

Decision No. 15261

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
WM. E. THOMPSON)
for permission to give Telephone)
Service.)

Application No. 10149.

BY THE COMMISSION:

O P I N I O N

In this proceeding Wm. E. Thompson requests the Railroad Commission to make an order authorizing him to give telephone service outside of the Arroyo Grande Exchange of The Pacific Telephone and Telegraph Company and within certain boundaries as shown on an exhibit filed at the hearing, and to charge and collect such rates for telephone service as this Commission may find to be reasonable.

A hearing in this matter was held on November 6, 1924, before former Commissioner Martin.

Applicant is at the present time, and has for a long time in the past, been furnishing telephone service to some 170 subscribers in the territory immediately surrounding the town of Arroyo Grande.

Applicant furnishes service to his subscribers over telephone lines owned and maintained by him. These lines in general terminate at the Primary Rate Area Boundary of the Arroyo Grande Exchange, where they connect with lines of the Pacific Company and by means of the latter lines are connected to the Arroyo Grande central office. Applicant does not operate a central office switchboard. The necessary interconnections or switching of calls,

except those between subscribers of a particular line, are performed for him by the Pacific Company. For this switching, applicant pays the Pacific Company a charge based upon the number of stations and lines so connected. At the present time the subscribers of applicant are paying from \$1.85 to \$2.25 per month for business telephone service and from \$1.75 to \$2.50 per month for residence service depending upon the location of the service.

In this proceeding applicant requests this Commission to define the territory within which he may render and furnish telephone service and to fix rates such that he may receive sufficient revenues to pay operating expenses and earn a reasonable return upon his investment.

Mr. F. M. Casal, Assistant Engineer of the Commission's Engineering Department, made an inventory and appraisal of applicant's properties and finds that the reproduction cost of these properties amounts to \$9,486.00. The details of this value are shown in the following table:

Valuation of Telephone Properties of
W. H. Thompson as of April 1, 1925.
Reproduction Cost

<u>Account</u>		
231	Station Apparatus	\$2,132.00
232	Station Installations	358.00
241	Exchange Pole Lines	3,223.00
243	Exchange Aerial Wire	3,673.00
-	Materials and Supplies	<u>100.00</u>
	Total	\$9,486.00

From an investigation of applicant's operation, Mr. Casal finds that under the existing conditions the annual revenues under present rates amount to \$3,274.00 and the annual expenses to \$3,401.00.

The Pacific Telephone and Telegraph Company, which operates the telephone exchange in the town of Arroyo Grande, and which furnishes telephone service within that town, has apparently never

made any real endeavor to furnish service outside of its Arroyo Grande primary rate area other than connecting to the lines of applicant and to other farmer lines except in the case of two suburban lines extending beyond the primary rate area. The farmer line stations, other than those of the lines of applicant to which the Pacific Company connect, total some thirty-three stations, twenty-five of which are located along the Arroyo Grande - Verde Highway and eight to the immediate south of Arroyo Grande.

At the present time applicant's subscribers are situated throughout the area immediately surrounding Arroyo Grande having a radius of approximately four miles, also in the Far Spring Canyon and Huasna Valley for a distance of twelve miles to the southeast of Arroyo Grande, in the Arroyo Grande Valley as far East as Musick and in the Lopez Canyon for a distance of twelve miles to the northeast.

The lines operated by applicant are, in general, of very good construction and these lines have been maintained during the past in good condition and are in good condition at the present time. Service furnished by Mr. Thompson has been adequate and has been furnished by him whenever application has been made.

At the present time the Pacific Company receives from the moneys paid by applicant's subscribers an amount of \$7.20 per year for a business service station and \$3.60 for a residence service station but in no case an amount less than \$18.00 per line per year.

The evidence in this proceeding shows that during the past applicant has adequately served the territory within which he is now operating and that he is financially able to continue such service. There appears to be no reason why applicant should not be allowed to operate as a public utility within that area.

surrounding the Pacific Company's Arroyo Grande primary rate area with the exception of that territory now served by the Pacific Company along the Arroyo Grande-Verde Highway.

Applicant proposes to divide his territory into two zones for the purpose of applying rates for service. Zone 1 - the inner zone - according to this proposal, will include that territory outside of the Pacific Company's Arroyo Grande Primary Rate Area and in general within a radius of four and one-half miles from Arroyo Grande.

Zone 2 will include that territory outside of Zone 1. The division of this territory into these two zones appears to be a proper procedure. The zones are shown in a map in Exhibit "B" attached to the order following.

It is apparent that applicant is entitled to some increase in rates over those which he is now charging and it appears that the rates hereinafter authorized will give him the revenue to which he is entitled.

Applicant has a number of subscribers who own their telephone instruments. The rates herein authorized provide that applicant shall own, install, and maintain all equipment including instruments. These rates also provide a reduction of \$3.00 per year to those subscribers taking service as of September 1, 1925, and who may own their telephone instruments.

Applicant may have a demand for individual line business service and the order following will provide a rate for this service of seventy-five (75¢) cents per month for each primary station plus a mileage charge of fifty (50¢) cents for each one quarter mile of air line distance between the subscriber's premises and the nearest point on the Arroyo Grande Primary Rate Area and the Pacific Company's switching rate which amounts to \$1.50 per line per month.

O R D E R

Wm. E. Thompson, applicant in this proceeding, having requested this Commission to make its order authorizing him to give telephone service outside of the Arroyo Grande Exchange of The Pacific Telephone and Telegraph Company and within the boundaries as set forth in his Exhibit No. "1", and to charge and collect such rates for service as this Commission may find to be reasonable, a hearing having been held, the matter having been submitted and now ready for decision, the Railroad Commission of the State of California hereby declares that public convenience and necessity require Wm. E. Thompson to furnish telephone service within the territory surrounding Arroyo Grande as shown in Exhibit "B" attached hereto.

The Railroad Commission finds as a fact that Wm. E. Thompson should render and furnish telephone service under rates and charges as set forth in Exhibit "A" attached hereto and within the territory surrounding Arroyo Grande as set forth in Exhibit "B" attached hereto.

Basing its order on the foregoing findings of fact and upon other findings contained in Opinion preceding this order,

IT IS HEREBY ORDERED that Wm. E. Thompson shall:

(1) Charge and collect the rates for local exchange telephone service as set forth in Exhibit "A" attached hereto for service furnished on and after September 1, 1925.

(2) Shall file with this Commission rates and charges as set forth in Exhibit "A" attached hereto together with a map showing the area to be served as shown in Exhibit "B" attached hereto, on or before August 25, 1925.

(3) Shall file, on or before August 25, 1925, rules and regulations governing the furnishing of telephone service sub-

ject to approval of this Commission.

For all other purposes the effective date of this Order shall be twenty(20) days from and after the date hereof.

Dated at San Francisco this 4th day of August.

1925.

H. B. Knudsen

George D. Squires

Leon A. Whitall

Commissioners.

EXHIBIT "A"

Rates
For
Exchange Service.

Exchange Service - Schedule No. A-1.

Suburban Service:

Applicable to flat rate suburban party line exchange service of not more than ten (10) parties per circuit thruout Zones 1 and 2.

Rate:

(a) Station Rate

Rate per Month per Station

<u>Suburban Service</u>	<u>Business Service</u>		<u>Residence Service</u>	
	<u>Wall Set</u>	<u>Desk Set</u>	<u>Wall Set</u>	<u>Desk Set</u>
Zone 1	\$ 2.00	\$ 2.25	\$ 1.75	\$ 2.00
Zone 2	2.25	2.50	2.00	2.25

Rate for Hand-microphone Set is the above wall set rate plus \$.50 per month.

(b) Switching Rate

This rate is The Pacific Telephone and Telegraph Company's switching rate in effect in its Arroyo Grande Exchange.

Conditions

(1) The total charge will be the sum of the charges determined upon above Rates (a) & (b).

(2) The subscriber will be allowed a discount of Ten Per Cent (10%) on the Station Rate under the above Rate (a) if the bill for service is paid in advance for one year during the first month of the year.

(3) A reduction of \$3.00 per year will be allowed subscribers existing as of September 1, 1925, who own and maintain their telephone instruments.

Exchange Service - Schedule No. A-2.

General Service

Applicable to Individual Line Business service within Zone 1.

Rate

(a) Station Rate

	<u>Rate Per Month Per Station</u>	
	<u>Wall Set</u>	<u>Desk Set</u>
Individual Line Business Service	\$.75	\$ 1.00
Extension Station on same premises as primary station	.75	1.00

(b) Switching Rate

This rate is The Pacific Telephone and Telegraph Company's switching charge in effect in its Arroyo Grande Exchange.

(c) Mileage Rate

\$.50 for each 1/4 mile or fraction thereof per month per line.

Conditions

(1) The total charge will be the sum of the charges determined under the above Rates (a), (b) and (c).

(2) The mileage charge in the above Rate (c) is based on the air-line distance from the subscribers' primary station to the nearest point in the Primary Rate Area Boundary of the Arroyo Grande Exchange.

(3) The subscriber will be allowed a discount of Ten Per Cent (10%) on the Station Rate under (a) above if bill is paid for one year in advance during the first month of the year.

EXHIBIT "B"

Map of Exchange Area.

