

A public hearing in the matter was held before Examiner Stewart C. Warner on August 6, 1952, at Culver City. The matter was submitted. By Decision No. 47863, dated October 28, 1952, the submission of the proceeding was set aside; The Pacific Telephone and Telegraph Company^{3/} was made a defendant party to the proceeding; General and Pacific were each ordered to make a comprehensive study of the matters at issue and relief prayed for and to submit reports of such studies to the Commission within 90 days; and the proceeding was reopened for further hearing for the consideration of said reports and any other pertinent evidence.

Further public hearings on the reopened proceeding were held before Examiner Warner on May 12 and 13, 1954, at Culver City, and on June 8, 1954, at Los Angeles. The matter has now been submitted and is ready for decision.

Allegations of Complaint

Complainants alleged as follows:

1. That they are residents of Culver City in an area bounded on the north by Ballona Creek, on the east by Sepulveda Boulevard, on the south by Jefferson Boulevard, and on the west by Nesmer Street.
2. That defendant General provided complainants with telephones having an Exbrook prefix^{4/} of the Santa Monica exchange.
3. That the base rate computation point^{5/} for the Exbrook (Santa Monica) exchange is approximately a distance of 8 miles from complainants' area.
4. That complainants' area is within the city limits of Culver City and is contiguous to and surrounded by parts of the

^{3/} Hereinafter referred to as Pacific.

^{4/} Prefixes for General's Mar Vista central office, which serves complainants' area, are Exbrook 7 and Exbrook 8.

^{5/} Base rate computation point, as used by complainants, should be termed "toll and message unit rate point".

City of Los Angeles, and by reason of this fact complainants' community, business, and social interests are in Culver City and Los Angeles and not in Santa Monica.

5. That although complainants have spheres of interest in Culver City and Los Angeles, they are denied the right and opportunity to pursue said interests in surrounding contiguous areas without paying foreign exchange^{6/} rates.

6. That telephone calls made by complainants to points located a distance of $1\frac{1}{2}$ to 2 miles east of complainants' residences are foreign exchange calls; the minimum charge for such calls being 3 message units or approximately 15 cents.^{7/}

7. That complainants had as of December, 1951, a total station availability of 217,839 stations, which is not representative of a reasonable and just base^{8/} rate treatment of complainants since it includes stations in the communities of Malibu, Canoga Park, Chatsworth, Northridge, and in several other communities located at distances up to 50 miles in a westerly and northwesterly direction from complainants' area. These above-mentioned communities are far beyond complainants' spheres of interest.

8. That to deny the placing of telephone calls at the base rates to areas and communities located at distances of 2 miles in an easterly direction from complainants is arbitrary, unreasonable, and unjust.

9. That other telephone subscribers within the city limits of Culver City who are located in adjacent areas to complainants have Vermont prefixes in the Culver City exchange,^{9/} and that these

^{6/} "Foreign exchange" as used by complainants should be termed "multi-message unit".

^{7/} The rate authorized to be made effective August 1, 1954 for 3 message units is $12\text{-}3/4$ cents.

^{8/} "Base rate" as used by complainants should be termed "local calling area rate" or "extended service rate".

^{9/} A Pacific exchange.

residents may telephone those places in which their spheres of interest naturally lie at their base rate.

10. That complainants have identical spheres of interest with the above-mentioned residents of Culver City but are denied equal benefits.

11. That complainants are forced to pay foreign exchange rates to telephone nearby and contiguous areas and that their base rates are doubled or tripled by telephone calls that cannot be deemed "Long Distance" calls.

Relief Sought

Complainants requested an order (a) requiring General to transfer complainants to the Culver City exchange and issue them a Vermont prefix; or (b) requiring General to establish a new exchange to meet the needs and requirements of complainants; or (c) requiring General to cease and desist charging foreign exchange rates for telephone calls to places properly in complainants' spheres of interest; or (d) such other and further relief as the Commission deemed proper.

Evidence of Record

The evidence of record comprises four volumes of testimony of 613 pages and 14 exhibits, including statistical reports and maps. Such evidence related to complainants' allegations regarding residence, type of telephone service offered, and prevailing rate conditions.

Complainants' Testimony and Evidence

Complainants' witnesses testified that they resided in the blackened area shown on the map Exhibit No. 11 and that such area had grown spectacularly since the end of World War II; that the area in which they resided was a part of the so-called Mar Vista area located

in the southeastern section of General's Santa Monica exchange.^{10/} These witnesses testified that their interests lay more in the Culver City, Beverly Hills, and Crenshaw areas than in the Santa Monica area, and that they had little or no interests in Malibu, Canoga Park, Reseda, and Van Nuys. They testified that friends and relatives with Vermont prefixes could call Beverly Hills, Whitney, Republic, and Axminster exchanges of Pacific^{11/} in addition to other contiguous exchanges, without charge. One witness testified that he had utilized a Vermont prefix telephone to call a doctor's office in the Axminster exchange rather than incur message unit charges which would have been applicable from his Exbrook number. Complainants' witnesses testified that, in many instances, they were restricted from making telephone calls outside the Exbrook (Santa Monica) exchange to Beverly Hills, Whitney, Republic, and Axminster telephones because of the message unit charge. They testified that whereas, formerly, the area in which they live was undeveloped, it was now almost completely built up, but that major school, theater, church, shopping, and other community facilities which they patronized and in which they were interested were not located in the Mar Vista area but rather were in the Beverly Hills and Crenshaw areas, and in some instances in the Westchester area of Pacific's Inglewood exchange.

^{10/} The record shows that approximately 800-900 telephone subscribers now live in the area bounded by the complaint, and that the number of telephone stations in Mar Vista had increased from 10,919 as of December 31, 1951, to 14,874 as of December 31, 1953. The record further shows that the population of the Mar Vista area is now approximately 57,000.

^{11/} Whitney is Pacific's district area 13 of the Los Angeles exchange. Republic is Pacific's district area 11 of the Los Angeles exchange. Axminster is Pacific's district area 12 of the Los Angeles exchange.

Defendant General's Testimony and Evidence

Defendant General's witness testified at the August 6, 1952 hearing and submitted Exhibits Nos. 4, 5, 6, 7, and 9 to show that telephone traffic studies conducted in 1952 had indicated little or no communication interest and, thus, no general community interest between complainants' area and Pacific's Beverly Hills exchange and district areas Whitney, Republic, and Axminster.

Exhibit No. 10 is General's report ordered by Decision No. 47863 which, defendant's witness testified, refuted complainants' allegations of a general community of interest outside their present local calling area. In rebuttal to defendant's Exhibit No. 10, complainants' witness, a sociology professor, testified that said exhibit had not been prepared in accordance with accepted standard of polling and questionnairing, and that it was not a scientific study.

Defendant General based much of its defense on the fact that the extended service plan for the Los Angeles Metropolitan area was established by Decision No. 26716, dated January 10, 1934, in Cases Nos. 3413, 3465, 3477, and 3604 (39 CRC 164), and that, although it had been modified in 1938, 1940, and 1946 in certain areas, such modifications had not been extensive. Defendant admitted that prior to World War II complainants' area and easterly thereof had comprised rolling hills, oil fields, and wheat fields with little or no population. He testified that no change in the boundaries of the Santa Monica exchange had been effected at least since 1946, when the local calling area for Santa Monica exchange was expanded somewhat.

Defendant also based its defense on the general principle that the local calling area of an exchange should include only

contiguous exchanges or noncontiguous exchanges whose toll rate centers are less than 6 miles apart, and that if complainants' relief were granted, as sought, a new principle and exception would be established.

Defendant cited the increased costs to it and losses in revenue which would result from a rearrangement of the local calling area of its Exbrook (Santa Monica) exchange, and expressed concern that if noncontiguous exchanges were included in the Exbrook 7 and 8 local calling area, or a new exchange or rate center were established at Mar Vista, subscribers in other exchanges in the Los Angeles Metropolitan area might request that certain noncontiguous exchanges be included within their local calling area.

At the hearing of May 12, 1954, defendant General's witness, its general commercial manager, reported that he had observed a growing community of interest between complainants' area and Pacific's Axminster district area due to residential construction and development in and westward from the Baldwin Hills area.

As a result of the observations of defendant's witness, defendant offered to include Pacific's Axminster district area within complainants' local calling area at once, and within the entire Mar Vista local calling area within two years. Thus, it recognized the peculiar rate situation in complainants' area.

Defendant Pacific's Testimony

Defendant Pacific's witness testified that it would not be practicable or feasible to segregate calls from its Axminster district area into complainants' area. This witness further testified that Pacific would cooperate with General in carrying out any plan ordered by the Commission leading to a solution of the problem presented by the complaint.

Exhibit No. 12 is Pacific's report ordered by Decision No. 47863.

Commission Staff Testimony and Evidence

A Commission staff engineering witness submitted as Exhibit No.13 a report on telephone treatment in the Mar Vista central office area of the Santa Monica exchange which analyzed the effects of different plans to solve the complaint problem.

Chapter 2 shows present rates and serving arrangements applicable to General's Santa Monica exchange, which includes complainants' area. It shows that the following services are offered under General's filed tariff schedules:

Extended Service with Local Calling Area
Including the Following Exchanges:

Canoga Park	Inglewood	Santa Monica
Culver City	Malibu	Van Nuys
El Segundo	Reseda	West Los Angeles

Toll or message unit charges would be applicable to other exchanges.

Foreign Exchange Service

	<u>Local Calling Area</u>	
		: Los Angeles Exchange
: Foreign Exchange Service:	Exchange	: District Area

Culver City, Service in Santa Monica	Beverly Hills	11 (Republic)
	Culver City	12 (Axminster)
	Inglewood	13 (Whitney)
	Santa Monica	
	West Los Angeles	

West Los Angeles, Service in Santa Monica	Beverly Hills
	Culver City
	Reseda
	Santa Monica
	Van Nuys
	West Los Angeles

Los Angeles, Service in Santa Monica	Beverly Hills
	Culver City
	Los Angeles exchange

Chapter 3 analyzes in detail message usage and community of interest factors between subscribers served by the Mar Vista central office and subscribers in other exchanges in the Los Angeles Metropolitan area.

Chapter 4 analyzes and discusses four trial rate and service arrangements for providing telephone service to subscribers in the Mar Vista area. Plan 1 in said exhibit is essentially that plan submitted by General in Exhibit No. 10 and by Pacific in Exhibit No. 12. Plans 2 and 3 are variations of Plan 1, and Plan 4 is essentially the plan requested by complainants in that it includes all of the local calling areas of subscribers to Pacific's Culver City exchange service. Under any of the four plans, the local calling areas of a number of the exchanges and district areas in the Los Angeles extended area would be affected, since some exchanges and district areas would be added, while others would be deleted compared with the presently effective local calling areas.

Chapter 5 shows that the net increased cost effect on both companies at present rates^{12/} would be \$195,300 under Plan 1, and \$387,900 under Plan 4.

Chapter 6 shows the effects on subscriber charges at a multiple message unit rate of $3\frac{1}{2}$ cents under Plan 1 to be a decrease of \$106,400 for the Mar Vista subscribers, and \$52,300 for all other subscribers, or a total decrease of \$158,700. Under Plan 4 the effect on Mar Vista subscribers would be a decrease of \$183,300, on other subscribers \$192,600, or a total decrease of \$375,900.^{13/}

^{12/} Based on message unit charges of $3\frac{1}{2}$ cents per unit.

^{13/} The total decrease for all subscribers under message unit rates of $4\frac{1}{4}$ cents authorized by Decision No. 50258, dated July 6, 1954, in Application No. 33935, and Decision No. 50260, dated July 6, 1954, in Case No. 5462, under Plan 1, would be \$190,900, and under Plan 4, \$444,500.

The staff witness testified and Exhibit No. 13 shows that the criterion of a 6-mile radius for determining whether a non-contiguous exchange or district area should be included in the local calling area is not strictly adhered to. Some noncontiguous exchanges or district areas included in the local calling areas of exchanges have rate centers as far as 9 air-line miles from the rate center of the local exchange. Table 3 of Exhibit No. 13 shows the inter-exchange rate miles between the trial Mar Vista district area and Beverly Hills to be 6 miles; Whitney district area, 7 miles; and Republic and Axminster district areas, 8 miles.

The staff witness testified that as of March 31, 1954, in General's Santa Monica exchange, there were 620 held orders for Culver City foreign exchange service, 441 of which were over one year old, and 149 held orders for Los Angeles foreign exchange service, 59 of which were also over one year old. The record further shows that, as of May 13, 1954, General had 204 held orders for Texas (Los Angeles) foreign exchange service in the Mar Vista area.

With respect to the establishment of a separate rate center within an exchange, the record shows that such a rate center was established by General at Zuma Beach within its Malibu exchange in 1947. Similarly, additional rate centers were established in the Los Angeles exchange in 1934 and in the San Francisco-East Bay exchange in 1949.

The summary contained in Exhibit No. 13 indicates that, to make the necessary rearrangements and provide the required new facilities under either of the four trial plans discussed hereinabove would require revisions in present local calling areas, additional plant investment on the part of General and Pacific, and a redistribution of charges between subscribers. It further

indicates that it is doubtful that any of the four plans could be put into operation in much less than a year.

Staff Recommendations

Chapters 7 and 8 of Exhibit No. 13 contain staff recommendations as follows:

1. That no change be made in local calling areas at this time providing General and Pacific proceed promptly to furnish foreign exchange service as required, and;

2. That the Santa Monica exchange be recentered for short-haul toll (40 miles or less) and message unit traffic, the present rate center to be maintained for all the exchange except the portions served by the Mar Vista central office, and the Mar Vista central office to be established as a rate center for short-haul toll and message unit traffic originating or terminating in the Mar Vista central office area.

Exhibit No. 13 shows that the establishment of a rate center at Mar Vista would decrease charges to General subscribers by about \$99,500 and to Pacific subscribers about \$97,500, for a total decrease in charges of \$197,000 at a message unit rate of $3\frac{1}{2}$ cents. The staff recommendation would reduce initial period message units by one message unit on messages to 24 Pacific exchanges or district areas, four General exchanges or district areas, and two California Water & Telephone Company exchanges.

The record shows that the staff recommendation to establish a new rate center at Mar Vista central office would require relatively minor facility arrangements and only a short time to make effective.

Defendant's Motion to Strike Staff Recommendations

Counsel for defendant General objected to the introduction in evidence of Chapters 7 and 8 of Exhibit No. 13 on the grounds

that defendant had not had sufficient notice; that the staff recommendations were beyond the scope of the prayer of the complaint, and that said recommendations tended to broaden the issues. Such objections were overruled and Exhibit No. 13 was received. At the close of the hearings, defendant General moved that all testimony regarding Chapters 7 and 8 of Exhibit No. 13 be stricken. Such motion was denied. Since the order in Decision No. 47863 contemplated consideration of reports ordered to be submitted and any other pertinent evidence at the reopened proceedings, the examiner's ruling is sustained.

Findings and Conclusion

The complaint presents to the Commission a fundamental question which this decision does not undertake to answer. Growth in the Los Angeles Metropolitan area has been of such magnitude that it may or may not result in there now being inequitable arrangements. In the decision in this complaint, the Commission is addressing itself to this specific question only. It may be that the magnitude of the growth in the Los Angeles area has brought about a situation that the Commission could well investigate, looking forward to an over-all solution. The scope of such an investigation would be of a magnitude that it would require several years to complete as it would involve the examination of the most fundamental principles of the rate structure of the Los Angeles Metropolitan area relating to four separate telephone utilities, together with service and facility arrangements, the requirements of the public, and resulting revenue requirements.

It is fundamental to the economical furnishing of telephone service that exchange area boundaries and local calling area boundaries be established. The fact that the City of Culver City is served by two exchanges, namely, Pacific's Culver City exchange and

General's Santa Monica exchange is not unique, particularly in the Los Angeles extended area. For example, the City of Los Angeles is served by 22 exchanges. Similarly, South Pasadena is served by Pasadena and Los Angeles exchanges; Glendale by Glendale, Pasadena, Crescenta, and Burbank exchanges; San Marino by Pasadena and Alhambra exchanges; Monterey Park by Alhambra, Los Angeles, and Montebello exchanges; and Southgate by Los Angeles, Compton, and Downey exchanges. These few examples indicate the fact that it is not feasible to locate exchange boundaries collinear with boundaries of city limits. Extended service permits all residents of the City of Culver City to call and be called by other residents of that same city without payment of toll or multiple message unit charges. The problem presented in this proceeding is not that Culver City residents served by the Mar Vista central office of General's Santa Monica exchange cannot call residents of their own city without payment of toll or multiple message unit charges, but rather relates to the payment of toll and multiple message unit charges to call other cities. This is not a unique situation in the Los Angeles extended area. It has been recognized that some subscribers in an exchange would have their requirements better met were they to receive service from another exchange than the one in which they may be located. Foreign exchange service has been designed to meet such requirements.

The Commission has carefully considered all evidence of record and finds that, because of the geographical location and very rapid recent population growth in the area, General's presently filed tariffs applicable to complainants' area and the areas served from the Mar Vista central office for extended service are unjust and unreasonable.

In view of our findings of unjust and unreasonable rate practices affecting General's extended service subscribers in the

Mar Vista area it is concluded that the staff recommendation that General's Santa Monica exchange be recentered and the Mar Vista central office be established as a rate center will be an immediate and practicable step toward their alleviation. The order which follows will provide that General and Pacific shall refile their tariffs to reflect this staff recommendation. The order which follows will also provide that General and Pacific shall proceed immediately to furnish foreign exchange service in the Mar Vista central office area and shall file monthly reports of their progress until the furnishing of such service shall be on a current basis.

O R D E R

Complaint as above entitled having been filed, public hearings having been held, the matter having been submitted,

IT IS HEREBY FOUND AS A FACT that the tariff schedules of General Telephone Company of California and The Pacific Telephone and Telegraph Company now on file with the Commission, applicable to service within the Mar Vista central office area of the General Telephone Company's Santa Monica exchange are unjust and unreasonable and that the increases in rates and charges that result from the changes hereinafter ordered are justified; therefore,

IT IS HEREBY ORDERED as follows:

1. That General Telephone Company of California and The Pacific Telephone and Telegraph Company shall file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, revised tariff schedules reflecting the establishment of a new rate center at the present location of the Mar Vista central office in the Santa Monica exchange for short-haul toll (40 miles or less) and multiple message unit traffic to and from the said Mar Vista central office area as outlined in Chapters 7 and 8 of Exhibit No. 13 filed in this proceeding, and after not less than five days' notice to this Commission and to the

public to make said revised tariff schedules effective for service furnished on and after September 15, 1954.

- 2. General Telephone Company of California and The Pacific Telephone and Telegraph Company shall proceed promptly to furnish foreign exchange service to all applicants for such service in the Mar Vista area of the Santa Monica exchange. Monthly reports of progress commencing with the month of September, 1954 shall be filed with the Commission within fifteen days after the close of the month by each company until all such foreign exchange services are furnished on a current basis.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 17th day of August, 1954.

John L. Mitchell
 President

Justin F. Caswell

Kenneth P. Patten

James H. Higgins

 Commissioners