NB

Decision No. 44923

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, for authority to increase certain intrastate rates and charges applicable to telephone service furnished within the State of California.	Application No. 31300

(Appearances are shown on attachment annexed hereto.)

OPINION AND ORDER GRANTING MOTION TO DISMISS

O P I N I O N

Under date of April 14, 1950, The Pacific Telephone and Telegraph Company, a corporation (hereafter referred to as applicant), filed its application in the above-entitled proceeding requesting an increase in its California intrastate rates in the total amount of $30,000,000 on an annual basis. Said application was set for hearing on September 27, 28, and 29, 1950, at San Francisco, California. At the outset of the hearing, on September 27, 1950, applicant filed an amendment to its application requesting an additional rate increase of $6,000,000 on an annual basis, alleging said amount to be necessary in order to take care of the increased Federal tax burden resulting from the Federal Revenue Act of 1950. Thus, applicant is asking for a total increase in gross revenues of $36,000,000 on an annual basis.

Applicant proceeded to make its affirmative showing in support of its application and completed the same on September 29, 1950, having consumed three days in its presentation.

At the close of applicant's affirmative showing, its case having been completed, counsel for the City of Los Angeles, a protestant in this proceeding, moved that the proceeding be dismissed on the ground that applicant had failed to prove even a prima facie case. This motion to dismiss was joined in by the City and County of San Francisco, a protestant in this proceeding, and numerous other protestants herein, whose names are hereinafter designated in Exhibit "C," attached hereto. Said motion was argued at length and was taken under submission.

The Commission has given careful consideration to the showing made by applicant and the grounds upon which said motion to dismiss is based.

In passing upon said motion, we must view the showing made by applicant in its most favorable light with due regard, however, to the rules of law applicable to a proceeding of this nature. This is not to say that we must adopt applicant's theory and philosophy, if such be contrary to law. We must keep in mind that this is not an adversary proceeding in the sense that, as in an ordinary civil case, only a prima facie case must be shown. This is a legislative proceeding in which the burden of proof rests most heavily upon applicant to prove by clear and convincing evidence that the present rates of which it complains work a confiscation of its property. (Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591, 602, 88 L. ed. 333, 345; Lindheimer v. Illinois Bell Telephone Company, 292 U.S. 151, 169, 175, 78 L. ed. 1182, 1194, 1197; Smyth v. Ames, 169 U.S. 466, 547, 42 L. ed. 819, 849; Market Street Railway Co. v. Railroad Commission, 24 Cal. (2d) 378, 399 - affm'd by the Supreme Court of the United States, 324 U.S. 548, 89 L. ed. 1171.) The foregoing cases hold that there is a strong presumption of the validity of such rates. (See, also, to the same effect Northern Pacific Railway Co. v. North Dakota, 236 U.S. 585, 604, 59 L. ed. 735, 745.) Also, Section 20 of Article XII

of the State Constitution provides that in a proceeding of this nature the sole question presented is whether the rates established result in confiscation of the property of a public utility. (Lindheimer v. Illinois Bell Telephone Company, 292 U.S. 151, 169, 78 L. ed. 1182, 1194.)

This Commission is not bound by the conventional rules of procedure observed by the ordinary court and may establish its own rules of procedure consistent with a due observance of due process of law under the mandate of the Federal Constitution. (Saunby v. Railroad Commission, 191 Cal. 226, 231; Sale v. Railroad Commission, 15 Cal. (2d) 612, 618.)

That the herein proceeding is not an adversary proceeding has been well pointed out by the Supreme Court of New Jersey in a unanimous decision rendered by it on June 27, 1950, in the case of Public Service Coordinated Transport & Public Service and Interstate Transportation Company v. State of New Jersey, 74 A. 2d 580, 591-592. The Court, speaking through Mr. Chief Justice Vanderbilt, held as follows on this particular point:

> "It must be emphasized that rate making is not an adversary proceeding in which the applying party needs only to present a prima facie case in order to be entitled to relief. There must be proof in the record not only as to the amount of the various accounts but also sufficient evidence from which the reasonableness of the accounts can be determined."

The Court went on further to point out that neither it nor the regulatory body may lawfully accept the books of account of a public utility at face value in a rate case in which reasonableness is always the primary issue. The Supreme Court of New Jersey stated no new rule of law but merely emphasized a rule as old as regulation itself.

In considering this motion to dismiss, we must keep in mind that this applicant has been before the Commission almost constantly since February 14, 1947, when it filed its first of a series of rate applications, and July 26, 1949, when this Commission issued its last decision granting rate increases to applicant. All during the time between the two dates above mentioned, this Commission has been occupied with the rate problems of applicant. During said time, several decisions granting rate increases to applicant were issued by the Commission, the last being issued on July 26, 1949, as above noted. From June of 1947 to July 26, 1949, this Commission granted rate increases to applicant totaling $54,700,000 on an annual basis. In this connection, attention is called to the decisions of this Commission involving the applicant reported in 48 Cal. P.U.C. 1; 48 Cal. P.U.C. 487 and 48 Cal. P.U.C. 823. The foregoing do not constitute all the decisions granting rate increases to applicant during the period of time mentioned above but they do illustrate generally the consideration which this Commission has given to applicant in the very recent past so far as rate relief is concerned. Furthermore, it must be kept in mind that there is a zone of reasonableness in so far as rates of a public utility may be concerned. (The Pacific Telephone and Telegraph Company v. Public Utilities Commission, 34 Cal. (2d) 822, 829.) Heretofore, the Commission has allowed applicant a return of 5.6 per cent and has found such rate of return to be reasonable. However, such finding does not mean, either in law or in fact, that anything less than 5.6 per cent is confiscatory, there being a zone of reasonableness in calculating any rate of return. Therefore, applicant may not show confiscation merely by showing that it is receiving a rate of return somewhat less than

5.6 per cent. The fact, if true, that the applicant is earning less than 5.6 per cent, would not prove confiscation.

If the law requires the granting of this motion to dismiss, the Commission is in duty bound to do so. It would be a waste of time and effort and would involve a needless expense to proceed further, if the end result must be a denial of this application for an increase of rates. A due regard for proper procedure impels this conclusion. An opposite course would be clearly contrary to the public interest.

With the foregoing rules and principles in mind, we shall proceed to examine the showing made by applicant to ascertain if such showing demonstrates by clear and convincing evidence that the rates, which it presently enjoys, result in confiscation of applicant's property.

In considering the showing made by applicant, we must keep before us the fact that rate relief was granted to applicant by this Commission as late as July 26, 1949. The rates established at that time are the rates which applicant now enjoys and pursuant to which it is presently operating. As has heretofore been pointed out, the present rate application was filed on April 14, 1950, less than a year subsequent to the granting of rate relief to the applicant. In such circumstances, it is obvious that the present rates of which applicant complains have not had a reasonable and fair trial. This is all the more true because of the present unsettled economic condition and the present pendency of a war economy, of which this Commission takes judicial notice.

Although applicant amended its application at the hearing of this proceeding to cover the anticipated additional tax burden resulting from the Federal Revenue Act of 1950, it did not place in evidence any actual California intrastate operating results covering periods subsequent to April, 1949.

Applicant's evidence indicates that the present rate level would have yielded it a 5.8 per cent return on its California intrastate operations calculated on actual operations for the first four months of 1949, annualized. Its evidence further shows that a rate of return of 5.4 per cent will be realized by it on estimated operations for the year 1950 and that a rate of return of 5 per cent will be realized by applicant for the estimated year 1951. It will thus be seen that applicant bases its claim of confiscation primarily upon estimates for the future because the evidence clearly shows that it could not claim confiscation based upon its actual operating results. This is a fair characterization of the evidence in support of applicant's case, giving full benefit to every claim which it makes both from the standpoint of revenues and operating expense.

Certain cases decided by the Supreme Court of the United States throw considerable light upon the solution of the situation here presented, when applicant's estimates are contrasted with the actual operating results. In the case of Simpson v. Shepard, 230 U.S. 352, 465-466, 57 L. ed. 1511, 1568, the Supreme Court observed as follows with regard to estimates:

> "We are of opinion that, on an issue of this character, involving the constitutional validity of state action, general estimates of the sort here submitted, with respect to a subject so intricate and important, should not be accepted as adequate proof to sustain a finding of confiscation."

While it is true that the facts in the Simpson case were not the same as the facts in the instant proceeding, nevertheless, the principle therein announced by the Supreme Court is the same and applies to the situation here presented. In other words, if it lies within the power of a public utility to present actual operating results, it is the duty of such public utility to do so instead of attempting to base its

case upon estimates and judgment figures. As will hereafter be shown, later operating results could have been placed in evidence by applicant but it chose not to do so. These later operating results are at variance with the estimates which applicant submitted in evidence in this proceeding. Again commenting upon the necessity for actual experience in order to judge the necessities of the future, the Supreme Court pointed out in the case of Smith v. Illinois Bell Telephone Company, 282 U.S. 133, 158, 75 L. ed. 255, 268, that "* * * it is evident that past experience is an indication of the company's requirements for the future." It is a truism that the best guide we have for the future is the experience of the past. Rates being made for the future, it follows that a rate order, which is compensatory when made, may cease to be compensatory because of untoward future events and it is equally true that a rate order, which is confiscatory when made, may become compensatory because of improved future conditions. (Lindheimer v. Illinois Bell Telephone Company, 292 U.S. 151, 155, 78 L. ed. 1182, 1187.) In the Lindheimer case the Court pointed out that the contention made by the utility was irreconcilable with the realities shown by its actual operating results and the physical condition of its plant and the Court followed realities rather than the theory of the utility as to what should have been the fact. (Pages 169-176, U.S. Report.) Again, the Supreme Court in Railroad Commission v. Pacific Gas & Electric Co., 302 U.S. 388, 397-399, 82 L. ed. 319, 325, cautioned against accepting estimates, saying:

> "There is no principle of due process which requires the rate making body to base its decision as to value, or anything else, upon conjectural and unsatisfactory estimates. We have had frequent occasion to reject such estimates. Minnesota Rate Cases (Simpson v. Shepard) 230 U.S. 352, 452, 57 L. ed. 1511, 1563, 33 S. Ct. 729, 48 L.R.A. (N.S.) 1151,

Ann. Cas. 1916A, 18; Los Angeles Gas & E. Corp. v. Railroad Commision, supra (289 U.S. pp. 307, 310, 311, 77 L. ed. 1193, 1195, 1196, 53 S. Ct. 637); Lindheimer v. Illinois Bell Teleph. Co. 292 U.S. 151, 163, 164, 78 L. ed. 1182, 1190, 1191, 54 S. Ct. 658."

It is obvious that this Commission may not close its eyes to the actual operating results of applicant and accept estimates in lieu of such results. It must be realized that an estimate is always fallible to some degree and that it lies within the power of an estimator to condition and control his estimates depending upon his approach to the problem and the underlying philosophies of such approach. Whenever estimates conflict with actual operating results, estimates must be disregarded.

On the last day of the hearing in this proceeding (September 29, 1950) it came to the attention of the staff of the Commission that applicant had published in the local press a statement to its shareholders under date of September 29, 1950. Upon demand of the staff, the Commission was furnished with copies thereof. A copy of this statement is annexed to this order, marked Exhibit "A," and by reference is made a part hereof. The operating results embodied in Exhibit "A" (system-wide results) are not referred to herein for the purpose of establishing California intrastate results for the periods covered by such report but for the purpose of comparison to test the validity of the intrastate operating results, actual and estimated, submitted by applicant in support of its case. At this point we wish to observe that it was the duty of applicant to offer in evidence these late operating results as shown by Exhibit "A" and not to wait for the Commission to require their disclosure. That these results were available to applicant prior to September 29, 1950, is obvious. A cursory examination of these operating results demonstrates that they are in harmony with the actual operating results of applicant, so far as disclosed by

applicant's evidence. In other words, the revenues trend is upward as well as rate of return, which belie applicant's estimates for 1950 and 1951. Also, these results reflected by Exhibit "A" demonstrate that applicant earned $8.55 a share on its common stock ($100 par value) for the twelve months ended August 31, 1950, as compared to $6.08 a share for the twelve months ended August 31, 1949. For the three months ended August 31, 1950, this report shows earnings of $2.41 a share on its common stock as against earnings of $1.79 a share for the three months ended August 31, 1949. The foregoing results show an increasing net income, rather than a decline.

There is nothing in these late operating results to indicate declining revenues or a declining rate of return.

Based upon the record in this proceeding and the foregoing exposition thereof, it is abundantly clear, and we so hold, that applicant has failed to show by clear and convincing evidence, or by any substantial evidence, that the rates, under which applicant presently operates, work a confiscation of its property or any thereof. As a matter of fact, the actual operating results, wherever shown, clearly demonstrate an increasing revenue and an increasing rate of return and one in excess of 5.6 per cent, heretofore found by this Commission to be fair and reasonable. It is only when applicant bases its calculations wholly upon estimates that the rate of return becomes depressed below 5.6 per cent. Therefore, it becomes the duty of this Commission to grant the motion to dismiss.

In the foregoing opinion, we have given applicant credit for all it claims in the way of revenues, operating expenses and rate base, so far as any actual operating results are concerned, and have found that it has not proven a case of confiscation. However, we wish to call attention to certain charges to operating

expense and items included in the rate base, which this Commission, heretofore, has held to be unauthorized and unlawful and has disallowed. In this connection attention is called to our prior decisions involving rate increases granted to this applicant, which are reported in 48 Cal. P.U.C. 1, 11, 15, 21; 48 Cal. P.U.C. 487, 491-493; 48 Cal. P.U.C. 823, 826-835, 836-839, 841. We will not restate here what we there held with regard to the treatment which we accorded to working cash capital, the license fee charges made against applicant by its parent, the American Telephone and Telegraph Company, which owns approximately 90 per cent of the total outstanding capital stock of applicant, the sales made to applicant by Western Electric Company, a wholly owned subsidiary of the American Telephone and Telegraph Company, or certain pension accruals, which applicant seeks to charge to operating expenses. The action we took in the foregoing cited cases in disallowing certain portions of the foregoing items, we reaffirm here and shall make such disallowances so that the rates of return shown by applicant's evidence may be revised in accordance with the requirements of law. Attached hereto as Exhibit "B," and by reference made a part hereof, is a computation showing these items, which we disallow as being unlawful and not entitled to consideration for the purpose of rate fixing. This computation is self-explanatory and shows a rate of return for 1949 of 5.99 per cent (first four months actual, annualized), for 1950 a rate of return of 5.54 per cent on applicant's own estimate, and for 1951 a rate of return of 5.10 per cent, likewise on applicant's own estimate, but after giving effect to the disallowances reflected in said Exhibit "B." We have made these disallowances in fairness to the record in this proceeding and in consonance with the treatment, which we have consistently accorded to this applicant in prior rate proceedings. These disallowances do not

enter into our determination to grant the motion to dismiss. They have been made in order that the record herein may reflect our policy toward the items so disallowed.

O R D E R

A motion to dismiss having been made by certain protestants, herein, at the close of applicant's case in the above-entitled proceeding, said motion having been argued orally and submitted for decision, and the Commission having considered said motion and having found, as recited in the foregoing opinion, that applicant has failed to prove that the rates under which it presently operates work a confiscation of its property or any thereof, and good cause appearing,

IT IS ORDERED that said motion to dismiss be and the same is hereby granted and the application herein for an increase of rates is hereby dismissed without prejudice to the filing of a new application by applicant, when and if conditions so change that rate relief becomes necessary.

Dated at San Francisco, California, this 19th day of October, 1950.

R. E. Mittelstaedt
Justus F. Craemer
Sloan Fowell
Harold P. Huls
Frederick W. Potter
Commissioners.

A-31300 DH

EXHIBIT "A"

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

Subsidiary
(Bell Telephone Company of Nevada)

140 NEW MONTGOMERY STREET
SAN FRANCISCO 5, CALIFORNIA

September 29, 1950

TO THE SHAREHOLDERS:

The enclosed dividend was declared by the directors on September 7. A dividend of $1.75 a share on the common stock is payable on September 29 to shareholders of record at the close of business on September 18, and a dividend of $1.50 a share on the preferred stock is payable on October 13 to shareholders of record at the close of business on September 29.

There was a material increase in long distance calling throughout the Company's territory immediately following the developments in Korea last June and the volume is now running well above the same period last year. Requests for additional communication service for the armed forces and others in connection with the national emergency have been met fully and promptly. The present world situation emphasizes the value and necessity of a strong, healthy telephone company.

Pacific Coast growth in population, business and industry, and in the usage of the telephone continues to offer the greatest challenge to the company. Although we have added a million and a half telephones since the end of the war, the demand for service still continues at a high level. 128,278 new telephones were added in the first eight months of 1950. Meeting this growth with new plant built at postwar cost levels requires a continuing supply of new capital. Adequate earnings are essential if we are to obtain this new capital under reasonable terms and maintain the financial safety of the business.

To provide earnings which will attract the substantial new investment required and to maintain a reasonable return on the investment of present and new stockholders, applications for rate increases have been made in California, Nevada, Oregon and Washington. The rates applied for are no more than are necessary to accomplish this objective. They would increase overall revenues by about 10 per cent. Hearings on the California application were begun in the last week of September. Hearings on the Nevada application concluded on September 16. Hearings before the Oregon and Washington Commissions are expected to take place in the near future.

Rates for telephone service are still low. The per cent increases asked for, together with those already granted, are only about one-half the percentage increase in the cost of living and the increases are necessary to enable us to meet fully our public service obligation.

MARK R. SULLIVAN
President

A-31300 DH

THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY AND SUBSIDIARY

(Bell Telephone Company of Nevada)

COMPARATIVE CONSOLIDATED EARNINGS REPORT

	3 Months Ended August 31, 1950	3 Months Ended August 31, 1949	12 Months Ended August 31, 1950	12 Months Ended August 31, 1949
Operating Revenues..	$110,240,281	$97,149,695	$415,966,598	$369,986,461
Operating Expenses..	76,105,874	75,406,654	302,723,456	293,716,818
Taxes	18,159,234	11,304,227	58,767,730	39,577,547
Net Operating Income	15,975,173	10,438,814	54,475,412	36,692,096
Other Income - Net..	15,703	235,316	362,071	1,462,896
Total Income	15,990,876	10,674,130	54,837,483	38,154,992
Interest Deductions.	3,017,595	3,500.840	12,790,628	13,013,049
Net Income.....	12,973,281	7,173,290	42,046,855	25,141,943
Dividends-(Accrual Basis)				
Preferred Shares...	1,230,000	1,230,000	4,920,000	4,920,000
Common Shares.....	8,539,068	5,541,003	30,409,708	20,501,712
Total	9,769,068	6,771,003	35,329,708	25,421,712
Earnings per Common Share	$2.41	$1.79	$8.55	$6.08

S. W. CAMPBELL, Vice President and Comptroller

EXHIBIT A
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THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY
CALIFORNIA INTRASTATE OPERATIONS

ADJUSTMENT OF COMPANY'S EARNING STATEMENTS
IN EXHIBIT 10 OF APPL. NO. 31300
TO BASIS OF DECISION NO. 43145 IN APPL. NO. 29854

Item	Ref.	First 4 Months 1949 (Annual Basis) Calc. Results Incl. Effect of Rate Increases	Estimated Year 1950	Estimated Year 1951
		(000 omitted)		
OPERATING REVENUES	a	$274,345	$293,342	$304,890
OPERATING EXPENSES AND TAXES				
Expenses and Taxes (Company Basis)	a	240,656	256,351	268,214
Adjustments to Basis of Decision 43145				
General Services and Licenses	b	(335)	(497)	(619)
Pension Accruals Charged to Income	a	(466)	(467)	(466)
Western Electric Purchases Charged to Expense	c	(520)	e	e
Resulting Adjustment to Taxes on Income	d	535	427	512
Adjusted Expenses and Taxes		239,870	255,814	267,641
ADJUSTED NET REVENUE		34,475	37,528	37,249
RATE BASE				
Avg. Net Plant & Working Capital (Company Basis)	a	586,226	686,738	739,953
Adjustments to Basis of Decision 43145				
Western Electric Costs	c		(4,000)	(4,000)
Property Held for Future Use			e	e
Tel. Plant Acquisition Adjustment	a,f		(107)	(107)
Working Cash Capital	g		(5,650)	(6,012)
Adjusted Rate Base		575,865[h]	676,981	729,834
RATE OF RETURN (Adjusted to Basis of Decision 43145)		5.99%	5.54%	5.10%

(Red Figure)

a. A-31300, Exhibit 10, Tables 2, 4, and 5.
b. Adjustment to $2,250,000 per Decision No. 43145 (48 Cal. P.U.C. 823, 840)
c. Decision No. 43145 (48 Cal. P.U.C. 823, 835)
d. 40.5% in 1949, 44.3% in 1950, and 47.2% in 1951 of above expense adjustments.
e. No adjustment made as current data not available.
f. Decision No. 41416 (48 Cal. P.U.C. 1, 21) and Decision No. 43145 (48 Cal. P.U.C. 823, 841)
g. Adjustment to the basis of Decision No. 43145, i.e., $9,674,000 (48 Cal. P.U.C. 823, 841 and working papers supporting staff Exhibit 100 in A-29854)
h. Decision No. 43145 (48 Cal. P.U.C. 823, 842)

EXHIBIT "C"

The following parties joined in the motion to dismiss made by the City of Los Angeles:

City and County of San Francisco,

City of Oakland,

City of Alhambra,

City of Arcadia,

City of Beverly Hills,

City of Burbank,

City of Culver City,

City of El Monte,

City of El Segundo,

City of Gardena,

City of Glendale,

City of Inglewood,

City of Montebello,

City of Pasadena,

City of South Pasadena,

City of South Gate,

City of San Diego,

City of Chula Vista,

County of San Diego,

City of Fullerton,

City of Stockton,

County of Alameda,

City of Arcata,

City of Blue Lake.

A-31300 AA

Tavis

APPEARANCES

Pillsbury, Madison and Sutro, Arthur T. George, and Francis N. Marshall, for applicant; Roger Arnebergh, K. C. Bean and T. M. Chubb, for the City of Los Angeles; Dion R. Holm and Paul L. Beck, for the City and County of San Francisco; Emuel J. Forman and Fulton Y. Marill, for the cities of Alhambra, Arcadia, Beverly Hills, Burbank, Culver City, El Monte, El Segundo, Gardena, Glendale, Inglewood, Montebello, Pasadena, South Pasadena, South Gate, San Diego and Chula Vista, and for San Diego County; Henry McClernan and John H. Lauten, for the City of Glendale; Archie L. Walters and George Irving, for the City of Burbank; H. Burton Noble, for the City of Pasadena; Braeme E. Gigas, for the City of South Pasadena; M. Tellefson, for the City of Culver City; Clyde Woodworth, for the City of Inglewood; Richard Waltz, for the City of Beverly Hills; James A. Nicklin, for the City of El Monte; Harry C. Williams for the City of Montebello; J. F. DuPaul and Shelley J. Higgins, for the City of San Diego; J. J. Deuel and Edson Abel for the California Farm Bureau Federation; Fred C. Hutchinson, Ross Miller, and Robert T. Anderson, for the City of Berkeley; Maxwell Elliott and Clarence W. Hull, for the United States Government; Richard N. Ramsey, for the City of Santa Rosa; Joseph Maddux, for Sonoma County; Wheat, May and Shannon, by Carl I. Wheat, for the California State Hotel Association; J. F. Coakley, David I. Wendel and William R. Channell, for Alameda County; James Don Keller and Jean L. Vincenz, for San Diego County; James D. Keller, for the City of Chula Vista; Grayson Price, for the City of Chico; C. M. Ozias, for the City of Fresno; Everett M. Glenn, for the City of Sacramento; C. W. White, for the City of Hayward; Eugene L. Rendler, for the City of San Jose; John W. Collier and Loron W. East, for the City of Oakland; Wayne E. Thompson and C. T. Carlson, for the City of Richmond; Wesley McClure and Arthur C. Garden, for the City of San Leandro; Carl Froerer, Neil P. Clark, and Emil Clark, for the City of Alameda; Bill Dozier and Bruce McKnight, for the City of Stockton; Walter B. Chaffee, for the City of Fullerton; M. C. Hermann, for the Veterans of Foreign Wars; John Stokes, for the Cities of Arcata and Blue Lake and Eureka Chamber of Commerce; John E. Thorne, in propria persona; Clyde Greerty, for the Martinez Chamber of Commerce; George N. Penniman and Neil D. Smith, for the City of Santa Cruz; Thomas K. Perry, for the City of Carmel-by-the-Sea; Harrison M. Leppo, for the City of Mill Valley; Alice Earl Wilder, for the San Lorenzo Chamber of Commerce and the Valley-Wide Committee on Telephone Rates; Alvin W. Wendt, for the Aptos Chamber of Commerce; W. H. Gross, for Clayton Grange, 734.