

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)	
of THE LOWER LAKE FARMERS' ASSO-)	
CIATED TELEPHONE LINES for an)	Application No. 6106
Order giving permission to raise)	
monthly dues of members.)	

A. H. Kennedy for Applicant.

BY THE COMMISSION:

O P I N I O N

The Lower Lake Farmers' Associated Telephone Lines, applicant in this proceeding, is an association formed some years ago by several farmer lines associations located in the southern part of Lake County to furnish and operate a telephone exchange by means of which members of these farmer line associations could receive exchange service and they and the public could receive service from points outside this locality. The exchange and all property of the association, is located in the town of Lower Lake, situated near to and southeast of Clear Lake.

The Lower Lake Farmers' Associated Telephone Lines is owned by six separately owned and operated farmer line associations as follows:

- (1) Lower Lake and Middletown Farmers' Telephone Association.
- (2) The Morgan Valley Telephone Association.
- (3) Spruce Grove Telephone Association.
- (4) Kelseyville Telephone Association.
- (5) The High Valley Farmers' Telephone Association.
- (6) The Sulphur Banks Telephone Association.

At this time applicant operates a small magneto switchboard and serves about one hundred and seven farmer line stations. Every shareholder of the farmer line associations, which own the central asso-

ciation, receives not only free service to all stations of the Lower Lake Farmers' Associated Telephone Lines exchange, but also ^{free} service to all stations of the Lake County Telephone Association, Lakeport and Blue Lakes Telephone Association and Upper Lake Farmers' Telephone Association. Non-subscribers receive this same service on payment of a charge for each call made.

The Lower Lake and Middletown Farmers' Telephone Association owns a farmer line extending from the Lower Lake exchange to the town of Middletown, Lake County, at which place it connects with the exchange of the California Telephone and Light Company. The fifteen stations on this line may, by code signal, call either the operator at Lower Lake or Middletown. Over this line is routed all long distance service to and from the Lower Lake exchange. The Kelseyville Telephone Association owns a farmer line extending from the Lower Lake exchange to the Kelseyville exchange of the Lake County Telephone Association. By code signals the eighteen stations on this line may call either the Lower Lake or Kelseyville operator. All calls to Kelseyville, Lakeport and Upper Lake are routed over this line.

Applicant in this proceeding requests authority to increase its rates for exchange service to the shareholders of the various associations forming the Lower Lake Associated Telephone Company.

A public hearing in this matter was held at Lakeport on March 6, 1923, before Examiner Satterwhite.

Applicant submitted no appraisal of its property. Mr. F. M. Casal, Assistant Engineer of the Commission, made an inventory and appraisal of applicant's property, the results being set forth in the Commission's Exhibit "A". The historical reproduction cost new as of October 1, 1922, of the properties as found by Mr. Casal is \$515 and this value less depreciation is \$338.

Only minor additions will be made in the immediate future and the amount of \$550 will be taken as the reasonable rate base in this proceeding.

Applying applicants proposed rate to the service received by all shareholders and including other exchange and toll service for the year commencing March 1, 1923 should result in a total revenue of \$817. Expenses for this same period are estimated as \$790 which will leave a balance of \$27.00.

It is obvious that the Association will earn only a small amount over and above operating expenses. However, applicant has never intended to operate at a profit and considering the grade of service rendered we believe that at this time the increase in the amount asked for should be granted.

At the hearing criticism of the Lake County telephone service was expressed, especially that between Lower Lake exchange and the Middletown exchange of the California Telephone and Light Company. Opinion was expressed that if The Lower Lake Farmers' Associated Telephone Lines would construct a substantial metallic toll line between these two points the service could be furnished satisfactorily.

An investigation of service conditions in Lake County was made by the Commission's Engineering Department in connection with this application. It was found that in four towns and cities, namely, Lower Lake, Kelseyville, Lakeport and Upper Lake, telephone associations are furnishing the only exchange telephone service available except that the California Telephone and Light Company operates a small exchange in Lakeport. Each of these associations furnishes to its shareholders and subscribers free service to all other stations of the associations above named, when such service is usable, and furnishes to the public in general similar service at message rates. These message rates are not standard or uniform. In some cases the associations do not own the

lines over which they transmit their calls to stations in other of the associations while in other cases the trunk lines are association owned and operated.

Each association arranges its operating hours without regard to the hours of service of the other associations so that it has resulted that the hours during which all exchanges have operators on duty at the same time are limited, thus limiting the hours during which any station has service available to all other stations of the various associations and no association is fully advised of the hours of service of the others.

There is no uniformity in station equipment, line construction, central office equipment or operation.

The properties of the associations are generally poorly maintained and the transmission over some short lines is very poor and over long line connections through one or more connecting exchanges is very frequently impossible.

We are of the opinion that the class of service which is now being furnished by the above named associations will not long be adequate for these communities in view of their present growth. It appears that the only adequate solution of this problem is through the combination of ownership of the telephone facilities of these four organizations. If this is done, the combined organization would then be in position to employ some one skilled in telephone work who would be able to place the system in condition to render a good grade of service at the least expense to telephone users. The first step in this plan would be the acquiring of all the property used in providing telephone service from the Lower Lake exchange from the shareholders of the Farmers' Lines and the centralizing of the responsibility of the maintenance of this property.

On account of the complications and difficulties which exist in furnishing telephone service under the present system of management and operation, adequate service can not be expected in the territories

served by these associations until some such changes as outlined above are made:

ORDER

The Lower Lake Farmers' Associated Telephone Lines having made application to the Railroad Commission for an order granting it permission to increase rates for exchange service, a public hearing having been held and the matter having been submitted and now ready for decision, and it appearing to the Railroad Commission that the rates charged by applicant are unjust and unreasonable rates insofar as they differ from the rates herein authorized and the rates herein authorized are just and reasonable rates.

Basing its order on the foregoing finding of fact and the findings of fact set forth in the opinion preceding this order,

IT IS HEREBY ORDERED that The Lower Lake Farmers' Associated Telephone Lines, be and it is hereby authorized to charge and collect the following rates for exchange service to shareholders rendered on and after October 1, 1923, providing said rate is filed with the Railroad Commission on or before September 29, 1923.

BUSINESS OR RESIDENCE SERVICE TO SHAREHOLDERS

	<u>Rate per Month</u>
Party line service, instrument owned and maintained by subscriber, per station - - - - -	\$.50

Dated at San Francisco, California, this 20th day of September, 1923.

[Signature]
[Signature]
[Signature]
Commissioners.