

SPECIAL MEETING OF THE CITY COUNCIL:

Austin, Texas, September 22, 1938.

A mass meeting, called by the City Council for the purpose of hearing discussions on the application of the Southwestern Bell Telephone Company for a raise in its rates, was held in the Auditorium of the City Library Building on Thursday, September 22, 1938, at 8:00 P. M. Mayor Miller presided at the meeting, and the following were present: Councilman Simon Gillis, Mr. J. W. Ezelle, District Manager, and Mr. William Duls, Attorney, respectively, for the Southwestern Bell Telephone Company, and a large group of citizens.

Mayor Miller stated that the City Council deeply regretted that the Southwestern Bell Telephone Company had made application for a raise in its rates at the present time but as the matter was now before the Council it must be disposed of in one way or another, for under the franchise, if the Council fails to act favorably on the matter within a specified time, the Company has the right of appeal to a board of arbitration; or, in the event a public utilities commission is created by the next legislature, the Company would have the right of appeal to said body for such rate increase. In view of these facts, it was believed that the City Council by negotiating with the Company could get lower rates than could be obtained under the alternatives mentioned.

Mr. J. W. Ezelle then gave a brief history of the operation of the Southwestern Bell Telephone under its franchise granted by a vote of the people on January 4, 1917, and submitted facts and figures in support of its request for a raise in rates.

A general discussion was then entered into, in which all citizens present were given an opportunity to be heard. Those entering into the discussion were, principally, Dr. R. H. Montgomery, Rowan Howard, W. R. Smith, E. G. Kingsbury, Elbert A. Boynton, Ben Furnell, Arthur Merchant, and Clinton Oswley.

A motion was made by Mr. John H. Keen, seconded by Mr. Geo. W. Todd, that the citizens present, being a small but representative cross-section of the City, express themselves by a vote of confidence in the City Council, and authorize said Body to negotiate further with the Southwestern Bell Telephone Company for a settlement of the matter in the most equitable way for the people and the telephone company.

Before the question was put to a vote, Mayor Miller surrendered the chair to Mr. William J. Weeg, who thereupon called for a vote, those in favor of the motion to vote aye, those opposed, no. The motion carried unanimously.

Mayor Miller then declared that any agreement the City Council might make in its negotiations with the Telephone Company would carry a provision that said company would not apply for any additional raise in rates before the expiration of its franchise in 1942. He further stated that before any final action was taken thereon, the Council would report the result of such negotiations to the citizens at a mass meeting.

Councilman Gillis stated that he wanted to enter a protest against the policy of the Southwestern Bell Telephone Company in including in its investment improvements to its system made in 1937-1938 which were not yet in operation, declaring that this was as unfair to its subscribers as to charge a tenant rent on a building from the beginning of its construction. He further declared that such policy of "skinning the public" was in keeping with that of most public utilities corporations, and

cited an instance of a corporation of this nature which paid \$225,000 for a plant valued at \$70,000 and then hiked its valuation to \$750,000 in selling its stock. He expressed the belief, also, that if the subscribers would discontinue their auxiliary phones when and if the new rates went into effect, the Company, rather than lose this business, would be willing to return to the old rates.

Mayor Miller then informed the meeting that a tentative rate of \$2.50 for straight-line residence phones and \$6.00 for straight-line business phones, which would net the Company an increase of \$102,000 and still give the City of Austin the cheapest rate of any city comparable to it in size in the State, was being considered by the City Council contingent upon an audit of the Company's books by the City.

Mr. Ezelle, being called upon by the audience to express his attitude regarding this proposal, stated, without a formal commitment, that the confidence and friendly relations between his Company and the City Council were worth something as a return; that his Company had hoped with its investment here it would be allowed a rate of \$7.00 for business phones and \$3.00 for residence phones with party line affiliations, but having been refused that by the Council, had asked for \$6.75 for business phones and \$2.75 for residence phones, and again having been refused, was now faced with an ultimatum of \$6.00 for business straight-line phones and \$2.50 for residence straight-line phones, which it would either have to accept or take the consequences of a long drawn-out controversy.

Upon motion, seconded and carried, the meeting adjourned at 10:40 P. M.

Approved: Tom Miller
Mayor

Attest:

Hallie McTeer
City Clerk