

Decision No. 39791

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA.

Franklin A. Young, Complainant

vs.

The Pacific Telephone and Telegraph Company of Hayward, California, Defendant

ORIGINAL

Case No. 4896

Franklin A. Young, in propria persona for complainant;
Morgan Anderson, for the people of San Lorenzo;
Milford L. Sanford, for San Lorenzo Homes Association;
James G. Marshall and Pillsbury, Madison & Sutro, by
Francis Marshall, for defendant, The Pacific Telephone
 and Telegraph Company.

MITTELSTAEDT, COMMISSIONER.

O P I N I O N

Franklin A. Young, with other residents of San Lorenzo Village located within the Hayward exchange, Alameda County, asks the Commission to direct The Pacific Telephone and Telegraph Company to: (1) enlarge the East Bay zone of the San Francisco-East Bay exchange to include therein the Hayward exchange, (2) reduce rates for Hayward service to conform to the service being furnished until the Hayward exchange can handle the traffic for which normal charges apply, and (3) make such rate reductions effective retroactive to the filing date of the complaint (July 16, 1946):

Defendant filed a statement of relief. The satisfaction offered was not accepted by the complainant. Thereafter answer was made, the defendant asking that the complaint be dismissed and an order to satisfy in accordance with the tender of satisfaction be issued. A public hearing in this matter was held at Hayward on October 17, 1946:

The Hayward exchange, which was established in 1892, includes an area of about 78 square miles. Service is provided to some 6,044 stations, by means of manual common battery equipment. This area is essentially a residential and

agricultural district with some manufacturing industries and several large canning establishments. Hayward exchange is contiguous to Danville and Pleasanton exchanges on the east, Alvarado and Decoto exchanges on the south, and the East Bay zone of the San Francisco - East Bay exchange on the northwest. San Lorenzo Village, an unincorporated housing development containing some 1,492 homes and 8,000 persons, is located within the base rate area of the Hayward exchange approximately three miles west of the business center of the city of Hayward and adjacent to the East Bay zone boundary. A map showing the Hayward exchange area is filed in this proceeding as Exhibit 2.

The East Bay zone includes an area of about 128 square miles and service is provided to over 218,000 stations by means of a combination of manual and dial common battery equipment. This area includes the cities of Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, San Leandro, and a portion of El Cerrito. Exchanges contiguous to the East Bay zone in addition to Hayward on the south include Moraga and Orinda on the east, and Richmond on the north.

Testimony was given on behalf of the complainant by 14 subscribers and users of telephone service. Their testimony generally related to telephone charges and service difficulties and included the following matters:

1. Excessive charges for telephone service principally because of a 15-cent toll charge to downtown Oakland.
2. Inability to obtain installation of a telephone.
3. Long delays in reaching the Hayward operator and in completing calls.
4. Disconnection by operator before completion of call.
5. Inability to use a pay station because the coin box was full.
6. Discourteous treatment by defendant's employees.
7. Incomplete toll billing in that the telephone number of the called station is not shown in connection with station-to-station calls.
8. Reluctance or refusal on the part of the company in the past to accept applications for East Bay zone foreign exchange service in Hayward.

A number of witnesses on behalf of the complainant expressed a desire for Oakland service rather than Hayward service and asked that the Commission conduct its own survey in the area to determine the telephone needs and desires of the residents.

Complainant presented three alternate proposals as possible solutions to the telephone difficulties, any one of which he testified would be acceptable to the residents in the area. These proposals may be summarized briefly as follows:

1. Make the entire Hayward exchange a part of the Trinidad district area ^{1/} of the East Bay zone.
2. Expand the Trinidad district area to include a portion of the Hayward exchange particularly the San Lorenzo Village and adjacent territory.
3. Establish a new exchange with a central office in the vicinity of 146th Avenue and 14th Street in the East Bay zone to serve San Lorenzo, Castro Valley, and adjacent areas.

The results of a survey conducted during the spring of 1946 by the San Lorenzo Village Homes Association for the purpose of determining the needs and the desires of the residents of San Lorenzo Village for telephone service were introduced in evidence at the hearing as Exhibit 1. A questionnaire form was distributed to each of the 1,492 homes in the Village, which form provided space for residents to indicate, among other things, their name and address, whether or not they were telephone subscribers or applicants, the service preferred, length of residence in San Lorenzo Village, place of employment, the point of destination of most calls, and remarks concerning telephone service. Testimony for complainant shows that of the 1,492 questionnaires distributed, 202 were completed and returned, 183 indicating a desire for Oakland service, and 19 indicating a preference for Hayward service.

The company presented testimony to show the general principles underlying telephone rates, the types of service offered and the rates therefor applicable within the Hayward exchange, and the effect of defendant's tender of satisfaction on such service and rates. Testimony was also presented concerning the difficulties encountered in meeting all demands for service on a current basis and the additions made to facilities and operating force as well as programmed additions to meet service demands.

Telephone service is available in the Hayward exchange, including San Lorenzo Village, at local and extended service exchange rates, and at foreign exchange rates from the East Bay zone. Message toll telephone and telegraph services

^{1/} Trinidad district area includes the Trinidad, Lockhaven, and Sweetwood central office prefixes and serves in general that territory within the East Bay zone extending southeast from 57th Avenue.

also are available between Hayward exchange and the East Bay zone as well as other toll and telegraph points in California and elsewhere.

The present level of rates for Hayward local service was made effective on May 1, 1919. A subscriber to such local service may call without the payment of a toll charge all subscribers receiving service from the Hayward exchange.

Extended service was introduced in Hayward and in 29 other exchanges or zones of the San Francisco - East Bay extended area on January 15, 1938. Hayward extended service permits a subscriber to call without the payment of a toll charge all subscribers receiving service from the Hayward, Alvarado, and Decoto exchanges, and the Trinidad district area of the East Bay zone.

A subscriber to East Bay zone foreign exchange service within the Hayward exchange is served from Trinidad district area and is able to call without the payment of a toll charge all subscribers served from the East Bay zone and from the Hayward exchange. The present charge for such foreign exchange service includes suburban mileage charges applicable in the East Bay zone and foreign exchange mileage charges applicable within the Hayward exchange.

Defendant has offered to file optional rates for extended semipublic service in Hayward at a minimum charge per day of 18 cents as compared with ten cents for local semipublic service; expand the local service area for public coin-box services; and expand the base rate area of the East Bay zone as set forth on the map filed as Exhibit 3; thereby reducing, and in some instances eliminating the suburban mileage charges in connection with East Bay foreign exchange service furnished in Hayward. While not a part of the record in this proceeding, necessary tariff schedule revisions in line with defendant's tender of satisfaction relative to semipublic and public telephone service were filed with the Commission on November 20, 1946 and became effective on December 21, 1946. These tariff schedule revisions reduce the charge for a call placed from extended semipublic and all public telephones within the Hayward exchange to Trinidad district area telephones from a toll charge of 15 cents for the first five minutes and five cents for each additional two minutes to a flat five-cent charge. Further, they permit calls to be made from such extended semipublic and public telephones to Alvarado and Decoto telephones for a flat five-cent charge rather than for a toll charge of five cents for the first five minutes

and five cents for each additional five minutes. Based on a study of current usage, the company estimates 48 of the 89 local semipublic services in Hayward exchange would regrade to extended semipublic service.

The Commission's staff, after investigation, recommended that the portion of the suburban area in the southeastern section of the East Bay zone be included within the base rate area.

The present rates and charges for the several principal classes of exchange service offered within the East Bay zone and the Hayward exchange and particularly within San Lorenzo Village are shown below. A comparison of the range of monthly charges for East Bay zone foreign exchange service within the San Lorenzo Village which would result under defendant's offer as set forth in Exhibit 3, and the Commission staff's recommendation also are shown.

		Rate Per Month - Desk or Hand Set Station				
		Service Within Hayward Exchange				
		Range of Charges for				
		East Bay Zone Foreign				
		Exchange Service Within				
		San Lorenzo Village				
Class and Grade of Service	Service Within East Bay Zone	Local Service	Extended Service	Minimum	Maximum	
Business:						
1-Party	\$ 4.75(85).035	\$ 3.00	\$ 4.00(70).035	\$ 18.00(200).05	\$ 21.00(200).05	
2-Party	-	2.50	-	-	-	
Suburban	4.00	3.50	-	-	-	
Residence:						
1-Party	4.00	2.50	3.25	10.00	14.50	
2-Party	3.00	2.25	2.75	7.15	10.65	
	2.25(60).035					
4-Party	-	2.00	-	-	-	
Suburban	3.50	3.00	-	-	-	
Sta. Available						
(9/31/46)	224,867*	6,044	32,228	224,867	224,867	

\$4.75(85).035 indicates a rate of \$4.75 for 85 exchange messages and \$.035 for each additional exchange message over 85.

*Service from Trinidad district area.

		Rate Per Month - Desk or Hand Set Station			
		Range of Charges for East Bay Zone Foreign			
		Exchange Service Within San Lorenzo Village			
		Defendant's Offer - Ex. 3		Commission Staff's Recommendation	
Class and Grade of Service		Minimum	Maximum	Minimum	Maximum
Business:					
1-Party		\$ 16.00(200).05	\$ 19.00(200).05	\$ 13.50(200).05	\$ 16.50(200).05
Residence:					
1-Party		8.00	12.50	5.50	10.00
2-Party		5.75	9.25	4.00	7.50

Toll rates applicable to downtown Oakland calls made by a local or extended service Hayward subscriber are as follows: Station-to-station, 15 cents for the first five minutes and five cents for each additional two minutes; and person-to-person, 20 cents for the first three minutes and five cents for each additional minute. These toll rates are based on the airline distance between rate points and are the same as those generally effective throughout the State of California. The tabulation below shows the basic California intrastate toll schedule for distances up to 48 miles:

Airline Rate Mileage	Station-to-Station		Person-to-Person		
	Initial Period	Overtime	Initial Period	Overtime Each Add'l. Min.	
Over : Incl. :	Period	Overtime	Period	First 3	After 3
* -	\$.05 - 5 Min.	\$.05 - 5 Min.	\$ - - -	\$ -	\$ -
0 - 12	.10 - 5 Min.	.05 - 3 Min.	.15 - 3 Min.	.05	.05
12 - 18	.15 - 5 Min.	.05 - 2 Min.	.20 - 3 Min.	.05	.05
18 - 24	.20 - 5 Min.	.05 - 2 Min.	.25 - 3 Min.	.05	.05
24 - 32	.25 - 5 Min.	.05 - 1 Min.	.30 - 3 Min.	.10	.05
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

*Rate applies between exchanges where the airline distance between rate centers is six miles or less.

Although the company has the several service offerings as described above on file with the Commission, at this time it is unable immediately to meet all demands for telephone service. It has some 3,837 orders for service in Hayward exchange and 15,839 in the East Bay zone ^{2/} which are held awaiting availability of additional facilities. This serious situation results from several factors including the inability of the company during the past several years to provide, in advance, additions to plant and equipment to meet all new demands for telephone service because of the critical need for telephone facilities by the military forces, together with priority use of certain basic materials for National Defense, the rapid growth in population in this area, and the unprecedented demands for and use of telephone communications since the termination of hostilities. These factors have created the greatest requirement for new construction, not only in Hayward, but throughout the State of California and elsewhere, in the history of the telephone business.

^{2/} Includes 5,985 held orders for service within Trinidad district area.

Since January 1, 1943 Hayward has experienced a growth of 1,127 stations which, together with the 3,837 held orders, represents a growth in total demand for telephone service of 4,964 stations in a period of about four years. This demand since January 1, 1943 is greater than the total development realized in the Hayward exchange during the previous 51 years of its existence. The recent growth in the use of Hayward service is indicated by the fact that since 1940, traffic volumes have increased 150%, stations increased 75%, calling rate measured in calls per station per day increased 17.5%, and message toll calls increased over 200%.

Company witness presented testimony to show what had been done during the period 1940 to date to provide additions to the telephone plant and operating force. Switchboard positions to the maximum capacity of the central office quarters have been added, there being 23 positions in 1940 compared with 34 at present, or an increase of about 48%. Interexchange circuit facilities have been increased by about 70%, there now being a total of 214 such facilities. The operating force has been increased from 43 to 117, or about 170%. In addition, certain miscellaneous services such as intercepting and information, have been transferred from the main switchboard to special desk positions to increase the call carrying capacity of the manual equipment.

It is indicated that, although the operator answer performance has progressively improved during the past four months, currently about 16% of the calls are answered in over 10 seconds. This current performance, though below normal operating objectives is not out of line with present experience in other places. The speed of operator answer in Hayward is influenced by the limited number of switchboard positions coupled with the relatively low experience of the force, there being over 51% of the operators with less than six months' experience.

Defendant's program for relief of the Hayward situation includes the installation of a new dial central office now under construction. This project was engineered in the spring of 1945, with actual work starting in October, 1945. However, before the building could be completed, additional growth and demand for service necessitated the enlargement of the project, as originally engineered, to about twice its capacity. The initial dial equipment project is scheduled to be in service

during February, 1947 and the additions to this initial installation now are scheduled for completion during the latter part of 1947. The February, 1947 dial installation is expected to provide service for all present subscribers and about one-half of the present applicants. It is apparent therefore that about 2,000 present waiting applicants in Hayward will not be able to obtain service until additions to the dial equipment can be provided.

The dial installation at Hayward will enable direct cross-boundary dialing by Hayward extended service subscribers to all telephones served by the Trinidad district area of the East Bay zone. Likewise Trinidad district area subscribers will be able to dial their calls directly to Hayward telephones. This service arrangement will facilitate the completion of calls between subscribers in these areas. The entire Hayward project is estimated to cost in excess of \$2,000,000 in gross construction.

The company's plans also provide for a half million dollar addition to its building at 90th Avenue and Holly Street in Oakland to provide additional space for dial central office equipment to serve the Trinidad district area and furnish East Bay zone foreign exchange service within the Hayward exchange. While not a part of the record in this proceeding, we are informed that initial additions to the dial equipment for Trinidad district area to serve some 2,000 waiting applicants now are scheduled to be in service during 1947, and further additions are scheduled to be in service about the middle of 1948.

The cost of the improvement program outlined by the company is predicated on the provision of service with existing exchange boundaries being maintained. It is estimated by defendant that the initial cost of providing the necessary outside plant facilities to serve San Lorenzo Village from the nearest East Bay zone central office, Trinidad, would exceed the comparable cost of serving that area from the Hayward central office by over one-half million dollars by 1950. One reason for this difference in cost is that the cable route from the center of the Village to the Trinidad central office is about twice as far as it is from the center of the Village to the Hayward central office.

Company witness testified that the long term plans for serving the San Francisco - East Bay extended area, of which Hayward exchange is a part, include the provision of cross-boundary dialing of calls by extended service subscribers to their local service area and to other exchanges in the area with automatic ticketing or some substitute therefor wherever economically feasible, the establishment of a universal numbering scheme for the entire area, and the study of the application of message unit rate treatment to the area.

The company introduced testimony to show the calling habits of Hayward exchange subscribers. The percentage distribution of a total of about 24,000 average originating calls per day is:

<u>Calls Placed To:</u>	<u>% Distribution.</u>
Hayward	68.8%
Trinidad district area	6.4
East Bay zone, excluding Trinidad district area	11.6
All other points	13.2
Total	100.0%

An analysis of the messages placed from ten public coin-box telephones located in San Lorenzo Village to Hayward and East Bay zone telephones revealed that approximately 35% of the messages were placed to Hayward telephones, 18% to Trinidad district area telephones, and 47% to other East Bay zone telephones.

In the development of the telephone business, it has been found necessary to establish exchange boundaries affecting both rates and service. The Commission always has endeavored to fix these boundaries so as to serve best the majority of telephone users. However, because of diversified interests and variable requirements of telephone users, it is recognized that either at the time exchange boundaries are established or thereafter as the areas develop, some subscribers would be served better if they were afforded an enlarged local calling area or received service from a neighboring exchange. To meet these service requirements, extended service and foreign exchange service have been made available. While it is appreciated that exchange boundary lines present problems and are a cause for complaint, these boundaries are an integral part of the rate structure and the inherent rate and service problems arising therefrom, may not be solved by their relocation.

Upon the record made in this proceeding, the Commission cannot conclude that the remedy lies in extending the East Bay zone boundary to include all or a portion of the Hayward exchange. The remedy appears to lie in the actual furnishing by the company, under its tariff schedule offerings as modified by the Order herein, the type of service which best meets a particular subscriber's requirements. This, the evidence reveals, the company will be unable to do until its program of improvements and additions is completed. The company, therefore, should proceed with all diligence to complete its construction program at the earliest possible date.

It is apparent that defendant has taken steps to add facilities and operating force at Hayward as an interim measure pending replacement at an early date of the present manual service with dial service. Such dial service should remove several causes for the service complaints in this proceeding.

The request that a general rate reduction in Hayward exchange be ordered appears to rest on the dissatisfaction of complainant and others with the quality of the present service. While the evidence indicates that the present service furnished at Hayward is below prewar standards generally maintained by the telephone industry, the quality of service furnished is but one element in rate fixing. The Commission also must consider the cost of furnishing service, earnings, and other factors. We cannot conclude upon the record made in this proceeding that a general rate reduction should be ordered.

The company should give particular attention to the following matters:

- 1: Provide a sufficient number of pay stations which will be available 24 hours a day in order to furnish telephone communication particularly to those people who are unable to obtain telephone service due to lack of facilities.
- 2: Accept applications for all types and classification of service offered under the tariff schedules.
- 3: Explain its billing practice to subscribers particularly with reference to toll service so that subscribers may obtain such information as reasonably may be required.

The Commission was requested to make a survey of the needs and requirements for telephone service in San Lorenzo Village and elsewhere in the Hayward exchange. Hayward exchange is an integral part of the San Francisco - East Bay extended area and a study of that exchange, of necessity, would involve a study of other exchanges in the San Francisco - East Bay extended area. Because of the number of unfilled applications, the inability of the company under present facility shortages to furnish in many cases the type of service applied for or which would best meet a subscriber's requirements, and other factors, a study of the extended area at this time may not be representative of the long term requirements and in fact, may lead to erroneous conclusions. Defendant is on record as to its long range plans for a study of message unit rate treatment in this area.

Therefore, we conclude and so find that defendant should enlarge the East Bay zone base rate area boundary as recommended by the Commission's staff and that in all other respects this complaint should be dismissed.

I recommend the following form of Order:

O R D E R

A public hearing having been held in the above-entitled complaint, the Commission being fully advised in the premises, and based upon the record and the findings contained in the preceding opinion,

IT IS ORDERED that The Pacific Telephone and Telegraph Company shall file, in accordance with General Order No. 96, and make effective on or before February 1, 1947 on not less than five days' notice to the public changes in tariff schedules as follows:

Map of East Bay zone.

Revise the East Bay zone base rate area boundary to include therein all present suburban area in the southeastern portion of said East Bay zone.

IT IS FURTHER ORDERED that in all other respects the above-entitled proceeding be and it is hereby dismissed.

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

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

Dated at San Francisco, California, this 23rd day of December

1946.

Harold A. Kuls
Justin F. O'Connell
Francis J. O'Connell
Walter H. Russell
A. J. Dwyer
Commissioners.