

Decision No. 39920**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation, and SOUTHERN
CALIFORNIA TELEPHONE COMPANY, a
 corporation, for an order authorizing
 the filing of a revised rule and
 regulation governing the priority
 of establishment of telephone service.

Application No. 28070

In the Matter of the Application of
CALIFORNIA WATER & TELEPHONE COMPANY,
 a corporation, for an order authorizing
 the filing of a revised rule and
 regulation governing the priority
 of establishment of telephone service.

Application No. 28083

In the Matter of the Application of
 Associated Telephone Company, Ltd.,
 a corporation, and San Joaquin Asso-
 ciated Telephone Company, a corpora-
 tion, for an Order Authorizing the
 Filing of a Revised Rule and Regula-
 tion governing the Priority of Estab-
 lishment of Telephone Service.

Application No. 28095

Investigation on the Commission's Own
 Motion to Determine Whether Facility
 Shortages Justify the Establishment of
 Reasonable Rules Governing the Priority
 of Furnishing Telephone Service by
 Telephone Corporations.

Case No. 4865

James G. Marshall and Arthur T. George for The Pacific
 Telephone and Telegraph Company and Southern California
 Telephone Company; Marshall K. Taylor for Associated
 Telephone Company, Ltd. and San Joaquin Associated
 Telephone Company; A. N. Johns for California Water
 & Telephone Company; Frank V. Rhodes for California
 Independent Telephone Association; J. J. Deuel for
 California Farm Bureau Federation; John J. O'Toole,
 City Attorney, Dion R. Holm, Assistant City Attorney,
 and Paul L. Beck, Chief Valuation and Rate Engineer
 for the City and County of San Francisco.

ROWELL, COMMISSIONER:

O P I N I O N

These proceedings pertain to the establishment of priorities for
 furnishing telephone service by telephone corporations operating in California

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under conditions of facility shortages which cause delay in completing applications. During the period from March 2, 1942 to December 31, 1946, the installation of telephone service was controlled by orders issued first by the War Production Board and later by the Civilian Production Administration. On December 5, 1946, the Civilian Production Administration addressed a letter to all telephone utilities announcing its intention to revoke as of December 31, 1946, Utilities Order No. U-2 relating to priorities of furnishing telephone service. Following receipt of the above-mentioned communication and in view of the large number of unfilled applications which were then being held due to insufficient facilities, a number of telephone corporations filed applications with this Commission for authority to revise Rule and Regulation No. 8 entitled "Priority of Establishment and Supersedure of Service" to provide for the same priority classifications as those set forth in said Utilities Order No. U-2.

As these applications were filed such a short time before Utilities Order No. U-2 was scheduled to be revoked and since it appeared that if these priority classifications were desirable for the larger companies they might apply equally well to the smaller companies having held orders, the Commission issued its interim order in Case No. 4865 directing each telephone corporation, as a temporary measure, to continue in effect priority classifications substantially the same as those set forth in Utilities Order No. U-2, as last amended on August 7, 1946. Case No. 4865 is an investigation on the Commission's own motion for the purpose of determining whether any or all of the telephone corporations operating in California should be permitted or required to file and make effective reasonable rules and regulations covering priorities of establishing telephone service.

At the hearing held in these proceedings on January 10, 1947 in San Francisco, there was broad representation from the telephone industry

in California and other interested parties. Fourteen exhibits relating to station development, the number and character of the unfilled applications, priority classifications, and rules were introduced in evidence. Considerable testimony was presented concerning the inability of telephone corporations at this time to obtain and install sufficient facilities to permit the filling of all applications without delay. In spite of the unprecedented net gain in telephone stations of approximately 300,000 realized in 1946 by telephone corporations operating in California, these corporations were holding in excess of 330,000 unfilled applications at the end of the year. It is indicated that nearly all telephone corporations in this state have unfilled applications for service and that a similar situation exists quite generally throughout the entire United States. This condition has resulted from several factors including the wartime restrictions imposed upon the telephone industry, the unprecedented demand for and use of telephone service following the termination of hostilities, population changes and growth, and shortages of supply in basic materials used in the manufacture of telephone equipment. Because of the large number of unfilled applications and the time required to manufacture and to install the necessary equipment to provide service for all who may apply, it is expected that this condition will continue in California through 1947 and into 1948.

In view of the indicated inability of telephone corporations to fill all applications for service on a current basis for an indefinite future period, it is evident that some consistent rule for furnishing telephone service will have to be applied in order to avoid confusion and chaos. The Commission is presented with the question as to the type of rule which should be applied.

The priority classifications set forth in Utilities Order No. U-2 were first introduced in July, 1944, and generally have been applied uniformly throughout the United States since that time. Briefly, these classifications

may be summarized in the order of priority as follows:

<u>Category Number</u>	<u>Description</u>
1	Service necessary to public health and welfare, plus certain temporary installations vital to the protection of life, and changes of address within the same central office area.
2	Moves of business service within the same exchange.
3	New business service established for veterans.
4	Other new business service.
5	Residence main service in case of disability or serious illness.
6	Moves of residence service within the same exchange.
7	New residence main service to be used in connection with military production, reconversion, and employment.
8	New residence main service for veterans and their families and for veterans' widows.
9	All other residence main service.
10	Residence extension stations.

Telephone corporations, since July, 1944, have had experience in the administration of these priority classifications. The classifications set forth in Utilities Order No. U-2 appear to have been generally acceptable to the public as indicated by the comparatively few appeals made relative thereto. Reappraisal and reclassification of applicants with the consequent dissatisfaction in being placed in an order different from the applicants' prior understanding does not appear warranted or justified at this time.

The California Farm Bureau Federation, while urging the continuation of substantially the same classifications as those set forth in Utilities Order No. U-2, criticized the practice of connecting telephones to such an extent that facilities become overloaded to the point where the quality of service furnished to existing subscribers is seriously deteriorated.

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This Commission stated in L. Dorsett, et al v. California Water & Telephone Company, 46 C.R.C. 580, that the ability to provide a reasonably adequate service by the company to its existing subscribers and to continue to furnish such service should be a prime factor in determining how rapidly additional stations are connected. It was also indicated that consistent degrading of service in order to connect held applications may quickly reach the point where it is no longer in the public interest. Further, as existing subscribers are required to pay full charges for service they receive, the Commission will expect reasonably adequate service to be furnished.

The City and County of San Francisco urged the granting of the application of The Pacific Telephone and Telegraph Company.

The California Independent Telephone Association, comprised of 54 member companies, expressed the view that all the telephone industry in California should endeavor to follow the provisions of Utilities Order No. U-2 as consistently and uniformly as possible.

Based upon the evidence presented in these proceedings, we conclude and so find that the filing and making effective of a rule and regulation by telephone corporations continuing the same priority classifications as set forth in Utilities Order No. U-2, as last amended on August 7, 1946, is in the public interest and justified under the circumstances. In authorizing such a rule and regulation to be applied, the Commission will expect each telephone corporation to retain complete files in connection with the administration thereof, and to file periodic reports as to the number and character of unfilled applications and as to the facilities being provided to permit the filling of applications on a current basis. Further, the Commission will expect such rule to be continued in effect only as long as necessary and will expect companies to relieve the held order situation as rapidly as facilities can be obtained and placed into service.

At the time of filing such a rule and regulation as is herein authorized, telephone corporations may cancel Emergency Rule and Regulation

A-1, regarding the making of service connections and extensions in compliance with the national defense program.

O R D E R

Applications having been filed by the above-mentioned Applicants, the Commission having instituted an investigation in the matter, the proceedings having been submitted for decision, and based upon the evidence and the findings contained in the preceding Opinion,

IT IS HEREBY ORDERED as follows:

1. The above-named Applicants are hereby authorized to file and make effective on not less than 30 days' notice to the public, a revised Rule and Regulation No. 8 setting forth the same priority classifications in which telephone service will be established as those contained in the proposed revised Rule and Regulation No. 8 attached to their applications.
2. All other telephone corporations are hereby authorized to file and make effective on not less than 30 days' notice to the public, the same priority classifications as proposed by the Applicants herein.
3. The interim order in Case No. 4865 is hereby revoked 90 days after the date hereof.
4. 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 Public Utilities Commission, State of California.

Dated at San Francisco, California, this 4th day of February, 1947.

Harold P. Kula

Justice J. C. Cooper

W. H. Powell

A. E. [Signature]

Commissioners