

ORIGINALDecision No. 55936

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. 39309

CALIFORNIA WATER & TELEPHONE COMPANY,
 a corporation,
 Complainant,

vs.

Case No. 5974

THE PACIFIC TELEPHONE AND TELEGRAPH
 COMPANY, a corporation,
 Defendant.

THE PACIFIC TELEPHONE AND TELEGRAPH
 COMPANY, a corporation,
 Complainant,

vs.

Case No. 5983

GENERAL TELEPHONE COMPANY OF CALIFORNIA,
 a corporation, CALIFORNIA WATER &
 TELEPHONE COMPANY, a corporation, and
 SUNLAND-TUJUNGA TELEPHONE COMPANY, a
 corporation,
 Defendants.

Appearances are listed in Attachment 1 hereto.

INTERIM OPINIONNature of Proceedings

By the above-entitled application, filed August 7, 1957,
 The Pacific Telephone and Telegraph Company^{1/} seeks an order of this
 Commission authorizing increases in certain intrastate telephone rates
 and charges sufficient to produce increased revenues of \$28,500,000
 annually.

^{1/} Hereinafter sometimes referred to as Pacific.

Case No. 5974 is a complaint filed by California Water & Telephone Company^{2/} on August 29, 1957, seeking an order of this Commission directing The Pacific Telephone and Telegraph Company to enter into a particular agreement with California for a division of revenues derived from message toll and multiple message unit traffic interchanged between their respective telephone systems. In its answer, filed September 16, 1957, Pacific stated its refusal to enter into the agreement proposed by California. In substance, Pacific's answer also stated that the remedy for deficient toll compensation lay in the hands of California to negotiate with Pacific and proposed that an agreement covering multi-message unit traffic for the Los Angeles Extended Area be entered into by the four telephone utilities handling multi-message unit traffic in such area.

Case No. 5983 is a complaint filed by The Pacific Telephone and Telegraph Company on September 16, 1957, seeking an order of this Commission directing General Telephone Company of California,^{3/} California Water & Telephone Company, and Sunland-Tujunga Telephone Company,^{4/} to enter into an agreement with Pacific for a division of revenues from multi-message unit traffic interchanged between any of the four utilities in the Los Angeles Extended Area. The agreement proposed by Pacific in this case is identical with that which it proposed in Case No. 5974. California's answer, filed September 17, 1957, in substance stated that the issues in this case were those raised by Case No. 5974 and that there is no valid reason why all settlement arrangements between California and Pacific may not be determined independently of settlement arrangements between Pacific and any other telephone companies. General's answer, filed September 20, 1957, in substance alleges that Pacific's proposed

^{2/} Hereinafter sometimes referred to as California.
^{3/} Hereinafter sometimes referred to as General.
^{4/} Hereinafter sometimes referred to as Sunland.

agreement, under existing rates, is unfair and unreasonable and, under any circumstances, is unworkable. Sunland's answer, filed September 24, 1957, in substance alleges that Pacific's proposed agreement is unfair and unworkable. The answer of both General and Sunland ask that this Commission take jurisdiction over the present disagreements of the parties and establish settlement methods for multi-message unit or ticketed traffic business interchanged between the parties.

Public Hearings and Present Status of Proceedings

The two complaint cases were consolidated and public hearings thereon held before Commissioner Rex Hardy and Examiner Manley W. Edwards on September 19 and 20, 1957, at Los Angeles, and before Commissioner Hardy on September 26, 1957, at San Francisco.

After due notice, public hearings in the matter of Pacific's application for increased telephone rates were held before Commissioner Matthew J. Dooley and Examiner F. Everett Emerson on September 25, 26 and 27, 1957, at San Francisco. Because of the fact that Pacific's application respecting rates includes a rate proposal pertaining to multi-message unit traffic for the Los Angeles Extended Area, as well as for one other extended area in the state, and because of the intimate relationship of the two complaint cases thereto, the Commission reassigned the complaint matters to Commissioner Dooley and Examiner Emerson. All three matters were then consolidated during the hearing on September 27 and the public hearings thereon continued on September 27 and on October 3, 4 and 10, at San Francisco and October 17, 1957, at Los Angeles.

None of the matters are concluded at this point. In the application matter, Pacific has not as yet completed its full showing, cross-examination is to be undertaken, the affirmative presentations of other parties are yet to be heard, and nine additional days

of hearing in such matter are now on the Commission's calendar. The complaint cases have been temporarily removed from the calendar but neither case has been finally submitted for decision.

Issues Considered Herein

At the hearing on September 27, the four companies furnishing service in the Los Angeles Extended Area (within their respective serving areas and jointly, through the interchange of traffic) joined in placing a "motion for interim relief" before the Commission. Such motion, in effect, seeks authorization (1) to reduce the length of mileage steps for extended service, and (2) to increase the multi-message unit rate from 4.25 to 4.3 cents in the Los Angeles Extended Area.

The four companies seek to effectuate such proposal by mutually entering into an agreement, dated September 23, 1957, covering, basically, the division between them of revenues derived from interchanged traffic. The agreement is a conditional one, in three respects. First, the agreement states that it is subject to the approval of this Commission. Second, the agreement would become effective "if and when" each of the four companies is permitted to make the proposed reduction in length of mileage steps. Third, the agreement would become effective "if and when," coincident with the change in mileage steps, each of the four companies is permitted to charge message unit rates no less than 4.3 cents per message unit.

The motion for interim relief and the proposed agreement between the four companies are the only issues to be considered and disposed of in this decision. All other matters involved in the three proceedings will be held in abeyance pending final submission of the matters.

Nature of Evidence

The four companies have been dividing revenues from interchanged traffic in accordance with an agreement between them approved

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by this Commission in 1954.^{5/} Among other things, the Commission at that time authorized the rate per message unit presently in effect. The present tariff schedules for multi-message unit service vary between companies. Pacific and General have complete schedules setting forth both the rate and the mileage steps. Sunland's schedule refers to the tariffs of connecting companies, both as to steps and rate. California's filed schedule sets forth the rate and refers to connecting company tariffs as to the mileage steps. ✓

As of June 21, 1957, the prior agreement respecting division of revenues was cancelled by the parties and there is no presently effective agreement covering the division of revenues arising from the interchange of multi-message unit traffic in the Los Angeles Extended Area. While the companies, accounting-wise, seem to be assuming that, pending decision in this matter, settlements between them will be continued on the basis of the prior agreement, no settlements are in fact being made. Settlements for the interim period between agreements can be no more than conjectural at this time.

The proposed new agreement provides that each company shall receive, out of the revenues arising from interchanged traffic, an amount equal to its expenses in furnishing the service which generates such revenues and that the remainder of the revenues will be divided among the four companies in proportion to the net investment in plant which each company devotes to the interchanged multi-message unit traffic.

Following the methods covered in the prior agreement, except for the use of year-end instead of average net investment, the four companies have recently completed a study of revenues,

^{5/} Agreement dated December 14, 1953, approved by Decision No. 50260 in Case No. 5462, issued July 6, 1954 (53 CPUC 342).

expenses and net investment based on presently effective rates. The results of such study^{6/} indicate the following:

LAEA Interchanged MMU Operations
Year 1956 - Present Rates

Item	Company				Total
	California	General	Pacific	Sunland	
Settlement					
Revenues	\$ 2,326,000	\$12,089,000	\$16,474,000	\$ 247,000	\$31,136,000
Expenses	<u>1,956,000</u>	<u>10,655,000</u>	<u>15,239,000</u>	<u>212,000</u>	<u>28,062,000</u>
Balance	\$ 370,000	\$ 1,434,000	\$ 1,235,000	\$ 35,000	\$ 3,074,000
Net					
Investment*	\$10,726,000	\$41,562,000	\$35,799,000	\$1,008,000	\$89,095,000
Settlement Ratio ^{7/}	3.45%	3.45%	3.45%	3.45%	3.45%

*End of year.

This study, when adjusted to reflect the mileage-step and rate changes proposed, indicates the following results:^{8/}

LAEA - Interchanged MMU Operations
Year 1956 - Proposed Rates and Steps

Item	Company				Total
	California	General	Pacific	Sunland	
Settlement					
Revenues	\$ 3,203,000	\$15,506,000	\$19,434,000	\$ 329,000	\$38,472,000
Expenses	<u>2,429,000</u>	<u>12,508,000</u>	<u>16,852,000</u>	<u>256,000</u>	<u>32,045,000</u>
Balance	\$ 774,000	\$ 2,998,000	\$ 2,582,000	\$ 73,000	\$ 6,427,000
Net					
Investment*	\$10,726,000	\$41,562,000	\$35,799,000	\$1,008,000	\$89,095,000
Settlement Ratio ^{7/}	7.21%	7.21%	7.21%	7.21%	7.21%

*End of year.

The showing of the four companies included exhibits and testimony respecting over-all estimated operations for the year 1957

^{6/} Exhibit No. 35.

^{7/} The uniformity of settlement ratios here shown arises from the prior agreement approved in Decision No. 50260 in Case No. 5462.

^{8/} Table 3 of Exhibit No. 35.

(California intrastate for Pacific and total company for the other three), which may best be summarized by the following tabulation showing results of operations. In each instance, the respective presentations were in support of allegations that the rates of return to be realized during 1957 will be below a fair and reasonable level. Of the four companies, all but Sunland has a rate increase application on file with this Commission.

Results of Operations - Present Rates
Estimated Year 1957

Item	Company			
	<u>California^a</u>	<u>General^b</u>	<u>Pacific^c</u>	<u>Sunland^d</u>
Operating Revenues	\$12,426,072	\$ 80,724,000	\$ 573,205,000	\$ 994,838
Operating Expenses	10,174,928	65,595,000	494,604,000	788,854
Net Revenue	\$ 2,251,144	\$ 15,129,000	\$ 78,601,000	\$ 205,984
Net Plant and Working Capital	\$43,179,843	\$257,040,000	\$1,316,902,000	\$3,630,000
Per Cent Return	5.21%	5.89%	5.97%	5.67%

- a. Exhibit No. 48.
- b. Exhibit No. 45.
- c. Exhibit No. 13, Table 3.
- d. Exhibit No. 37.

As further evidence of the need for increased revenues, California's witness testified that California had a 1957 construction requirement which called for the financing of approximately \$16,000,000. In view of anticipated earnings, however, California directors felt that the most that might be raised during 1957 was \$13,000,000. California's rate proceeding, it was hoped, would permit of such financing. The witness further stated that, because of delay in receiving rate relief through that proceeding, California's directors have had to cut \$3,000,000 from the proposed 1957 financing. Such cutback, according to the witness, has very seriously affected its construction program. Immediate rate relief is imperative if California is to be able to sell its securities at a reasonable price and obtain the funds necessary to complete its 1957

financing, lay a foundation for 1958 financing and to carry out even its presently curtailed construction program, according to the witness.

The testimony of Sunland's witness indicates that Sunland has been and now is faced with substantial plant expansion. In the two-year period ended June 30, 1957, plant investment represented a growth of approximately \$1,100,000 or about 40 per cent. For the succeeding year, 1958, construction requirements are about \$476,000 additionally. The witness testified that Sunland's current and projected earnings, at the level of present rates, will be insufficient to support financing of the needed construction for which it hopes to sell \$366,000 worth of common stock. The construction program hinges upon whether or not immediate rate relief is granted, according to this witness.

Position of Various Parties

In addition to cross-examining witnesses, various parties made statements of position and presented argument respecting both the merits of the matter and its procedural aspects. These are briefly summarized as follows:

The City and County of San Francisco considers that the proposed rate change is long overdue and that the rate for message unit service should be the same throughout the state, as are the rates for toll message service. Specifically, it is urged that the mileage steps and the message unit rate be identical in Los Angeles and San Francisco.

The City of Los Angeles urges denial of the motion for interim relief on several grounds. Primarily, this city maintains that procedurally the matters are wholly deficient and that the application and the two cases here under consideration do not provide

a proper "vehicle" for determination of the issues. Further, it is maintained that no adequate showing of emergency need has been made, with the possible exception of only one of the companies, and that in the absence of a full showing of urgency the granting of interim relief is unwarranted. If, however, interim rate relief at this time is granted by the Commission, it is urged that the Commission offset the additional message unit revenue which Pacific might receive by appropriate reductions in other basic rates.

The California Farm Bureau Federation points out that the revenues derived from a metropolitan area have a direct bearing on the total system-wide service rendered by a utility. If the utilities were to obtain sufficient revenues, farm bureau members might then be able to obtain the particular telephone services desired by them. A showing that the proposed rates would provide the revenue which the four companies need for their total system operations would be sufficient for the farm bureau to support the proposal. While the farm bureau feels that in the interest of system-wide service the multi-message unit rate proposals here before the Commission are in the public interest, it is urged that if it should develop that any one or all of the four companies would have a higher than reasonable rate of return, the Commission would order lower rates into effect without disturbing the uniformity of the multi-message unit rate structure.

The City of Long Beach in written as well as oral argument opposes the granting of the relief sought on two basic grounds. First, it is contended that this Commission lacks jurisdiction to entertain the motion for interim relief insofar as the companies other than Pacific is concerned, or, in other words, the present proceedings do not provide a proper "vehicle" for determination of

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the issues. Second, it is maintained that none of the companies has sustained the burden of proof that there now exists an emergency financial condition that warrants the granting of interim relief to any of them. It is urged, however, that if such relief is granted for multi-message unit service, exchange services should be simultaneously adjusted downward by an equivalent offsetting amount.

The Commission Staff maintains that there is nothing in the statutes or in the Commission's general orders which requires approval of the agreement between the companies as to the division of revenues among them; nor is it essential, in the opinion of staff counsel, that all four companies have a uniform rate of return on the multi-message unit portion of their business. The staff maintains that an applicant for interim relief must fully carry the burden of showing urgent need, and staff counsel urged that, of the four companies, only California had made any such showing. While uniform multi-message unit rate treatment is desirable in the Los Angeles Extended Area, a uniform rate is not necessarily essential, according to the staff.

Findings and Conclusions

The Commission finds that procedurally and jurisdictionally the matters treated herein are properly before it and, among others, specifically relies upon the provisions of Sections 701 and 766 of the Public Utilities Code to such effect. In view of the evidence, we find that disposition of the matters now before us by motion for interim relief is both necessary and convenient in the exercise of the Commission's duties and is in the public interest.

With respect to the various motions thus far placed before the Commission during these proceedings, all such motions ~~inconsist~~

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with the findings and conclusions herein made or with the following order are hereby each and severally denied.

The Commission is of the opinion and finds that the interchanged multi-message unit operations of the four companies in the Los Angeles Extended Area are now being conducted at revenue levels which produce returns below those which are fair and reasonable for such services. All four companies have need for and are entitled to increased revenues from such operations and we find the fact so to be. We further find the facts to be that uniformity of mileage steps and multi-message unit rate in the Los Angeles Extended Area is to the best public interest and that this element of telephone operations should be self-sustaining and, insofar as possible, carry its full and equitable share of the burden of providing revenues. At this point in the proceedings, however, we shall not authorize the full increases sought.

In our opinion the characteristics of multi-message unit service are generally of the same nature as the characteristics of short haul toll service and particularly so as respects mileage steps. Mileage steps for short haul toll schedules were shortened in 1954.^{2/} We see no reason why mileage steps for multi-message unit service should not be identical with short haul toll mileage steps, and we find that it is now appropriate and reasonable that such be accomplished in the Los Angeles Extended Area. The record does not establish that it is necessary or desirable to increase the present multi-message unit rate of 4.25 cents in the Los Angeles Extended Area on an interim basis. Accordingly, proposed changes in mileage steps will be authorized but the proposed rate change will not. The effect of such authorization, as calculated by the companies, will be as follows:

^{2/} Decision No. 50258 in Application No. 33935, issued July 6, 1954 (53 CPUC 275).

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<u>Mileage Change Only</u>	<u>Increases in Charges to Customers</u>	<u>Increase in Settlement</u>	<u>Increase in Revenues to Company before Uncollectibles</u>
California	\$ 790,000	\$ 278,000	\$ 1,068,000
General	3,125,000	(1,036,000)	2,089,000
Pacific	11,288,000	778,000	12,066,000
Sunland	68,000	(20,000)	48,000
Total	<u>\$15,271,000</u>	\$ <u> -</u>	<u>\$15,271,000</u>

(Decrease)

The total increase of \$15,271,000 to be authorized is \$987,000 less than that sought by the four companies. As compared with the 7.21 per cent settlement ratio sought by the companies, the authorized increases are based upon a 6.98 per cent settlement ratio for interchanged business. However, on total multi-message unit operations, the resulting total ratios will be as follows:^{10/}

California	- 6.98%
General	- 6.98%
Pacific	- 5.53%
Sunland	- 6.98%
Total Companies' Operation	- 6.00%

The proposed agreement between the four companies should not be approved for the basic reason that the agreement provides that it shall become effective "if and when" each of the four companies is permitted to change mileage steps and to charge no lesser rate than 4.3 cents per message unit. We find these provisions to be unreasonable and improper. The agreement, in its present form, will not be approved. We further find, as hereinabove stated, that it is in the public interest that multi-message unit

^{10/} From Exhibit No. 46, Table 4.

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business, insofar as possible, should be self-supporting and that the rate structure therefor should be maintained at such level as will assure that all reasonable costs of providing the service will be met, plus a fair and reasonable return to each company on the investment devoted by it to such business. ✓

We find that the increased charges which will result from the changed lengths of mileage steps in the Los Angeles Extended Area herein authorized are justified and that insofar as existing charges in said Area differ therefrom, such charges are for the future unjust and unreasonable.

We find it to be fair and reasonable that Pacific should be the tariff filing utility for Los Angeles Extended Area interchanged multi-message unit traffic and that it is appropriate that the other utilities' tariffs reflect the same by suitable references in the respective schedules. The order herein will implement such desirable tariff-filing situation.

The parties are hereby placed on notice that this is an interim decision and that the Commission retains jurisdiction to modify the same in the final decision which it will render herein should the facts and experience hereunder warrant. ✓
✓
✓

INTERIM ORDER

The matters herein being properly before the Commission, public hearing thereon having been held and evidence adduced thereat, the Commission having been informed with respect thereto and the matter of interim relief having been submitted, the matters are now ready for decision based upon the evidence and the findings and conclusions contained in the foregoing opinion; therefore,

IT IS HEREBY ORDERED as follows:

1. The Pacific Telephone and Telegraph Company is authorized and directed 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 with changes in rates, charges and conditions as set forth in Appendix A attached hereto, 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 January 6, 1958.
2. The General Telephone Company of California is authorized and directed 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 with changes in rates, charges and conditions as set forth in Appendix B attached hereto, 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 January 6, 1958.
3. California Water & Telephone Company is authorized and directed 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 with changes in rates, charges and conditions as set forth in Appendix C attached hereto, 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 January 6, 1958.
4. Public hearings in Application No. 39309, Case No. 5974 and Case No. 5983 are continued to such dates, times and places as

may from time to time appear on the Commission's hearing calendar.

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

Dated at San Francisco, California, this 10th day of December, 1957.

[Signature]
President
[Signature]
[Signature]
[Signature]
[Signature]
Commissioners

ATTACHMENT 1

LIST OF APPEARANCES

PRINCIPALS:

Pillsbury, Madison & Sutro, by Francis N. Marshall and Arthur T. George, for The Pacific Telephone and Telegraph Company, applicant and defendant;
Bacigalupi, Elkus & Salinger, by Claude N. Rosenberg and William Fleckles for California Water & Telephone Company, interested party, complainant and defendant;
John Robert Jones and Albert M. Hart, for General Telephone Company of California, interested party and defendant;
Orrick, Dahlquist, Herrington & Sutcliffe, by Warren A. Palmer, and Alan R. Stacey, for Sunland-Tujunga Telephone Company, interested party and defendant;

PROTESTANTS:

Telephone Answering System of California, Inc., by Bert Levy, L. E. Langlois and George W. Smith; Telephone Answering Services of California, Inc., by Lew Lauria; City of San Pablo, by Leland F. Reaves; Carl J. Ellis in propria persona; Bert Levy in propria persona.

INTERESTED PARTIES:

California Farm Bureau Federation, by J. J. Deuel, Joseph Q. Joynt and Bert Buzzini; City and County of San Francisco, by Dien R. Holm and Paul L. Beck; City of Los Angeles, by Roger Arnebergh, Alan G. Campbell, T. M. Chubb and Robert W. Russell; City of Berkeley, by Fred C. Hutchinson and Robert T. Anderson; City of Long Beach, by Walhfred Jacobson, Leslie E. Still and Henry E. Jordan; City of Oakland, by John W. Collier and Edward A. Goggin; City of Richmond, by Sherrill D. Luke; City of Sacramento, by Everett M. Glenn; City of Sunnyvale, by Robert P. Berkman; City of Seaside, by Saul M. Weingarten; City of San Diego, by Frederick B. Holoboff and Aaron W. Reese; California Independent Telephone Association, by Neal C. Hasbrook; Sunkist Growers, Inc., and Exchange Orange Products Company, by W. D. MacKay; Western California Telephone Company, by Harold O. Davis; E. A. Hosmer & Co., by E. A. Hosmer; San Joaquin County Board of Supervisors, by C. P. Kenyon; International Brotherhood of Electrical Workers, by O. A. Rieman; California Nevada Conference of National Electrical Contractors Association, by W. J. Varley; City of Pasadena, by Frank L. Kostlan; City of Lakewood, by Carl J. Ellis.

COMMISSION STAFF:

Mary Moran Pajalich, M. J. Kimball and John F. Donovan.

APPENDIX A

RATES

The presently effective rates, charges and conditions of The Pacific Telephone and Telegraph Company are changed as set forth in this appendix.

Schedule No. 6-TMessage Unit Service - Los Angeles Extended Area

Rates (3)(b), Number of Message Units per Initial and Additional Periods:

Where the Air-Line Toll Rate Mileage Between Toll Rate Centers Is ^a	The Number of Message Unit per Initial Period Is	The Initial Period Is	The Number of Units per Addi- tional Period Is	The Addi- tional Period Is
<u>Over</u> <u>Including</u>				
0 - 8	2 message units	3 minutes	1 message unit	2 minutes
8 - 12	3 message units	3 minutes	1 message unit	1 minute
12 - 16	4 message units	3 minutes	1 message unit	1 minute
16 - 20	5 message units	3 minutes	1 message unit	1 minute
20 - 25	6 message units	3 minutes	2 message units	1 minute
25 - 30	7 message units	3 minutes	2 message units	1 minute
30 - 35	8 message units	3 minutes	2 message units	1 minute
35 - 40	9 message units	3 minutes	3 message units	1 minute
40 - 50	10 message units	3 minutes	3 message units	1 minute
50 - 60	11 message units	3 minutes	3 message units	1 minute

a. Outside the local service area.

Rates (3)(c), Number of Message Units per Initial Period:

Revise rate to conform with authorized Rates (3)(b) above.

APPENDIX B

RATES

The presently effective rates, charges, and conditions of the General Telephone Company of California are changed as set forth in this appendix.

Schedule No. H-1

MESSAGE UNIT SERVICE

APPLICABILITY

Applicable in connection with extended service and Los Angeles foreign exchange service.

TERRITORY

Within the exchange areas of the Covina, Downey, Long Beach, Malibu, Redondo, Santa Monica, West Los Angeles and Whittier exchanges as said areas are defined on maps filed as part of the tariff schedules.

RATES

Rate per Month

(1) Flat Rates and Message Rates:

Primary and extension stations

As set forth in
Extended Service
Schedules.

(2) Message Unit Rate:

(a) All routes except between Malibu and West Los Angeles Exchanges:

The message unit rate is in accordance with the message unit service tariff provisions of the connecting company.

(b) Between Malibu and West Los Angeles Exchange:

Rate per Unit

- | | |
|---|--------|
| 1. Semi-public, public tele-
phone, foreign exchange and
hotel P.B.X. service | \$0.05 |
| 2. Other services | .0425 |

(3) Number of Message Units:

(a) All routes except between Malibu and West Los Angeles Exchanges

The number of message units applicable to a message is in accordance with the message unit service tariff provisions of the connecting company.

(b) Between Malibu and West Los Angeles Exchanges:

<u>Route</u> <u>Between</u> <u>And</u>	<u>The Number of</u> <u>Message Units</u> <u>per Initial</u> <u>Period Is</u>	<u>The Initial</u> <u>Period Is</u>	<u>The Number of</u> <u>Units per</u> <u>Overtime</u> <u>Period Is</u>	<u>The</u> <u>Overtime</u> <u>Period Is</u>
Malibu D.A. West Los Angeles	2 message Units	3 minutes	1 Message Unit	2 minutes
Zuma D.A. West Los Angeles	4 message Units	3 minutes	1 Message Unit	1 minute

SPECIAL CONDITIONS

No changes authorized.

APPENDIX C

RATES

The presently effective rates, charges, and conditions of the California Water & Telephone Company are changed as set forth in this appendix.

Schedule No. H-1

MESSAGE UNIT SERVICE

APPLICABILITY

Applicable in connection with business individual, two-party and suburban line, residence individual, two-party, four-party and suburban line, commercial and hotel private branch exchange, business and residence key system, semipublic and public telephone, and Los Angeles and extended foreign exchange services.

TERRITORY

Within the following listed exchange areas, as said areas are defined on maps filed as part of the tariff schedules:

Monrovia

San Fernando

Sierra Madre

RATES, RULES AND CONDITIONS

Rates, rules and conditions for Message Unit Service from Monrovia, San Fernando, and Sierra Madre exchanges to other exchanges and district areas of the Los Angeles Extended Area are in accordance with the rates, rules and conditions applicable to Message Unit Service contained in tariff schedules of the connecting company.