

ORIGINAL

Decision No. 71291

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and Investigation on the Commission's own motion of tariffs filed by Advice Letter No. 8548 of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY.

Case No. 7693
(Filed August 27, 1963)
(Amended June 23, 1964;
February 3, 1965;
April 20, 1965; August 31,
1965; February 24, 1966;
June 21, 1966.)

INDUSTRIAL COMMUNICATIONS SYSTEMS, INC.;
CENTRAL EXCHANGE MOBILE RADIO; JIM COIN,
INC.; L. T. NIETHAMMER and VALERA M.
MITCHELL, dba DELTA MOBILE RADIO
SERVICE; DELTA VALLEY RADIOTELEPHONE
CO., INC.; FRESNO MOBILE RADIO, INC.;
HARRY F. FISHER, dba TULARE COUNTY RADIO
DISPATCH; HANFORD MOBILE RADIO, INC.;
K. K. KIDD, dba RADIO DISPATCH ENGINEER-
ING CO.; FRED C. MASSETTI, dba MADERA
RADIO DISPATCH; A. T. MARGOT and F.
MARTINELLI, dba COMMUNICATIONS ENGINEER-
ING CO.; MOBILFONE, INC.; ORANGE COUNTY
RADIOTELEPHONE SERVICE, INC.; GLEN D.
and VIRGINIA PAGE, dba PAGE'S TELEPHONE
ANSWERING SERVICE; RADIO ELECTRONICS
PRODUCTS CORP.; SALINAS VALLEY RADIO
DISPATCH; C. L. TADLOCK, dba TADLOCK'S
RADIO DISPATCH; PEARL L. WARNER and
EARL JONES, dba PENINSULA RADIO SECRE-
TARIAL SERVICE; JAMES E. WALLEY, dba
AUTO PHONE COMPANY; FOX AND MUNSON,
INCORPORATED; KENNETH RIGGS dba RIGGS
RADIO DISPATCH,

Case No. 7753
(Filed October 24, 1963)

Complainants,

vs.

THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation,

Defendant.

Arthur T. George and Maurice D. L. Fuller, Jr., by
Maurice D. L. Fuller, Jr., for The Pacific Telephone
and Telegraph Company, respondent in Case No. 7693
and defendant in Case No. 7753.
Lester W. Spillane, for Industrial Communications
Systems, Inc., et al., complainants.
Avery H. Simon, Mobile Radio Systems of San Jose, Inc.,
for Bert Levy; Neal C. Hasbrook, for California Inde-
pendent Telephone Association; Frank Chalfont, for
Chalfont Communications; Emerson E. Bolz, for Western
Union Telegraph Company; interested parties.
Hector Anninos and Paul Popenoe, Jr., for the Commission
staff.

O P I N I O N

Proceedings

These proceedings were heard on a consolidated record before Examiner Coffey and after 15 days of hearing and the filing of briefs were submitted for decision on January 5, 1965. On August 1, 1963, The Pacific Telephone and Telegraph Company (Pacific) filed under Advice Letter No. 8548,^{1/} revisions of its tariffs in Schedules Cal. P.U.C. Nos. 1-T, 6-T, 7-T, 53-T and 127-T to provide for the offering of service through, and interconnection with, radiotelephone public utilities.^{2/} When Industrial Communications Systems, Inc. (Industrial), an RTU corporation operating in the Los Angeles area, protested by letter dated August 15, 1963, that the proposed tariffs are without legal basis in that they cover service to customers of RTU's, this Commission suspended the proposed tariff revisions and instituted the investigation herein, Case No. 7693, to determine if said tariff sheets are discriminatory, preferential, unreasonable, unjust, insufficient or unlawful in any particular and to issue any order or orders that may be appropriate.

Thereafter, in October 1963, twenty RTU's filed the complaint herein, Case No. 7753, against Pacific in which they

^{1/} Pending hearing and decision on this matter, Pacific, to permit continuation of the investigation beyond the normal statutory limit of suspension, has requested permanent suspension of the original advice letter and the substitution therefor of advice letters of more recent dates, the advice letter currently under suspension being Advice Letter No. 9229, filed January 26, 1966.

^{2/} The Federal Communications Commission defines Domestic Public Land Mobile Radio Service as "A public communication service for hire between land mobile stations wherever located and their associated base stations which are located within the United States or its possessions, or between land mobile stations in the United States and base stations in Canada." Parties engaged in providing such service are sometimes referred to as miscellaneous common carriers (MCC's) and sometimes as radio communication carriers (RCC's). This Commission has designated such parties as radiotelephone utilities (RTU's).

requested under the provisions of Section 766^{3/} of the Public Utilities Code that Pacific be required to make and maintain physical connection between its lines and the facilities of each of the complainants; that the Commission prescribe joint rates, tolls and charges and that the Commission establish the division of costs of the interconnections in accordance with the terms of a proposed interconnection agreement, Attachment B to the complaint.

Complainants allege that:

1. The complainants each provide mobile-radio telephone service within their respective service areas that is basically unique and different in character from services offered by Pacific.

2. The service provided by the complainants primarily involves dispatching and features short, rapid communications on behalf of users such as operators of trucks, taxicabs, ambulances, repair and maintenance companies, sales organizations and service companies.

3. Users of the service provided by complainants have a vital need to communicate over landline facilities operated by Pacific

^{3/} "766. Whenever the commission, after a hearing finds that a physical connection can reasonably be made between the lines of two or more telephone corporations or two or more telegraph corporations whose lines can be made to form a continuous line of communication, by the construction and maintenance of suitable connections for the transfer of messages or conversations, and that public convenience and necessity will be served thereby, or finds that two or more telegraph or telephone corporations have failed to establish joint rates, tolls, or charges for service by or over their lines, and that joint rates, tolls, or charges ought to be established, the commission may, by its order, require that such connection be made on the payment of such compensation, if any, as it finds to be just and reasonable, except where the purpose of the connection is primarily to secure the transmission of local messages or conversations between points within the same city, or city and county. The commission may, by order, require that conversations be transmitted and messages transferred over such connection under such rules as it may establish, and may prescribe through lines and joint rates, tolls, and charges. If such telephone or telegraph corporations do not agree upon the division between them of the cost of such physical connection or connections or the division of such joint rates, tolls, or charges established by the commission over such through lines, the commission may after further hearing, establish such division by supplemental order."

by means of interconnection of such landline and radiotelephone facilities.

4. Industrial, supported by other RTU's including complainants, has engaged in lengthy and extensive efforts since early in 1962 to reach an agreement with Pacific regarding the terms and conditions of interconnection of radiotelephone facilities with the facilities of Pacific.

5. Industrial, on November 30, 1962, proposed a specific agreement for interconnection, Attachment B to the complaint.

6. Pacific rejected the specific agreement for interconnection proposed by Industrial, would not negotiate upon the agreement, and insisted upon the basis and terms of interconnection which it unilaterally filed on August 1, 1963, under Advice Letter No. 8548.

7. Negotiations between complainants and Pacific as to interconnection are stalemated.

Pacific in its answer to the complaint averred and admitted that:

1. Pacific is willing, and has offered, to interconnect on reasonable terms and conditions with the systems of duly certificated radiotelephone utilities which desire interconnection.

2. Since February 1960, the American Telephone and Telegraph Company negotiated with the National Mobile Radio System (NMRS), a national trade organization of radiotelephone utilities, until agreement was reached early in 1963 on the principles of interconnection.

3. Said agreed principles of interconnection, and others, are reflected in the tariff revisions filed by Pacific under Advice

Letter No. 8548 (Exhibit A attached to the answer) and in a form of agreement covering Pacific and RTU interconnection arrangements attached to the answer as Exhibit B.

4. The NMRS has recommended to its members that interconnection be arranged along the general lines of provisions like those in Exhibits A and B attached to the answer.

5. Industrial and Pacific began interconnection negotiations early in 1962, Pacific making available a proposed form of agreement and receiving from Industrial a counter proposal of agreement for interconnection (Attachment B to the complaint).

6. During negotiations Pacific furnished Industrial with copies of proposed tariffs and agreements in substantially the form of Exhibits A and B attached to the answer.

7. The unresolved differences between Industrial and other California RTU's are:

- (a) Pacific would charge 5 cents for its portion of interconnected service on a local call originated by an RTU customer; California RTU's want Pacific's charge on such calls to be less than 5 cents.
- (b) Pacific advised the RTU's it was obligated by Section 4894/ of the Public Utilities Code to file a tariff covering charges to users for its portion of interconnected service; RTU's object to Pacific's "filing any tariff whatsoever".
- (c) Pacific "offered" to provide equipment reasonably necessary for interconnection without additional charge and "offered" to meet with each RTU to work out its particular requirements for interconnecting equipment; certain RTU's indicated a desire to furnish the interconnecting equipment.

^{4/} "489. Under such rules as the commission prescribes, every public utility other than a common carrier shall file with the commission within such time and in such form as the commission designates, and shall print and keep open to public inspection, schedules showing all rates, tolls, rentals, charges, and classifications collected or enforced, or to be collected or enforced, together with all rules, contracts, privileges, and facilities which in any manner affect or relate to rates, tolls, rentals, classifications, or service. Nothing in this section shall prevent the commission from approving or fixing rates, tolls, rentals, or charges, from time to time, in excess of or less than those shown by such schedules."

8. Pacific advised Industrial that it intended to file the tariffs set forth in Exhibit A of the answer and thereafter did so in order to effectuate certain executed agreements like Exhibit B of the answer.

Pacific submitted in its answer that Case No. 7753 should not be consolidated with Case No. 7693 since the tariff filing suspended in Case No. 7693 is necessary to effect interconnected service pursuant to interconnection agreements already executed. Further, Pacific prayed that the complaint be dismissed.

Complainants and Pacific stipulated that wherever there is a public requirement for interconnected message service served by a certificated radiotelephone utility in the State, Pacific is willing to interconnect with that utility for the purpose of providing interconnected service. The parties to these proceedings are not contesting whether there should be any interconnection, but are contesting the terms and conditions under which the interconnections will be made.

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The interconnection agreement attached to the answer to the complaint as Exhibit B was modified by Pacific during the course of the hearing, as set forth in Exhibit 11, to incorporate wording from the form of contract, Exhibit 6, approved by representatives of the NMRS and American Telephone and Telegraph Company as the basis for negotiations between RCC's and Bell operating companies. A witness for Pacific stated that Pacific was willing to sign the form of agreement set forth in Exhibit 11 and interconnect on the basis outlined therein.

In January 1963, Pacific and Mobile Radio System of San Jose, Inc., and in August 1963, Pacific and Riggs Radio Dispatch executed interconnection agreements in substantially the form of Exhibit B.

The tariffs involved in Case No. 7693 are stated by Pacific to be intended to complement the foregoing executed interconnection agreements. The reasonableness and fairness of interconnection terms and conditions with respect to Pacific, the two signatory RTU's and the members of the public who are customers of these utilities are not issues in these proceedings.

There is no showing in these proceedings that the signed interconnection agreements create any undue burden or discrimination on any utility or customer of a utility. Lacking such a showing and being presented with agreement between the signatories of the conditions of interconnection and the division of revenues over through lines, it appears that no action is required of this Commission regarding the executed interconnection agreements. Pacific, by filing its proposed tariff, did not purport to establish interconnection agreements for all parties in these proceedings. Industrial and other complainants will not be adversely affected by the proposed tariffs so long as they are not required to interconnect under the terms of interconnection set forth in Exhibit A or Exhibit 11. The conditions of interconnection between Pacific and the complainants will be considered hereinafter.

The executed interconnection agreements contemplate interconnection on a "this-line-other-line" basis whereby each signatory utility will charge separately for the service it provides. Under its proposed tariff, Pacific would charge 5 cents for each local message originated by customers of an RTU and the applicable toll rate for each toll call originated or paid-collect by such customers.

The complainants have interpreted Pacific's tariff filing as a unilateral offering covering service to the subscribers of other utilities. The staff recommended that the tariff filed by

each utility (landline or RTU) contain only the service offering to its own customers. It is the opinion of the staff that nothing in Section 489 requires or permits Pacific to set forth in its tariff a service offering to the customers of another utility.

The positions of complainants and the staff result from a misconstruction of the application of Pacific's proposed tariffs. Pacific's tariff has no application to the service rendered by an RTU to the RTU's customer. The tariff has application only to the service Pacific itself provides to an RTU customer who is also Pacific's customer. This does not differ from the problem of tariffs setting forth charges for toll or extended local service over the systems of two or more utilities. The practice of telephone utilities filing rates separately for the portion of joint toll service which each furnishes and the rates therefor being additive has of recent years been generally changed so that toll tariffs setting forth toll charges between intrastate toll rating points are filed by Pacific and concurred in by tariff filings of independent telephone utilities. Under the latter practice, the settlement agreements between the utilities generally provide for the recovery of the full cost of rendering toll service by the independent telephone utilities. This change in practice with the assumption by the independent utilities of the function of determining the costs of service does not invalidate the old and established "this-line-other-line" basis of settlement for interchanged service when agreed to by utilities and where no unreasonable burden or discrimination is created.

We find relative to Case No. 7693 that:

1. The tariffs filed under Advice Letter No. 9229 apply only where Pacific and an RTU have agreed to interconnect pursuant to a contract substantially in the form of Exhibit B or Exhibit 11.

2. The rates, terms and conditions set forth in Pacific's tariffs are reasonable for service by Pacific to and from customers of an RTU with which arrangements have been made for the interchange of telephone traffic substantially in the form of Exhibit B or Exhibit 11.

We conclude that the suspension of the tariffs filed by Pacific under Advice Letter No. 9229 should be terminated, except that under "Applicability" of Schedules Nos. 6-T, 7-T and 127-T of said tariffs, the names "Mobile Radio System of San Jose, Inc." and "Riggs Radio Dispatch" shall be substituted for "Radiotelephone Utilities."

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Pacific would have this Commission order interconnection between Pacific and RTU's on substantially the terms and conditions set forth in Exhibit B or Exhibit 11, the basic principles of which are:

1. Pacific and RTU's would interchange exchange and toll traffic, but only over the facilities to be provided therefor in accordance with the terms of the agreement.
2. Each utility would own and maintain its own system, which in the case of Pacific would include the interconnecting arrangements.
3. Pacific would provide the RTU with an appropriate directory listing without additional charge.
4. Pacific would provide up to a maximum of one connecting circuit for each radio channel of an RTU without additional charge, and the RTU could obtain additional connecting circuits from Pacific for additional charge.
5. Rates would be filed on a "this-line-other-line" basis.

6. Pacific's charge for an interconnected local call placed by an RTU customer would be 5 cents.

Issues in Case No. 7753

The main contractual issues in Case No. 7753 are:

1. Which utility should provide the interconnection or switching equipment.

2. What should be the charge for use of Pacific's system for an interconnected "local" call between a customer of an RTU and a Pacific subscriber.

3. The number and location of points of connection between Pacific and an RTU.

4. Who should file the tariffs providing for interconnected service by Pacific and RTU's to their subscribers.

5. The intercompany settlement for interconnected service by Pacific and RTU's.

Interconnection Equipment

Interconnection, as used herein, involves the electrical connection which permits conversation between the subscribers of Pacific and the subscribers of an RTU. The interconnection equipment essentially involves the use of interconnecting keys or patch cords and auxiliary apparatus to perform or implement the functions of transmission, ringing, dialing, supervision and protection.

Pacific's proposed interconnection agreements (Exhibits 8 and 11) provide that Pacific will furnish connecting circuits

terminating at a point of connection and an interconnecting arrangement at the control point^{5/} of the RTU.

Pacific argues that each utility should own and maintain its own system, each free from interference by the other utility and each with undivided responsibility for the quality of service it provides. Thus, the RTU would have exclusive control over and responsibility for the radio console, the base transmitter and the mobile units while Pacific would have exclusive control over and responsibility for the central office, the connecting circuit to the central office and the "telephone instrumentality".^{6/}

Pacific premises its position on the assertion that the landline telephone instrument^{7/} is an integral part and essential element of the landline system, containing a balancing network which adjusts the transmission characteristics of the set to those of the line and central office, allows testing of the line, contains a signalling device, contains a device for actuating central office equipment and provides for proper termination of the line. Pacific maintains that a telephone subscriber cannot supply his own

5/ The point of connection and the control point need not be the same locale under the terms proposed by Pacific. If the control point is located outside the service area of the RTU base station, the RTU is responsible for providing circuits between the point of connection and the interconnecting arrangement supplied by Pacific at the control point at the remote location. We note that in this circumstance the RTU itself may provide under the agreement circuits between the point of interconnection and the control point. Under these circumstances it would appear that Pacific would be providing the termination of the RTU's circuits and not Pacific's circuits.

6/ "Telephone instrumentality" is defined by Pacific as the landline instrument, e.g., a hand set, a call director or a keyboard. Pacific includes in what it calls a normal telephone instrumentality the interconnecting or switching arrangement, the device for connecting any particular landline circuit to any particular radio channel.

7/ Here Pacific defines the term "telephone instrument" as the equipment which terminates the pair of wires from the central office in order to provide service.

instrument because the character and maintenance of the instrument can seriously affect central office equipment and service to others. It is Pacific's position that he who provides and maintains the telephone instrument bears, of necessity, a responsibility for the quality not merely of the interconnected service but of all land-line telephone service.

Pacific further premises its position on the statement that effective regulatory control and efficient provision of telephone service require imposition of clear and undivided responsibility for landline telephone service on the landline companies. The support for this statement is the difficulty of fixing blame for poor service when responsibility is divided and in increased problems and cost of maintenance and provision of service with division of responsibility. However, Pacific recognizes that dual responsibility exists for interconnected service itself.

Pacific further premises its position on the concept that the complainants' primary area of expertise is radio communications and is not landline communications, and the concern of complainants is interconnected service and not the quality of landline telephone service generally. As an example, Pacific theorizes that an RTU in its eagerness to insure sufficiently loud conversation between two interconnected parties could overamplify which could result in cross-talk and interference with the conversation of other parties using the telephone network.

Pacific reasons that it should retain its control of and responsibility for the telephone instrumentality to prevent improper interconnections and switching of rating points.

Complainants state that they insist on the option of providing their own interconnection equipment. The complainants

argue that Pacific insists on providing the interconnection equipment in order to control and dominate the RTU. Complainants feel they must have the option or they will face the problem of Pacific using the interconnection equipment to put the RTU's at a competitive disadvantage. In support of their position complainants rely on the evidence that in the two places where Pacific has an agreement whereby it furnishes the interconnecting equipment there has been substantial interconnection difficulty and on the fact that Pacific in this proceeding first contended that direct dialing interconnection equipment was not available, thus potentially hampering the operation of RTU's, and then changed its position in view of conclusive evidence (Exhibit 4) that direct dialing equipment and operations are available. The complainants contend that the equipment which Pacific has proposed to provide has been unnecessarily restrictive and would impede efficient and speedy handling of interconnected traffic.

The staff recommended, and set forth a proposed form of interconnection agreement (Exhibit 70), that an RTU should provide the interconnection equipment, with the additional option to the RTU that if it so desires it may request Pacific to supply the equipment. The staff did not consider convincing the reasons expressed by Pacific witnesses for providing interconnection equipment; namely, to insure proper dial pulse actuation of central office equipment, protection of landline circuits from undesirable currents and overloads, the opportunity for an RTU to provide keys or equivalent devices to complete irregular interconnection operations and to prevent telephone calls from being broadcast accidentally.

In regard to the requirements alleged by Pacific of dial pulse actuation of central office equipment, the staff pointed to the fact that non-Bell system dial equipment is widely used to actuate Pacific central office equipment. Examples of such non-Bell equipment usage are direct dialing by independent telephone utilities and their subscribers into the Pacific system, farmer line customers who are required to provide and maintain their own dial telephone instrumentalities, and foreign exchange customers in independent company territory served from Pacific central offices. We note that certainly the landline expertise of RTU's is at least comparable to that of the users of farmer lines.

To provide for the event of undesirable currents and overloads, the staff proposed that both Pacific and an RTU may each install in its own system such protection as it deems necessary.

Since, under its RTU business, an RTU appears to have the primary if not total responsibility for proper control and safeguard of its radio communication system, the staff is unconvinced of the need of Pacific to provide interconnection equipment to prevent accidental broadcast of telephone calls.

Many RTU's combine with their utility operations nonutility functions such as a telephone answering service. This multiplicity of function presents to the operators of an RTU complex operating situations which result in problems which each must satisfy in its own particular way in order to operate effectively and efficiently. We are of the opinion that if RTU's have the necessary expertise to construct, maintain and operate a radio communication network they generally have available to them and can easily command all of the landline expertise they may need,

if they do not possess it, from consulting services, manufacturers or association resources to design, construct, install, and operate interconnection equipment fully compatible with the operation of Pacific's system.

We are unable to conclude that the interconnection equipment is any more an integral part of Pacific's system than it is of the RTU's system.

We find reasonable that an RTU should have the option of either providing for itself interconnection equipment or obtaining such equipment from Pacific. We will hereinafter make provision that RTU's shall not interconnect lines used for nonutility business with those used for utility business and that RTU's shall not improperly switch rating points.

Pacific's Charge for Interconnected "Local" Call

Pacific proposes that the point of connection between the respective systems of the utilities for the handling of interchanged traffic shall be one point on the system of an RTU within the reliable service area of the RTU's base station.

"Local traffic" is defined by Pacific as traffic from or to stations in Pacific's exchange local service area at the point of connection. For interchanged local calls originating on the system of an RTU, Pacific proposes that the connecting circuits will be call-metered and a per-call charge will be made by Pacific at Pacific's tariff charges for interconnected local messages. No charge to Pacific will be made by an RTU for calls originating on Pacific's system. Pacific proposed a message unit rate of 5 cents for service through RTU's in its heretofore described filed tariffs. Thus, Pacific would charge 5 cents for each local interconnected call from an

RTU's subscriber. Pacific would supply one connecting circuit per radio channel without charge and such additional connecting circuits as requested by an RTU at a monthly charge of \$2.75 per circuit.

Pacific utilized the concept of value of service to justify its proposed 5 cent charge for local calls. The value of service, Pacific argued, is best measured by comparing the charges for like services by landline companies. While there is no Pacific service identical to the interconnected service through RTU's, Pacific alleges that the service provided to hotels for use by hotel guests is closely similar and, subject to certain exceptions, the facilities involved are identical. In both cases Pacific would render bills to a hotel and to an RTU, but would not incur the cost of billing and collecting from individual guests or RTU subscribers. Pacific allows for uncollectibles in the hotel situation but does not propose to do so in the case of RTU's since Pacific proposes to provide the RTU's with a quality circuit which will entail additional cost to Pacific. Further, Pacific argued that it will incur additional expenses for protective devices and coordination with RTU's that it does not incur in the case of hotels and it will not receive installation or move and change charges except on extra connecting circuits. Pacific contended that the compensation it receives under its hotel tariff shall be the minimum received for interconnected RTU service.

The RTU's propose that Pacific shall be paid the cost of handling local exchange, foreign exchange or extended service area messages at Pacific's cost of handling such messages from the point of interconnection. For the purpose of the interconnection agreement, the RTU's provide in their proposed form of agreement,

attached to the complaint, that such cost shall be computed monthly and shall not exceed an amount equal to the lowest business rate which would be charged to an RTU by Pacific in that local exchange, foreign exchange, or extended area, as the case might be, for such messages computed as though the RTU itself were initiating such messages. The average charge for local messages for individual message business service under the tariffs effective when the complaint was signed would approach 4.25 cents, the then filed message unit rate, and presently would approach 4.05 cents.

The staff concluded on the basis of this record, which did not provide cost study support for either basis of charging but which supported the proposed charges by parallels drawn to other services, that either the 5 cent or a 4.25 cent charge is within the range of reasonableness. The staff did testify that the 5 cent charge had some support from the fact that the interconnected service might be categorized as a special service akin to the hotel and foreign exchange services as opposed to the general and widespread services in which the 4.25 cent message unit rate pertained. The staff proposed an interconnection agreement, Exhibit 70 modified in the attachment to the staff brief, which provided that Pacific would receive \$2.75 for each connecting circuit and 85 percent of the 5 cent charge to the RTU subscriber for interconnected message, or 4.25 cents. The RTU would retain 15 percent of the 5 cent charge.

The testimony in this proceeding is that detailed studies of costs of providing message service as proposed by complainants would be difficult if not impossible.

This record does not provide the detail of the manner by which the cost studies by complainants would be accomplished.

Pacific provides, in addition to hotel private branch exchange trunk service, other services which have costs to serve that may be considered comparable to interconnected service with RTU's. These are Commercial Private Branch Exchange Trunk Line Service and Individual Line Business Service.

These services, depending on the exchange, are offered at different levels variously at flat rates only, message rates only, and optional flat or message rates. Trunks are furnished for Hotel Private Branch Exchange Trunk Line Message Rate Service in metropolitan areas without a monthly charge, with zero message allowance and at a 5 cent message unit rate. This contrasts with Commercial Private Branch Exchange Trunk Line Message Service in which the first two trunks are furnished for a monthly charge and an additional charge is made for each additional trunk furnished. Except for exchanges in the Los Angeles Extended Area, Commercial Private Branch Exchange Trunk Line Flat Rate Service is also offered by Pacific. Trunks for the hotel service have historically been furnished without monthly charge to insure adequate service to hotel guests, and resulting additions to revenue, during peak occupancy of the hotel. Such consideration does not apply to a commercial PBX where the traffic tends to be more stable than that of a hotel PBX and where any tendency to economize on the number of trunk circuits is offset by the commercial needs of telephone service. In our opinion the costs to Pacific of Commercial PBX Trunk Line Service will more closely approximate that of interconnected service with RTU's than any other service offered by Pacific. The costs of individual flat or message business service would be appropriate for RTU message relay.

operation but not for interconnected service. For the purposes of this proceeding, until such time as it is demonstrated otherwise, we find that the filed rates for Commercial PBX Trunk Line Service produce reasonable and fair revenues which recover the costs of service without discrimination. We further find that the filed rates for Commercial PBX Trunk Line Message Rate Service where available and Commercial PBX Trunk Line Flat Rate Service where measured service is not available will reasonably and fairly recover the costs to Pacific of providing interconnected local service for subscribers of RTU's without discrimination.

Points of Connection

As used in this section "points of connection" relates to the points from which toll rate determinations will be made and local calling areas established.

Pacific's proposal of one point of connection between Pacific and an RTU within the reliable service area of the RTU base station was interpreted by Pacific to mean that there could be only one rating point for each radio channel of an RTU. The effect of such a proviso is that there be but one toll rating point and local calling area for each radio channel. Pacific's purpose here is to prevent multichannel RTU's from bypassing the toll network and thus avoiding toll charges. Pacific's view is that a principle to be adhered to is that all toll charges placed over a given line should be rated from a single, fixed rating point.

The position of the RTU's is that Pacific should be required to make available to them "foreign exchange" lines which would have the identical effects on toll rating points and local calling areas as the authorization of additional points of connection.

The staff witness in Exhibit 70 first took the position that each radio channel should have only one point of connection. During cross-examination of the staff witness objections to the staff view were raised to the effect that the efficiency of multi-channel RTU operations would be impaired by imposition of the single point of connection per channel restriction. The staff stated that it is cognizant of the scarcity of channels available to RTU's in metropolitan areas and the desirability of encouraging maximum and efficient use of such channels in a multichannel RTU operation. In line with this objective the staff subsequently revised its position to recommend that an RTU be authorized to designate as many points of connection as it had radio channels, provided all mobile units of the RTU were equipped to operate on all such channels.

On the last day of hearing during recross-examination of the staff witness, the question arose of revising the staff proposal to limit the option of multiple points of connection and their location to that area only of channel service area overlap, i.e., the area which is common to the service areas of each channel in the multichannel operation. After review of this proposal the staff concluded that this qualification has merit in that it properly limits the degree of potential toll avoidance while yet achieving the stated staff objective of encouraging maximum and efficient use of radio channels in multichannel RTU operations.

Complainants and Pacific in their closing briefs rejected the staff proposal. Complainants argued that a single channel operator would not benefit under the staff proposal and would be virtually eliminated from the possibility of providing service at reasonable cost, on a basis of competition with

multichannel RTU's or landline companies. Pacific in its closing brief argued that the fundamental issue is not "toll avoidance" but that of applying the same rules to all traffic flowing over the system. Pacific states that no user of Pacific's network can use a given line or channel and have his calls rated from different points. To depart from this principle would, according to Pacific, discriminate against all other users of Pacific's network and burden them with costs properly attributable to the RTU customers.

Pacific did not precisely state the effect of its tariffs. A business subscriber by the payment of mileage charges based on the distance between the local exchange and a "foreign exchange", together with a fixed rate per month, plus a charge per message, may obtain foreign exchange service either for a business individual line or business PBX trunks. Rates for foreign exchange service are set at such levels as to compensate Pacific for the costs of rendering the service without discrimination. In other proceedings we have found repeatedly that foreign exchange service is in the public interest. We find that a public need and necessity exists for the use of RTU's of foreign exchange service for interconnected service and that such use will not discriminate against other users of Pacific's system or burden them with costs attributable to RTU's customers so long as Pacific is compensated at its filed rates for foreign exchange service and RTU's are not permitted to interconnect FEX lines to other FEX lines or local exchange lines. We shall permit an RTU to obtain as many local circuits as it may desire at any one point of connection in any one designated exchange within the service area of its base station and as many FEX lines to as many foreign exchanges as it desires provided the RTU does not interconnect any foreign exchange

or local exchange circuit. Violation of the prohibition against interconnection will void the option of the RTU to provide its own interconnecting equipment, and will cause the RTU to be liable for a charge by Pacific of \$100 for each and every such forbidden interconnection.

Tariff Filing

Complainants object to Pacific's filing tariffs which apply to the subscriber of the RTU. However, the complainants have not objected to the toll rates from local exchanges which are filed by Pacific and equally will apply to the use by RTU subscribers of the toll net of Pacific. We can find little substance in the position of complainants on this issue. However, in view of the terms of settlement which will be herein prescribed there will be no need for Pacific to file specific rates for interconnection service with subscriber of complainants since Pacific will be compensated for the cost of interconnection by amounts paid by complainants based on rates presently on file for existing services.

Intercompany Settlement

Pacific's proposal does not contemplate an intercompany settlement. Rather, it provides for certain monthly charges to the RTU for interconnection facilities furnished, plus payment by the RTU to Pacific of the sum of the landline message charges incurred by the RTU customers. The RTU's, on the other hand, attempted to devise in their proposed form of intercompany agreement (Exhibit 20) a method of intercompany settlement on a cost type basis such as is used by independent telephone companies in settlement of interchanged revenues with Pacific, i.e., a compensation to the independent based upon a determination of separated costs plus a rate of return on its investment devoted to the interchanged service.

The staff view is that Pacific's proposal is deficient in that it fails to compensate the RTU's for their assumption of the burden of billing and collecting for the landline portion of interchanged message charges and the risk of uncollectibles. As to the RTU proposal, the first objection noted by the staff is that the cost type settlement is not compatible with the rate treatment contemplated in this proceeding. Such a settlement method was originally conceived to compensate independent telephone companies upon the adoption of uniform statewide toll rates. At that time, Pacific became the statewide toll filing utility and assumed the responsibility of seeing that each connecting independent telephone company received its costs plus Pacific's rate of return on investment. The circumstances which necessitated cost type settlements in that situation do not obtain here. Another objection is that the RTU settlement proposal is imprecise and incomprehensible in some respects. The staff also questions whether the RTU's have the experience, resources and technical ability to properly make such studies.

In its Exhibit 70 the staff proposed a method of settlement which in its opinion is fair in effect, simple in concept and administration, and will not result in a burden upon the general ratepayer of Pacific. The settlement would include compensation to Pacific in the amount of \$2.75 per month per connecting circuit, while the RTU would retain 15 percent of collections of landline charges from its customers to compensate it for the costs of billing and collecting and assumption of uncollectible risks, of which burdens Pacific is relieved.

Considering that Pacific will be required by the inter-connection agreement prescribed herein to provide local as well

as foreign exchange service at commercial PBX rates premised on the collection of rates and charges from a single party, we are unable to find it reasonable that the RTU's should be permitted any discount to compensate them for the costs of billing, collecting and uncollectibles. Complainants reasonably should expect to bear the burdens as well as reap the benefits of consolidation of operations. We find it reasonable that an RTU collect from its subscribers all costs of interconnected messages and compensate Pacific for the cost of the use of Pacific's system for interchanged traffic at the filed rates and charges for similar local and foreign exchange commercial services and for toll services.

Other Matters

In addition to the opening and closing briefs filed in these proceedings, Pacific, and Chalfont Communications and Mobile Radio System of San Jose, interested parties, distributed to all parties comments on the opening and closing briefs which will be considered.

The Mobile Radio System of Ventura, Inc., an interested party, and the Mobile Radio System of San Jose, Inc., the latter having signed an interconnection agreement with Pacific, prayed that this Commission make the staff proposed interconnection agreement effective with minor modifications.

Chalfont Communications also requested that the Commission permanently suspend Pacific's proposed tariff and order an interconnection agreement substantially as proposed by the staff except that interconnected foreign exchange service be included.

The order herein will not apply to the foregoing interested parties since they are not complainants in these proceedings. We note that Riggs Radio Dispatch, a complainant in these proceedings has voluntarily signed an interconnection agreement with Pacific.

Findings

In addition to the foregoing findings, we find that:

1. Public convenience and necessity require the interchange of local and toll message telephone traffic between Pacific and complainant RTU's.
2. Pacific and complainant RTU's are willing to interconnect and interchange local and toll message telephone traffic but have not agreed upon the terms and conditions of interconnection or upon the division between them of the costs or revenues from such connections.
3. Complainants have requested this Commission to require Pacific to make physical interconnection between the lines and facilities of Pacific and each of complainants, to prescribe rates for interchanged traffic, and to prescribe the terms and conditions of the interconnection.
4. Since this record does not contain sufficient details of the operating requirements and cost of interconnected traffic to permit the Commission to prescribe joint rates for interconnection, it is reasonable that each complainant be required to file tariffs setting forth the rates to be charged its subscribers for interconnected local, foreign exchange, and toll messages and thereafter Pacific be required to modify its tariffs to indicate the availability of interchanged service with RTU's at the then existing exchange and toll rates.

5. The attached Appendix A, entitled "Terms and Conditions of Interconnection", sets forth fair and reasonable terms and conditions for interchanged message traffic between complainant RTU's and Pacific.

6. The above mentioned Terms and Conditions of Interconnection will fully compensate Pacific for its cost of interchanged message traffic with complainant RTU's.

7. Since Riggs Radio Dispatch has voluntarily signed an interconnection agreement with Pacific, said complainant does not have a cause of action before this Commission.

The Commission concludes that Pacific and complainant RTU's should interconnect their systems and interchange local, foreign exchange and toll traffic, that Pacific should be compensated for its cost of such interchanged traffic in accordance with the Terms and Conditions of Interconnection attached to this order as Appendix A, and that the complaint of Riggs Radio Dispatch should be dismissed.

ORDER

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company shall provide interconnection of its system with the systems of complainants and interchange local, foreign exchange and toll traffic in accordance with the Terms and Conditions of Interconnection attached to this order as Appendix A.

2. Each complainant who proposes to offer interconnected service to its subscribers shall file revisions of its tariffs setting forth the rates and conditions of interconnected local,

foreign exchange and toll service with The Pacific Telephone and Telegraph Company, and thereafter The Pacific Telephone and Telegraph Company shall file revisions of its tariffs to indicate the availability of interchanged service with each complainant who so files. Such filings shall comply with General Order No. 96-A.

3. The complaint of Riggs Radio Dispatch is dismissed without prejudice.

4. The tariff suspension order of June 21, 1966, in Case No. 7693, is vacated and set aside except that under "Applicability" of Schedules Nos. 6-T, 7-T and 127-T of said suspended tariffs the names "Mobile Radio System of San Jose, Inc." and "Riggs Radio Dispatch" shall be substituted for "Radiotelephone Utilities," and Case No. 7693 is discontinued.

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

Dated at Los Angeles, California, this 20th day of September, 1966.

President

Frederick B. Eoleboff

William B. Bennett

Attorney

Commissioners

I will file a separate opinion.

George T. Crow

APPENDIX A
Page 1 of 8

TERMS AND CONDITIONS OF INTERCONNECTION

This is a statement of terms and conditions of interconnection by and between THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation of the State of California licensed to do business in the State of California (hereinafter called "Company"), and _____ (Complainants in Case No. 7753) (hereinafter called "Carrier").

Carrier is a radiotelephone utility operating as a Miscellaneous Common Carrier in the Domestic Public Land Mobile Radio Service, licensed by the Federal Communications Commission, and Company is a Telephone Common Carrier regulated by the Federal Communications Commission, and both are regulated by the Public Utilities Commission of the State of California.

1. Traffic Interchanged

The parties hereto shall interchange message telephone traffic (both local and foreign exchange and toll as hereinafter defined) between the system operated by Company and the system operated by Carrier upon the terms and conditions herein stated.

The traffic interchanged hereunder at the point of connection hereinafter designated shall be calls to and from mobile units within the service area of Carrier's base station which serves the area in which the point of connection is located. Mobile units as used herein include duly licensed rural subscriber stations and temporary fixed stations.

Local traffic is traffic, over connecting circuits, from or to stations in Company's exchange local service area at the point of connection. Said exchange is hereby designated the local exchange.

Foreign exchange traffic is traffic over connecting circuits, from or to stations in the local service area of an exchange of Company other than the exchange in which is located the point of connection. Said exchanges are hereby designated foreign exchanges.

Toll traffic is traffic on a sent-paid, sent-collect, credit card or billed-to-a-third-number basis from or to stations outside Company's exchange local or foreign service area.

Traffic connected from Carrier's system to dispatch lines secured from Company under separate contract are not considered interconnected message traffic.

TERMS AND CONDITIONS OF INTERCONNECTION

2. Point of Connection

The point of connection is the point at which Company's system and Carrier's system are interconnected for the purposes of handling interchanged telephone message traffic. The point of connection between the respective systems of the parties hereto for the handling of the traffic interchanged hereunder shall be a point on the system of Carrier within the service area of Carrier's base station, at _____ . Nothing herein shall be construed as preventing Carrier from locating its control point outside said service area.

3. Company's System

Company's system is the exchange and toll network of Company and the companies with which it interconnects throughout the United States and certain areas abroad.

4. Base Station and Service Area

A base station is a land station licensed by the Federal Communications Commission from which radio communications are transmitted and received to and from Carrier's mobile units. The service area of the base station is the area within which operation is authorized by the Public Utilities Commission of the State of California. Such area is generally identical with the reliable service area as defined in Section 21.504 of the Rules of the Federal Communications Commission.

5. Control Point

A control point is a point from which Carrier controls all or part of its mobile communications system. Carrier's operator receives and transmits radio communications at the control point.

Carrier's control point is located at _____,

_____.

6. Carrier's System

Carrier's system is a two-way communications system consisting of a base station or stations, a control point and mobile units. The components of Carrier's system are set out in Carrier's radio station license.

Exhibit A attached hereto shows the location of Carrier's base station, Carrier's control point, and the point of connection.

7. Facilities

Each party shall construct, equip, maintain and operate its system so that good service will be furnished to the public at all times, and each shall furnish adequate facilities therefor. Company shall provide as many connecting circuits to as many exchanges as requested by Carrier in order to adequately handle interconnected traffic. Not less than one connecting circuit per radio channel of Carrier shall extend from Company's central office serving the area in which the point of connection is located to the point of connection of Carrier's system.

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TERMS AND CONDITIONS OF INTERCONNECTION

The connecting circuits shall be two-way regular voice grade exchange lines, extending from Company's central office serving the local service area of local and foreign exchanges to the point of connection on Carrier's system; the connecting circuits from each central office to be used interchangeably in a common group for interconnected calls. These connecting circuits shall be used only for interconnected calls between Carrier's mobile units and the telephones served by the exchanges and toll facilities of Company and its connecting companies, and for no other purpose.

Carrier may designate as many secondary points of connection as it desires provided.

Company shall provide a directory listing together with sufficient information to indicate the manner of reaching customers of Carrier, in the alphabetical and classified sections of the appropriate directories for local and foreign exchanges. Further, Company shall revise its tariffs to indicate the availability of interchanged service with Carrier at existing exchange and toll rates.

Carrier will provide the necessary interconnecting or switching arrangements on its system to permit the efficient handling of traffic over the connecting circuits, except that Carrier may request Company to provide such arrangements under separate contract. If Carrier should interconnect directly or indirectly any Company local or foreign exchange connecting circuit with any other local or foreign exchange circuit, except circuits between the point of connection and the control point(s), the right to provide the interconnecting or switching arrangements on Carrier's system shall become Company's and in addition Carrier shall pay Company \$100 for each such prohibited interconnection.

Carrier will be responsible for providing the circuits between the points of connection and the control point. Nothing herein shall preclude Carrier from obtaining such facilities from Company.

8. Transmission

The equipment of Company and of Carrier shall be of such character and shall be installed, operated, and maintained by each so as not to cause induced sound or crosstalk to or from circuits of the other.

At the point of interconnection with the connecting circuit facilities furnished hereunder, Carrier shall furnish for each radio channel to be connected a two-wire facility through a 900-ohm source impedance with an average voice signal of -10 vu with maximum allowable deviation of ± 10 vu and, if required, a hybrid at Carrier's point of conversion from two-wire to four-wire capable of a precision balance to impedances ranging from 600 to 1,200 ohms.

TERMS AND CONDITIONS OF INTERCONNECTION

Carrier shall furnish duplex operation of the facilities from the point of interconnection to the mobile unit so that the landline shall not be switched by either manual or voice means during conversation. Company may make reasonable tests and inspections and may, upon notice to Carrier, interrupt the facilities being tested or inspected, or may, without such notice, interrupt the facilities in case Carrier departs from the requirements hereunder, until the situation is corrected.

9. Protection

Each party will take reasonable precautions in the location, construction and maintenance of its facilities for protection against hazard or injury to the customers, employees and property of the other and so as not to interfere with services or facilities furnished by the other. Company and Carrier, as they deem necessary, may each provide equipment on their systems for the protection of their systems. Voltages and currents impressed by Company or Carrier on the system of the other shall be such as to not interfere with the service, nor damage the facilities, nor create a hazard to the employees or customers of the other.

10. Methods and Practices

Through service for interconnected local and toll message traffic between Company's and Carrier's systems will be established only through interconnecting arrangement described in paragraphs 7 and 8, above.

On interchanged traffic Company and Carrier will each be responsible for the timing and ticketing necessary for the rating and billing of its own tariff charges. Company will maintain monthly records of interconnected message usage sent-paid or received-collect by Carrier's customers, and as promptly as possible after the close of each monthly billing period, Company will furnish to Carrier a copy of such records. Such records are for the assistance of Carrier in determining charges to its customers and for the use of the parties in the determination of settlement amounts due.

11. Monthly Settlements

Company and Carrier shall each collect all charges payable to them by their customers for telephone communications originating or terminating on their systems, and shall account and be responsible to the other for the latter's portion thereof; shall each keep adequate records of their transactions hereunder and such records shall be subject to inspection by the other at all reasonable times; and shall each furnish to the other such information as may be required for monthly settlement purposes.

Settlement statements hereunder shall be rendered monthly by Company to Carrier and remittance in full shall be made by the debtor within thirty (30) days thereafter.

TERMS AND CONDITIONS OF INTERCONNECTION

12. Basis of Settlement

The amounts to be received monthly by the respective parties for the message telephone traffic interchanged hereunder shall be determined in accordance with the Basis of Settlement shown in Exhibit B attached hereto and made a part hereof.

13. Defaults or Violations

If either party hereto defaults or violates any provision of these terms and conditions of interconnection, and if such default or violation shall continue for thirty (30) days after written notice hereof, the other party may terminate interconnection forthwith by written notice.

14. No Waiver

The failure of either party to enforce any of the provisions of these terms and conditions of interconnection or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision, but the same shall, nevertheless, be and remain in full force and effect.

15. Term

These terms and conditions of interconnection shall take effect twenty (20) days after the date of the order in Case No. 7753 and, unless sooner terminated as herein provided, will continue in force until terminated by written notice to this Commission from both parties, that they have mutually agreed on an interconnection agreement, or by further order of this Commission.

16. Notices

Notices under this statement may be given by posting in first class mail; copies of such notices shall be furnished this Commission without delay.

17. Assignment

The rights obtained under this statement may not be assigned or transferred by either party without order of this Commission.

EXHIBIT A.

Diagram showing location of Carrier's base station,
Carrier's control point, and the point of connection.

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EXHIBIT B

BASIS OF SETTLEMENT

1. Company shall be compensated monthly by Carrier for the cost of the use of Company's system for interchanged message telephone traffic under the terms and conditions of this statement of Terms and Conditions of Interconnection in the manner set forth below.

2. The monthly settlement amount due Company shall be the sum of the following:

- a. For the first one or two interconnected circuits to the local exchange the amount of the rate filed by Company for the first two trunks under the Commercial Private Branch Exchange Trunk Line Message Rate Service if such service is offered in the local exchange.
- b. For each interconnected circuit to the local exchange in addition to the first two such circuits the amount of the rate filed by Company for each additional trunk under the Commercial Private Branch Exchange Trunk Line Message Rate Service if such service is offered in the local exchange.
- c. For the first interconnected circuit to each foreign exchange the amount of mileage and exchange charges permitted by the filed tariff of Company for the first trunk in Business Private Branch Foreign Exchange Trunk Service.
- d. For each additional interconnected circuit to each foreign exchange the amount of mileage and exchange charges permitted by the filed tariffs of Company for each additional trunk in Business Private Branch Foreign Exchange Trunk Service.
- e. For each originating interconnected message except sent-collect, Bell credit card and billed-to-a-third-Bell-number messages and for each terminating interconnected sent-collect message, the amount of filed message charge for the portion of the haul over Company's system.

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Page 8 of 8

EXHIBIT B

BASIS OF SETTLEMENT

3. If only Commercial Private Branch Exchange Trunk Line Flat Rate Service is available in the local exchange, amounts due Company in accordance with 2.a and 2.b above shall be computed at filed rates for said flat rate service.

4. The monthly settlement amounts due Company shall be in addition to any amounts due Company by Carrier for installation, move or change, or provision by Company of private branch exchange service, supplemental equipment, special assemblies of equipment and other related services under special contracts.

5. Carrier shall be compensated for the amounts paid Company for the use of Company's System for interchanged message telephone traffic under the terms and conditions of this statement of Terms and Conditions of Interconnection by charges to Carrier's subscribers under Carrier filed rates for interconnected local, foreign exchange and toll service.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Suspension and Investigation on the Commission's own motion of tariffs filed by Advice Letter No. 8548 of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY.

Case No. 7693
(Filed August 27, 1963)
(Amended June 23, 1964;
February 3, 1965;
April 20, 1965; August 31,
1965; February 24, 1966;
June 21, 1966.)

INDUSTRIAL COMMUNICATIONS SYSTEMS, INC.;
CENTRAL EXCHANGE MOBILE RADIO; JIM COIN,
INC.; L. T. NIETHAMMER and VALERA M.
MITCHELL, dba DELTA MOBILE RADIO
SERVICE; DELTA VALLEY RADIOTELEPHONE
CO., INC.; FRESNO MOBILE RADIO, INC.;
HARRY F. FISHER, dba TULARE COUNTY RADIO
DISPATCH; HANFORD MOBILE RADIO, INC.;
K. K. KIDD, dba RADIO DISPATCH ENGINEER-
ING CO.; FRED C. MASSETTI, dba MADERA
RADIO DISPATCH; A. T. MARGOT and F.
MARTINELLI, dba COMMUNICATIONS ENGINEER-
ING CO.; MOBILPHONE, INC.; ORANGE COUNTY
RADIOTELEPHONE SERVICE, INC.; GLEN D.
and VIRGINIA PAGE, dba PAGE'S TELEPHONE
ANSWERING SERVICE; RADIO ELECTRONICS
PRODUCTS CORP.; SALINAS VALLEY RADIO
DISPATCH; C. L. TADLOCK, dba TADLOCK'S
RADIO DISPATCH; PEARL L. WARNER and
EARL JONES, dba PENINSULA RADIO SECRE-
TARIAL SERVICE; JAMES E. WALLEY, dba
AUTO PHONE COMPANY; FOX AND MINSON,
INCORPORATED; KENNETH RIGGS dba RIGGS
RADIO DISPATCH,

Case No. 7753
(Filed October 24, 1963)

Complainants,

vs.

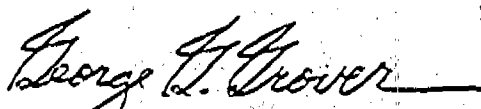
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation,

Defendant.

SEPARATE OPINION OF COMMISSIONER GROVER

The decision of the majority takes the long-needed step of regularizing, for the parties at least, the basis of interconnection between landline telephone and radiotelephone utilities. Unfortunately, the proceeding has not been viewed as a suitable vehicle for prescribing the basis of such interconnection for all California RTUs; the order treats only those RTUs which have entered into an agreement with The Pacific Telephone and Telegraph Company and those which are complainants

herein. A broader inquiry might have included all California landline telephone companies and RTUs and might appropriately have developed a proper division of revenues between the two classes of communications utilities. The decision herein does not reach this divisions issue; instead it reestablishes the old "other line rate" principle which the landline telephone companies in California have now abandoned as to the interconnections which they maintain between themselves. Moreover, the decision does not really treat the RTUs as utilities but as mere telephone customers, for it provides that the RTUs must pay Pacific's normal commercial PBX rates for the required interconnecting trunks as well as Pacific's normal local and toll message charges. The order is almost certain to lead to rate disparities as between the through mobile-landline service offered to customers of the RTUs and the competing through service offered to mobile customers of the landline companies. In addition to the discriminatory effect which such disparities will have upon the public, they will also put the RTUs at a competitive disadvantage.



George G. Grover, Commissioner

San Francisco, California

September 30, 1966