

ORIGINAL

Decision No. 76036

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Trans-World Bank,

Complainant,

vs.

General Telephone Company of
California,

Defendant.

Case No. 8873
Filed December 3, 1968

A. M. Hart and H. Ralph Snyder, Jr.,
by H. Ralph Snyder, Jr., for
General Telephone Company of
California, defendant.
Robert R. Davis, for Trans-World Bank,
complainant.

O P I N I O N

Complainant, Trans-World Bank, contends that defendant, General Telephone Company of California,¹ oversold (in the sense of exceeding the bank's communication requirements) a telephone serving arrangement installed in 1963 to serve the bank offices in Pacoima and San Fernando. It alleges that this serving arrangement, which included as its central element a type 80 Leich automatic switchboard, was grossly too large, was uneconomical to operate, rendered inefficient service and had other undesirable characteristics. It seeks refunds of \$3,000 per year as "excess charges" for the period the Leich 80 was in service and refund of a \$764 charge to install equipment which replaced the Leich 80 system.

¹ General Telephone Company of California and California Water and Telephone Company merged on August 31, 1967. Prior to this merger, California Water and Telephone Company provided telephone service to complainant's predecessor, the San Fernando Valley Bank.

Defendant seeks dismissal alleging that the complaint fails to state a cause of action within the jurisdiction of the Commission. It denies complainant's contentions of an "oversell" and of a lack of suitability of the Leich 80 telephone system. It further contends that it has at all times provided complainant with the telephone serving arrangement which complainant requested.

Public hearing was held before Examiner Main in Los Angeles on March 27, 1969 and the matter was submitted on April 28, 1969. Evidence was presented by complainant through its vice president and cashier, who was employed by complainant in March 1967, and through a communications and management consultant, who was retained by complainant in the early part of 1968. Defendant's evidence was presented through five witnesses and concerned pertinent telephone serving arrangements during the period from 1960 through 1968.

The evidence establishes and the Commission finds as follows:

1. At present complainant operates its banking business through its headquarters and main branch office in Sherman Oaks and through branch offices in Pacoima, San Fernando, Mint Canyon and Woodland Hills. Defendant provides the telephone service to the Pacoima and San Fernando locations and The Pacific Telephone and Telegraph Company provides the service to the other locations.

2. San Fernando Valley Bank formerly conducted this banking business and did so apparently until sometime in 1968 when it was replaced by or became Trans-World Bank. Trans-World Financial Corporation is the controlling stockholder in Trans-World Bank and was the major stockholder in San Fernando Valley Bank.

3. On or about January 10, 1963, San Fernando Valley Bank, with its headquarters then at the Pacoima location and under a different management than complainant's, accepted defendant's recommendation that a type Leich 80 automatic Private Branch Exchange System with related equipment at a total monthly rate of \$557.20 replace existing systems furnished by defendant to the Pacoima and San Fernando offices of the bank. While this new system, which was installed May 27, 1963, increased monthly telephone charges by \$158.15, it made possible a substantial savings through eliminating the need for a switchboard operator at the bank's San Fernando office and through a reduction in the telephone workload of the switchboard operator in the bank's Pacoima office. This was the case because the Leich 80 automatic switchboard replaced two manual switchboards and served the bank's San Fernando office through off-premise extensions.

4.a. By 1965 San Fernando Valley Bank had moved its Sherman Oaks bank office to a new building in Sherman Oaks which became its headquarters and main branch office.

b. The bank then sought a proposal from defendant which would provide a better centralized method of communications. It was also to seek an alternate proposal from The Pacific Telephone and Telegraph Company.

c. By letter dated December 6, 1965, defendant submitted a proposal to consolidate the telephone service between the Sherman Oaks headquarters of the bank and its Pacoima and San Fernando branch offices through off-premise extensions from the Leich 80 PABX switchboard at said Pacoima Branch. The record does not indicate when this proposal was rejected by the bank.

5. Defendant's representatives have visited the bank to analyze its telephone service needs, observe the operation of telephone serving arrangements and train the bank's switchboard operators. Upon such visits during the period from the time the Leich 80 automatic switchboard was installed in May 1963 through September 1967, neither the bank's management nor other personnel expressed dissatisfaction with said equipment.

6.a. Complainant employed its present vice president and cashier in March 1967.

b. On several occasions from July to September 1967 he telephoned defendant's marketing division to request a representative to call upon the bank concerning telephone serving arrangements. A representative did not so do. To the extent a proper communication was made, defendant was remiss in not complying with this request.

c. Early in 1968 complainant retained the services of Systems Simplified, a communications and management consulting firm. This firm recommended replacement of the telephone serving arrangements based on the Leich 80 automatic switchboard at the bank's Pacoima Branch with key telephone systems at that branch and at the San Fernando Branch. Complainant accepted this recommendation and the key system installations were completed by defendant on June 26, 1968 for the San Fernando Branch and on July 10, 1968 for the Pacoima Branch.

7. There are advantages and disadvantages to both the Leich 80 system and to the key systems. At the bank's present level of operations, however, the key systems cost the complainant less. While complainant indicates the cost is \$234.30 per month lower

with the key systems than with the Leich 80, the validity of this figure is questionable.

8. Defendant in no way violated its tariffs.

9. Complainant offered no evidence as to its prior management's objectives for bank growth and telephone serving arrangements or as to the circumstances which caused that management to retain the Leich 80 system for a number of years.

10. Since the telephone serving arrangement at issue in this complaint was installed in 1963, the time factor alone militates against the complaint having merit.

The Commission concludes that complainant has failed to establish its burden of proof and the complaint should be denied.

O R D E R

IT IS ORDERED that the complaint in Case No. 8873 is denied and the case is dismissed.

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

Dated at San Francisco, California, this 19th
day of AUGUST, 1969.

William Symons, Jr.
President

August
Sheila P. Promessey
William J. Blum
John A. ...
Commissioners