

ORIGINAL

Decision No. 72704

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DONETTA M. PERL, and others,)
 Complainant,)
 vs.)
 GENERAL TELEPHONE COMPANY,)
 Defendant.)

Case No. 8563
Filed November 14, 1966

Marc H. Perl, for complainants.
A. M. Hart and H. Ralph Snyder, Jr.,
 by H. Ralph Snyder, Jr.,
 for defendant.
 R. W. Russell, by K. D. Walpert,
 for Department of Public Utilities
 and Transportation, City of
 Los Angeles, interested party.
A. Tokmakoff, for the Commission staff.

O P I N I O N

By the complaint herein, heard and submitted on March 21, 1967 at Los Angeles before Examiner Main, complainants seek an order (1) directing General Telephone Company of California to defer an installation charge of \$6 for the 20-foot long "extension" cord, which connects the telephone (instrument) to the terminal block, at the residence of Donetta M. Perl and (2) nullifying the tariff provisions supporting such charge. Donetta M. Perl is the principal complainant; 25 other individuals identified on the signature page attached to the complaint join in the complaint.

The complaint alleges, in substance, that upon installation of one of defendant's telephone sets at principal complainant's former address (11519 Venice Boulevard, #3, Los Angeles) the

principal complainant ordered, received and paid for one long, 20-foot cord for said telephone; that the principal complainant, upon changing her residence to 11668 Idaho, #4, Los Angeles, once again ordered and received one long, 20-foot cord and was charged \$6; that upon inquiry defendant informed principal complainant that since she had moved to a different exchange area the charge had been incurred; that principal complainant has "color credit" from The Pacific Telephone and Telegraph Company; that no additional charge was incurred for the colored instrument during subsequent moves by the principal complainant into defendant's service territory; and that the principal complainant feels that the \$6 charge is unfair, inconsistent and antiquated.

In its answer to the complaint, defendant moves to dismiss the complaint on the ground set forth in that portion of Section 1702 of the Public Utilities Code which provides in effect that the complaint must allege that the utility has done something " . . . in violation or claimed to be in violation, of any provision of law or of any order or rule of the commission . . . " Defendant contends that since the complaint fails to allege any violation of the defendant's tariff it does not state a proper cause of action.

Defendant renewed the motion at the hearing, at which time defendant added as a second ground that portion of Section 1702 which provides that: "No complaint shall be entertained by the commission, except upon its own motion, as to the reasonableness of any rates or charges of any . . . telephone corporation . . . " unless among other things the complaint is signed " . . . by not less than 25 actual or prospective consumers or

purchasers of . . . telephone service." Defendant determined that four of the individuals joining in the complaint, who reside in Los Angeles, Culver City and Studio City, do not live within defendant's service territory and contends that these four individuals therefore are not actual or prospective customers of General Telephone Company of California.

Before ruling we should observe that it would not be unreasonable to provide an opportunity to complainants to remedy any such potential defect relating to the second ground. This opportunity, however, need not be provided, since we find that defendant's interpretation is too restrictive and that it would not be unreasonable to construe the 26 signatories as the required number of actual or prospective consumers or purchasers of defendant's telephone service. This finding includes consideration of such matters as changes in residence from time to time by people in the Southern California area,¹ the community of interest in telephone service, and the customer link to other systems through toll calls requiring a separation of revenues and expenses for inter-company settlement purposes. The motion is denied and the central issue of the complaint goes to the reasonableness of the charge.

¹ Principal complainant formerly resided in the service territory of The Pacific Telephone & Telegraph Company.

Defendant's answer to the complaint was not directed to the reasonableness of the charge other than to point out that pursuant to Section 734 of the Public Utilities Code reparations could not be ordered because the tariff in question had been found just and reasonable by the Commission. At the hearing defendant requested that its answer be amended to show that the proper installation charge for a 20-foot long cord is \$7 rather than the \$6 charge specified therein.²

Marc H. Perl, the husband of principal complainant, testified on behalf of the complainants, none of whom attended the hearing, apparently because of work commitments. His understanding is that the tariff for long cords originated in the early 1940s as a consequence of the copper shortage during World War II. He alleges that The Pacific Telephone and Telegraph Company's cost for a 20-foot long cord, including an installation requiring approximately 30 minutes, does not exceed \$2.37.

² The record indicates that principal complainant or her husband requested a long cord without specifying the length and that the cord as installed measures 20 feet; defendant's records, however, show that a 25-foot cord was installed. Under the applicable tariff the 20-foot cord, as a nonstandard length, carries a \$1 surcharge over the charge of \$6 for the 25-foot long cord.

Defendant's witness testified, in substance, that defendant and its predecessor company have been offering special-type cords for more than 30 years; that the charges and special condition in question herein are set forth in defendant's Schedule No. A-15; that such charges and condition were found reasonable by Decision No. 57086 dated August 5, 1958 in Application No. 39465; that in view of a substantial increase in cost since 1958 these charges presently do not adequately compensate the defendant for the costs incurred in providing special cords; that the impact on defendant if such charges were to be waived as requested by complainant could reach \$637,000 per year or about .25 percent of defendant's total gross revenues; and that the primary purpose of the existing color charge is to retard the early obsolescence of black telephone sets.

As of March, 1967 defendant estimates its "up and down" or total cost to be \$8.49 for a 25-foot cord installation. The breakdown of this estimate is as follows: Material and supply expense \$2.18; installation (.5 hours) cost \$3.06; removal (.4 hours) cost \$2.45; administrative expense \$.80. The record indicates that there would be some cost differential on the average where long cords are installed (1) concurrently with the primary service connection and (2) after service is connected. Although a current study has not been made, defendant's witness stated that after conferring with operating personnel it is his view that long cords are still installed predominantly after the service is connected.

The record also indicates there is no significant difference in costs when a subscriber's service with the special-type cord is moved to another premises of the same subscriber within the same exchange where instrumentalities are not in place and the comparable situation when a subscriber's service is moved to another exchange. Under special condition 4(e)2 of Schedule No. A-15 the installation charge for a long cord is waived in the first circumstance, that is, where the move is within the same exchange. This waiver appears to have been responsive to customer or public relation considerations.

Comparable tariffs and special conditions for long-cord installations are, and have been for many years, in effect on nearly a statewide basis. An elimination of charges as sought herein by complainants is incompatible with the principle that non-recurring or supplemental equipment charges to the extent they are not fully compensatory place a burden on the general body of rate payers. In this connection it is pertinent to note that Decision No. 71575 dated November 23, 1966 in Case No. 7409 considered that burden and increased certain service connection and move and change charges of The Pacific Telephone and Telegraph Company.

Some of the fundamental considerations which enter into fixing charges together with related special conditions include cost, history of rates, customer acceptance, and uniformity and simplicity of tariff design where practicable. The costs considered in fixing charges usually represent averages; charges as presently set forth in defendant's Schedule A-15 do not differentiate between long-cord installations made after the primary service has been installed and those made concurrently with the primary service connection.

Findings

The Commission finds that:

1. Complainants have not adduced evidence showing the charges and special condition herein involved to be unjust and unreasonable.

2. The charges and special condition herein involved were found just and reasonable by Decision No. 57086 dated August 5, 1958 in Application No. 39465.

3. The record in this proceeding does not disclose that any pertinent substantial changes other than an increase in costs have occurred since the issuance of the aforesaid decision.

The Commission concludes that the complaint should be dismissed.

O R D E R

IT IS ORDERED that this complaint is dismissed.

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

Dated at San Francisco, California, this 6th day of JULY, 1967.

[Signature]
President

[Signature]

William M. Bennett

[Signature]
Commissioners

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.