

ORIGINALDecision No. 58038

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation upon the Commission's)
 own motion to ascertain the present)
 and potential demands for and)
 availability of facilities for tele-)
 phone service, and the need for and) Case No. 5337
 propriety of emergency modification)
 of current rules or practices to)
 facilitate the furnishing of tele-)
 phone service.)

(Appearances and Witnesses are listed in Appendix A)

O P I N I O NNature of Proceeding

The above-entitled proceeding was initiated on the Commission's own motion on November 6, 1951, the objective of which was stated in the order as follows:

1. To provide a focus point at which present and prospective telephone subscribers throughout the state can obtain information as to the potential availability of telephone facilities to meet their expanding needs.
2. To inquire into and provide a program for modification or change of existing rules for priority of establishing service should circumstances so require.
3. To inquire into and provide a uniform code of minimum service standards which may be applicable in allocating available facilities so as to provide for the maximum number of stations.
4. To provide a means whereby the individual and collective needs of the public for critical communication facilities can be consolidated for effective consideration by federal authorities in the administration of the Defense Production Program.

Public Hearing

Four days of public hearing on this order of investigation were held before Commissioner Peter E. Mitchell and Examiner M. W. Edwards as follows: September 15, 1952 and November 3, 1955 in San Francisco; December 3, 1952 and April 2, 1957 in Los Angeles.

Testimony was presented by utility representatives, by a representative of the California Farm Bureau Federation, and by engineers of the Commission's staff. The record contains 331 pages of transcript and 16 exhibits. Six interim opinions and orders have been issued since the opening of this investigation.

Interim Opinions and Orders

The first interim opinion and order, dated March 24, 1953, arrived at the conclusion that, at that time, the modification of Commission rules would not assist in providing better telephone service to the public; however, the number of held orders was a matter of concern and the respondent telephone utilities were ordered to file quarterly reports of held orders for main service and the number of requests for regrades of service.

The second interim order, dated March 23, 1954, relieved 18 smaller respondent utilities, providing service on a current basis with no held orders, from the requirement of filing quarterly reports.

The third interim opinion and order, dated June 26, 1956, found need to clarify the definition of held orders, to revise the priority rule, and to initiate a procedure for improvement of line extension rules. The Commission stated that, while the telephone situation had improved, there still remained a number of exchanges where the held-order situation was serious, and it ordered: (1) modification of the priority rules; (2) a continuation of the quarterly reports where the number of held orders and regrade requests exceeded 20 and totalled more than 0.4 per cent of main stations in service at the end of the quarter; and (3) submission of data on costs to build line extensions.

The fourth interim opinion and order, dated April 9, 1957, denied petition of the Western California Telephone Company for retention of a more detailed priority rule specified in the third interim opinion and order.

The fifth interim opinion and order, dated May 21, 1957, authorized the California Water & Telephone Company and the General Telephone Company of California to retain the more detailed priority rule in effect in certain exchanges until September 1, 1958.

The sixth interim opinion and order, dated December 3, 1957, required all telephone utilities offering exchange telephone service to file a line extension rule substantially in accordance with that set forth in Appendix B attached to the sixth interim opinion and order. Such rule generally provides for a free extension of 1,000 feet to the subscriber, with a charge of \$10.00 for each 100 feet beyond the free length.

Current Telephone Situation

The quarterly reports, which certain utilities have been filing, have shown a substantial improvement with regard to held orders. A held order is defined as: "An application for service unfilled 15 days after the applicant desires the service to be effective." Likewise, improvement has been shown in the regrade situation, but not as substantial as in the held order situation. A held regrade request is defined as: "An application for a regrade of service unfilled 15 days after the applicant desires the regrade to be effective."

The trends in held orders and regrade requests since 1953 are summarized as follows:

<u>Period</u>	<u>Companies Responding</u>	<u>Unfilled Appli- cations for Main Service (Held Orders)</u>	<u>Unfilled Requests for Regrade of Service</u>
First Quarter 1953	54	118,656	102,548
Second Quarter 1953	51	108,539	94,108
Third Quarter 1953	51	101,124	97,557
Fourth Quarter 1953	48	72,633	89,661
First Quarter 1954	34	64,318	77,078
Second Quarter 1954	34	53,971	50,599
Third Quarter 1954	36	48,559	49,937
Fourth Quarter 1954	33	32,283	46,650
First Quarter 1955	38	39,206	50,068
Second Quarter 1955	35	41,469	56,714
Third Quarter 1955	38	44,044	69,195
Fourth Quarter 1955	33	40,583	86,906
First Quarter 1956	32	45,924	97,413
Second Quarter 1956	20	41,144	111,427
Third Quarter 1956	21	35,268	127,288
Fourth Quarter 1956	19	26,221	137,774
First Quarter 1957	20	28,578	136,714
Second Quarter 1957	13	19,659	118,411
Third Quarter 1957	15	18,288	122,145
Fourth Quarter 1957	20	8,227	99,395
First Quarter 1958	14	6,610	74,329
Second Quarter 1958	15	6,323	53,411
Third Quarter 1958	17	7,478	46,920
Fourth Quarter 1958	16	6,271	32,643

As of June 30, 1958, only 1,904 of the orders for main service were held more than six months, but 27,705 of the requests for regrade of service were held more than six months.

For most utilities the held orders and regrade requests have been declining consistently; however, there remain a few exchanges where development has been conceived and houses have been constructed and completed faster than the telephone plant has been engineered, purchased and placed in service. Such exchanges relatively are few in number and the situation now is such that it can be followed by the staff on a routine basis without the need of holding this investigation open any longer.

Findings and Conclusions

Based on the evidence of record, the Commission finds and concludes:

1. That during the seven-year period since this investigation was instituted, the hopes of the Commission have been realized in that the efforts of telephone corporations to provide new facilities and to insure maximum availability of telephone service have been reasonably obtained with a minimum departure from normal operating standards or procedures.

2. That the quarterly reports of held orders and regrade requests required by the first and third interim orders should be discontinued upon the filing of reports for the quarter ended December 31, 1959.

3. That the periodic reports (at least twice annually) of the total number of orders for new service and for regrades of service held for more than six months after the date the applicant desired service to start, together with a general explanation of the reasons for the delay and the utility's plans for providing service to the waiting applicants, required by the third interim order, should be discontinued upon the filing of reports for the period ended December 31, 1959.

4. That the short-form priority rule specified in the third interim order shall be used in the future until changed or revised by the Commission.

5. That the extension rule, provided by the sixth interim order, shall continue as the basic rule governing line extensions until changed or revised in the future by the Commission.

The Commission realizes that the situations which have been created by unpredictable population shifts with reference to shortage of facilities are by no means peculiar to the telephone service. We hear constantly of shortages of schools, sewers, and adequate roads. It is our firm belief that the utilities will make a continuing effort to avert a situation like that which existed at the time this

investigation originated and that they will minimize held-order and regrade request delays after this investigation has terminated.

The Commission finds and concludes that the telephone situation has improved sufficiently to warrant the closing of this investigation. The Commission desires to express appreciation to the respondents for their time and effort spent in preparing exhibits and reports to aid this Commission in its investigation, and for the improvements they have made and the progress they have achieved toward the solution of this difficult and important problem.

O R D E R

The Commission on its own motion having instituted an investigation into the present and potential demand for and availability of telephone service facilities, public hearings having been held, six interim opinions and orders having been issued and the matter now being ready for final decision, therefore,

IT IS ORDERED that:

1. Each telephone utility doing business in California is authorized to discontinue filing the quarterly report of held orders and regrade requests, required by the first and third interim orders, upon the filing of such report for the quarter ended December 31, 1959.
2. Each telephone utility in the state with annual operating revenues exceeding \$1,500 is authorized to discontinue filing the periodic reports (at least twice annually) of the total number of orders for new service and for regrades of service held for more than six months, required by the third interim order, upon the filing of such report for the period ended December 31, 1959.
3. The short-form priority rule specified in the third interim order shall be used in the future by telephone utilities until changed or revised by the Commission.

4. The extension rule provided by the sixth interim order shall be used in the future by telephone utilities as the basic rule governing line extensions, until changed or revised by the Commission.

5. The Commission's formal investigation of the availability of facilities for telephone service and the need for modification of rules or practices is terminated subject to the reporting by utilities and by their observance in the future of rules as hereinabove required.

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

Dated at San Francisco, California, this 24th day of February, 1959.

E. J. Fox
President
W. J. [unclear]
W. J. [unclear]
Theodore J. Jernell
Carroll [unclear]
Commissioners

APPENDIX A

LIST OF APPEARANCES

Respondents: The Pacific Telephone and Telegraph Company by Pillsbury, Madison & Sutro, Arthur T. George, and Francis N. Marshall; General Telephone Company of California, by Marshall K. Taylor and Albert M. Hart; California Water & Telephone Company and West Coast Telephone Company of California, by Claude N. Rosenberg of Bacigalupi, Elkus & Salinger; McCloud Telephone Company, by Warren H. Saltzman of Littler, Lauritzen and Mendelson, and Neal C. Hasbrook; The Bigelow Telephone Company, California Interstate Telephone Company, California-Oregon Telephone Company, California-Pacific Utilities Company, Capay Valley Telephone System, Central California Telephone Company, Citizens Utilities Company of California, Coachella Valley Home Telephone and Telegraph Company, Colfax Telephone Exchange, Colorado River Telephone Company, Delta Telephone and Telegraph Company, Dorris Telephone Company, Dos Palos Telephone Company, Inc., Enterprise Telephone Company, Evans Telephone Company, Foresthill Telephone Exchange, Gilroy Telephone Company, Happy Valley Telephone Company, The Independent Telephone Company, Kern Mutual Telephone Company, Kerman Telephone Company, Kernville Telephone Company, Los Gatos Telephone Company, Mariposa County Telephone Company, Inc., McFarland Telephone Company, Roseville Telephone Company, Sanger Telephone Company, San Joaquin Telephone Company, Siskiyou Telephone Company, Sunland-Tujunga Telephone Company, Tuolumne Telephone Exchange, The Volcano Telephone Company, and the Western Telephone Company, by Neal C. Hasbrook; Petrolia Telephone Company, by Mrs. Langdon.

Interested Parties: City and County of San Francisco, by Dion R. Holm and Paul L. Beck; California Farm Bureau Federation, by Eldon N. Dye, J. J. Deuel and Bert Buzzini; City of Los Angeles, by Roger Arnebergh, T. M. Chubb, M. Kroman, and R. W. Russell; California Independent Telephone Association, by Neal C. Hasbrook and Marshall K. Taylor; Telephone Industry Committee, by Marshall K. Taylor and Francis N. Marshall.

Commission Staff: Boris Lakusta, Charles W. Mors, and James F. Halev.

LIST OF WITNESSES

Evidence was presented on behalf of the Telephone Industry Committee, by Thomas A. Taylor, chairman, H. W. Holmwood, vice chairman, and Frank V. Rhodes and Russell J. Loveland, members.

Evidence was presented on behalf of the respondents, by Clifford F. Goode and H. L. Kertz of The Pacific Telephone and Telegraph Company; Ernest W. Watson, Frederick C. Rahdert, and Ronald D. Kingston of General Telephone Company of California; and Peter A. Nenzel and Fred H. MacGougan of California Water & Telephone Company and West Coast Telephone Company of California.

Evidence was presented on behalf of interested parties, by J. J. Deuel of the California Farm Bureau Federation.

Evidence was presented on behalf of the Commission staff, by John E. Brown and M. E. Mezek.