is imperative that the company accurately and adequately forecast its requirements sufficiently in advance to obtain and install equipment required.

The company has failed to provide adequate pay station service in the Sepulveda area and, based on a survey of its entire exchange, should provide a sufficient number of pay stations which will be available 24 hours a day in order to furnish telephone communication particularly for those people who are unable to obtain telephone service due to lack of facilities.

The California Water & Telephone Company has presently on file with the Commission rates for Van Nuys business and residence foreign exchange service in San Fernando. It is recognized that facilities may not be available to permit the furnishing of this service, but the company is required to accept applications for this service, and to furnish it when facilities become available.

The development of ten-party line service in San Fernando exchange is abnormally high. As of April 30, 1946, 50% of the subscribers were served by lines on which five or more main stations were connected. This is due in part to the rate structure for the exchange and to the equipment shortage. The company should take steps to reduce to an absolute minimum the ten-party development throughout the exchange generally, in order that the over-all grade of service furnished may become comparable to that in other metropolitan area exchanges.

The program proposed by the company to provide dial operation and cross-boundary dialing is in accordance with the present concept of the requirements of a metropolitan area service and the company is to be commended for its action in ordering equipment that will provide this improved service.

While not a part of the record in this proceeding, it is a fact that since the submission of the matter the company has enlarged its San Fernando-Main and Sepulveda base rate areas, effective July 1, 1946, to include those areas where the present and foreseen development was comparable to that in the base rate areas as they formerly existed. This serves two purposes. It reduces mileage charges to subscribers in the added portions of the base rate areas, and it enables the company to determine more accurately the normal service requirements of subscribers and applicants in those areas by quoting the base rates without mileage charges.

The Commission will require the company to furnish periodic progress and operating reports in order that the Commission may be assured that the progress of the company in completing its construction program and in eliminating the present service deficiencies is as rapid as possible and that the construction program is adequate to meet fully the requirements for telephone service in the San Fernando exchange.

ORDER

Public hearings having been had in the above-entitled proceeding, and based upon the record and the findings contained in the preceding Opinion,

IT IS ORDERED that California Water & Telephone Company shall:

1. Order sufficient dial equipment for the new offices at San Fernando-Main, Sepulveda, and Granada to meet the estimated normal service requirements of the public as of the date of installation with sufficient margins for growth to enable the company to continue the offering of all grades of service on a current basis.

2. Avoid excessive overloading of facilities when programming the addition of new stations.
3. Provide existing subscribers with the higher grades of service necessary to meet their requirements at the earliest possible date.
4. Make a survey of the requirements for pay stations throughout the San Fernando exchange and install an adequate number of pay stations at locations which will best meet the public convenience and necessity.
5. Provide adequate operator training and supervision, together with periodic service observations, to insure accurate timing, ticketing, and rating of toll calls.
6. Review billing procedures and make such revisions or place in effect such checks and controls as may be necessary to correctly bill subscribers for their telephone service.
7. Accept requests or applications of subscribers desiring to upgrade or regrade their service.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

This Order shall become effective on the twentieth day after the date hereof.

Dated at San Francisco, California, this 30 day of July, 1946.

Howard Anderson
Justice F. Carver
Francis Clark
Joseph D. Langel
Harold P. Kula
Commissioners