

ORIGINALDecision No. 54884

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 General Telephone Company of California)
 for authority to revise its rate schedules) Application No. 38776
 to offer individual line business flat)
 rate service in the Topaz District Area of)
 its Downey Exchange.)

Albert M. Hart and K. Richard Edsall, attorneys,
 for applicant.
Mrs. Hazel Sawyer, for Flo Bailey Employment Agency,
 interested party.
James F. Haley, for the Commission staff.

O P I N I O N

General Telephone Company of California, by the above-entitled application filed January 28, 1957, seeks authority to offer individual line business flat rate service in the Topaz District Area of its Downey Exchange and approval of the rate schedules therefor attached to the application as Exhibit "B".

A public hearing on this matter was held before Examiner Stewart C. Warner on March 20, 1957, at Norwalk. One subscriber appeared in support of the application. No protests were entered.

Applicant's rate schedules on file with the Commission offer only message rate telephone service to individual line business subscribers in the Topaz District Area of its Downey Exchange. As of December 31, 1956, there were 1,730 of such subscribers; one-party flat rate service was being furnished to 444 subscribers of individual line business message rate service who had been taken off message registering equipment due to lack of such equipment, but who had continued to be billed at the basic message rate of \$5.50

per month; two-party business flat rate service was being furnished to 306 subscribers; and there were 305 trunks as of that date.

As of March 15, 1957, applicant was holding 51 applications for individual line business message rate service, and 154 applications for the upgrading from two-party to one-party individual line flat rate service.

The record shows that applicant's forecasts of growth in the Downey Exchange, which were made in April, 1954 and July, 1956, were "short", after considering the one-party flat rate service being furnished to individual line business message rate subscribers noted hereinbefore. As a result of such "short" forecasting the capacity of the presently installed message rate equipment in the Downey Central Office has been exhausted.

In August, 1956, applicant ordered 600 additional lines of message register equipment which will be delivered by the manufacturers of such equipment in November, 1957. Such delivery will meet current deficiencies, only. Applicant has drawn up and expects to place an order with its equipment manufacturer for another additional 600 of said lines to be installed in December, 1958. Such installation, when completed, applicant estimated, will place applicant in a position to accommodate both the existing and future demand for message rate service.

In the interim, until January 1, 1959, applicant seeks authority to file a rate schedule for individual line business flat rate service of \$10.50 per month. This business flat rate is applicant's presently filed flat rate for similar service in its other exchanges in the Los Angeles extended area. The presently filed individual line business message rate service rate is \$5.50 per month for 80 calls, plus 4½ cents per call in excess thereof.

A survey conducted by applicant in the Downey Exchange indicates that there are 428 individual line business message rate subscribers whose charges usually exceed the flat rate charge of \$10.50 per month and applicant believes that these subscribers will subscribe to the flat rate service proposed by applicant herein. No other existing subscribers will be affected by applicant's proposal, and applicant's proposal will affect new subscribers only, who will have the option under the instant application to subscribe to flat rate service or await the availability of message rate service after January 1, 1959.

The record shows that applicant's presently filed tariff provides for a charge of \$1.25 per month for a business extension under flat rate service and \$1.00 per month for a business extension under message rate service. If message rate subscribers, with business extensions, are transferred to individual line flat rate service, the monthly charge for such business extensions would be increased by 25 cents per month under applicant's existing tariffs, and applicant made no proposal or application to change such tariffs in this regard.

Findings and Conclusions

After a review of the record the Commission finds and concludes that applicant's proposal to offer individual line business flat rate service in the Topaz District Area of its Downey Exchange is required in the public interest and is reasonable and that the application should be granted.

It is evident, however, that although applicant's forecasts of industrial and commercial growth were "short", there were indications as early as April, 1954, and as late as July, 1956, that additional message register equipment would be needed to

serve the individual line business message rate subscribers in the Topaz District Area; that applicant knew that the ordering, delivery, and installation of such equipment would take at least 15 months; that applicant failed to act promptly on such indications; and that, in such failure to act promptly, applicant was negligent in its responsibility, not only to its present subscribers but to future subscribers in its Downey Exchange. By granting this application the Commission does not countenance such negligence but is moved to grant the application to remedy an existing condition which is adverse to the public interest.

The Commission finds as a fact that the increases in rates and charges which will result from the granting of this application are justified, and that applicant's presently filed tariffs, insofar as they differ from those herein prescribed, are for the future unjust and unreasonable.

Due to the equipment shortage disclosed in the record and the resultant telephone service emergency created thereby, the Commission finds as a fact that the public interest requires that the effective date of the order which follows shall be the date thereof.

O R D E R

Application, as above-entitled, having been filed, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

- (1) That General Telephone Company of California, a corporation, be and it is authorized to 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 to provide for the offering of individual line business flat rate service in the Topaz District Area of its Downey Exchange together with the special condition relating thereto, all as set forth in pages 1 and 2 of Exhibit "B" attached to the application, and after not less than five days' notice to this Commission and to the public to make said revised tariff schedules effective.

(2) That the authority herein granted applicant to offer individual line business flat rate service will expire on January 1, 1959 unless extended by further order of this Commission.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 16th day of APRIL, 1957.

E. Mitchell
President
Raymond J. ...
William ...
R. ...
C. ...
Commissioners