

ORIGINAL

Decision No. 63882

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

UNITED UTILITY USERS, a nonprofit
citizens' association,

Complainant,

vs.

Case No. 7017

THE CALIFORNIA WATER & TELEPHONE CO.,

Defendant.

UNITED UTILITY USERS, a nonprofit
citizens' association,

Petitioner,

vs.

Case No. 7018

THE CALIFORNIA WATER & TELEPHONE CO.

Defendant.

Investigation into the reasonableness
and propriety of telephone rates and
service of CALIFORNIA WATER &
TELEPHONE COMPANY and THE PACIFIC
TELEPHONE AND TELEGRAPH COMPANY in
the Alhambra, Arcadia, Monrovia,
Pasadena and Sierra Madre Exchanges.

Case No. 7207

(See Appendix "A" for Appearances)

INTERIM OPINION

The above-entitled complaints were filed on November 21,
1960, and were answered by the defendant on December 16, 1960.

By Decision No. 61371, dated January 24, 1961, the complaints were dismissed insofar as they purported to be petitions for rehearing of Decision No. 59772, dated March 8, 1960, in Application No. 41298 granting increases to defendant, and were consolidated for hearing.

Public hearings were held before Examiner Stewart C. Warner on April 12 and 13, 1961, at Arcadia.

On October 17, 1961, an order setting aside submission and reopening for further hearing on Cases Nos. 7017 and 7018 was issued and concurrently therewith the above-entitled investigation on the Commission's own motion into the reasonableness and propriety of telephone rates and service of California Water & Telephone Company and The Pacific Telephone and Telegraph Company in the Alhambra, Arcadia, Monrovia, Pasadena and Sierra Madre exchanges was instituted.

Public hearings on the matters were held before Examiner Warner on April 23, 24 and 25, 1962, at Arcadia. Although the service matters have been continued to a date to be set, it appears that the public interest requires that an interim decision be issued on the foreign exchange service rate phase, as distinguished from the telephone service phase of the complaints and the investigation, and an interim order thereon will follow.

Complaints allege that defendant's rates for foreign exchange service in the City of Arcadia (Hillcrest prefix, defendant's Monrovia exchange) are unreasonable and excessive.

The record shows in Exhibit No. 9 that as of December 31, 1960, California Water & Telephone Company was furnishing foreign exchange service to 418 subscribers with 468 services made up of 37 business individual line, 58 business PBX trunks, 370 residence individual line and three residence 2-party line services. Some

of such subscribers live in the City of Arcadia which, as shown in Exhibit No. 1, is partly served by The Pacific Telephone and Telegraph Company. Some subscribers live in the Hastings Ranch area of the City of Pasadena, which said city, except for such ranch area, is served by The Pacific Telephone and Telegraph Company. Defendant's foreign exchange service subscribers in Arcadia and Monrovia have a Hillcrest prefix and are in the defendant's Monrovia exchange; its foreign exchange subscribers in the Hastings Ranch area of Pasadena and Sierra Madre have a Sycamore prefix and are in its Sierra Madre exchange. Some of the subscribers in the Sierra Madre exchange have Hillcrest foreign exchange service.

The record shows that in July 1958 the rate for Hillcrest residence individual-line foreign exchange service of California Water & Telephone Company in Monrovia and Sierra Madre exchanges was \$4.65 per month, plus mileage charges; that the present rate is \$10.20, plus \$2.00 for each one-quarter mile of foreign exchange mileage; and that the present monthly rate of The Pacific Telephone and Telegraph Company for a comparable service is \$5.15, plus \$1.75 for each one-quarter mile of foreign exchange mileage.

Hillcrest residence two-party line foreign exchange service in Monrovia and Sierra Madre exchanges has not been offered to new applicants since 1951; however, it is being provided to existing subscribers at a monthly rate of \$9.15, plus \$1.75 per one-quarter mile. The present monthly rate for comparable Pacific Company two-party residence foreign exchange service is \$4.10, plus \$1.25 for each one-quarter mile of foreign exchange mileage.

The following tabulation shows the basic rates, exclusive of mileage charges, for business foreign exchange service of California Water & Telephone Company in its Monrovia and Sierra

Madre exchanges and for comparable Pacific Telephone foreign exchange service (foreign exchange mileage rate of each company is \$3.50 per one-half mile within the first mile):

	<u>C. W. & T. Co.</u>	<u>P. T. & T. Co.</u>
Business Message Rate Individual Line	\$22.60	\$12.25
Business Message Rate PBX Trunk	28.85	18.75
Additional PBX Trunk	28.00	18.00

The record shows that the recorded excess of revenue over all expenses, including taxes, depreciation and rate of return of 6.66 percent for foreign exchange service by California Water & Telephone Company in its Monrovia and Sierra Madre exchanges for the year ending June 30, 1961, was \$5.00 per service per month and the recorded rate of return on such service was 11.5 percent. Said year-ending period was the test period under investigation herein.

Based on the record the Commission finds and concludes that the present monthly rate of California Water & Telephone Company for its Hillcrest and Sycamore residence individual-line foreign exchange service in Monrovia and Sierra Madre exchanges of \$10.20, plus \$2.00 for each one-quarter mile of foreign exchange mileage, is excessive and unreasonable and that such rate should reasonably be \$5.25, plus \$1.95 for each one-quarter mile of foreign exchange mileage. The Commission further finds and concludes that the present monthly rate of California Water & Telephone Company for its Hillcrest and Sycamore residence 2-party line foreign exchange service in its Monrovia and Sierra Madre exchanges of \$9.15, plus \$1.75 for each one-quarter mile of foreign

exchange mileage, is excessive and unreasonable and that such rate should reasonably be \$4.25, plus \$1.65 for each one-quarter mile of foreign exchange mileage; the business message rate, individual line of \$22.60, the PBX trunk rate of \$23.85 and the charge of \$28.00 for an additional PBX trunk line are excessive and unreasonable and that each of said rates should reasonably not exceed, respectively, \$17.60, \$23.85 and \$23.00.

INTERIM ORDER

Based on the record and findings,

IT IS ORDERED that California Water & Telephone Company refile its presently filed tariffs for its Hillcrest and Sycamore foreign exchange service in its Monrovia and Sierra Madre exchanges to provide that the monthly rate for residence individual-line service be \$5.25, plus \$1.95 for each one-quarter mile of foreign exchange mileage, and for residence two-party line service be \$4.25, plus \$1.65 for each one-quarter mile of foreign exchange mileage; for business individual-line message rate be \$17.60; for business PBX trunk be \$23.85 and for additional business PBX trunk be \$23.00; such filing to be made in quadruplicate with the Commission within ten days after the effective date of this order in conformity with General Order No. 96-A. Concurrently with the refiling ordered herein, California Water & Telephone Company

shall withdraw and cancel by appropriate advice letter its presently effective tariffs applicable to such services.

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

Dated at San Francisco, California, this 2nd day of July, 1962.

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

Commissioner C. Lyn Fox, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX "A"

A P P E A R A N C E S

James J. Coughlin, Wilfred J. Schmitt, Mr. and Mrs. Robert L. Carroll, and Mrs. Bertha A. Cockley, for complainant.

Bacigalupi, Elkus & Salinger, by Claude N. Rosenberg, for California Water & Telephone Company, defendant and respondent.

Arthur T. George and Maurice D. L. Fuller, Jr., by Maurice D. L. Fuller, Jr., for The Pacific Telephone and Telegraph Company, respondent.

Lawrence C. Bevington, for the City of Sierra Madre, Fred R. Metheny, for the City of Pasadena, William H. Benke, for Allstate Insurance Company, James M. Carl, for Burroughs Corp., Electrodata Division, J. Thornton, for Thornton's Bakery, James T. Lynch, for Los Angeles City School Districts, Don Munro, for Hastings Ranch Telephone Improvement Association, and Craig Weingarten, Mrs. Brooks Thomas, and Mary Alice Waugh, in propria personae, interested parties.

William C. Bricca and James G. Shields, for the Commission staff.