

Decision No. 15794.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of )  
Paso Robles and Shandon Telephone )  
Company for authority to revise its ) Application No. 11,092.  
rates and for permission to file )  
its rules and regulations. )

Paul Pfister for Applicant.  
James G. Marshall for The Pacific Telephone  
and Telegraph Company.  
Edson Abel and L.S. Wing for California  
Farm Bureau.

BY THE COMMISSION:

O P I N I O N

In this Application Paso Robles and Shandon Telephone Company, hereafter known as the applicant, asks the Railroad Commission for authority to file and make effective certain rates for telephone service as set forth in an exhibit attached to its application, or for such other relief as this Commission may find just and reasonable.

A public hearing was held in this matter before Examiner Satterwhite in Paso Robles on August 25, 1925.

This Commission had received several informal complaints from subscribers of applicant regarding the telephone service furnished, which on investigation were found to be due to the condition of certain lines over which service was furnished to complainants. The request by the Commission that such lines be put in a condition to make satisfactory service possible was met by the contention of applicant that its rates were unjust and non-compensatory, and that its financial condition would not permit of

it doing such work. Further negotiations on the matter of service resulted in the filing of the Application in this proceeding.

Applicant furnishes telephone service to some 105 suburban party line stations in the territory east of Paso Robles, extending from a boundary near the Salinas river to Annette, and including the communities of Cholame, Shandon and Creston. All of the main lines used in furnishing this service are owned and maintained by applicant as are also some of the branch or tap lines; there are a number of the tap lines, however, which are owned and maintained by the subscribers served by such lines. Applicant does not own or operate a central office switchboard, the necessary switching and interconnection of lines being performed by The Pacific Telephone and Telegraph Company at its central office in Paso Robles. For this service, and the necessary line facilities from the Pacific Company's switchboard to the primary rate area boundary of its Paso Robles exchange to meet lines of applicant, applicant pays to the Pacific Company a rate of \$3.60 per station per year.

Applicant asks, in this proceeding, that the Commission issue its order defining the territory to be served by applicant and authorizing applicant to file rules and regulations necessary to assure proper maintenance of now privately owned tap lines and to revise or raise its rates commensurate with services rendered.

The matter of allocation of territory as between the Paso Robles exchange area of the Pacific Company and the area to be served by lines of applicant was the subject of a conference prior to the hearing in this proceeding at which the applicant Farm Bureau, Pacific Company and the Railroad Commission were represented. As a result of this conference an agreement was reached on the extent of the territory to be served by applicant with the exception of the westerly boundary or that adjacent to

the Paso Robles exchange area of the Pacific Company.

At the hearing exhibits in the form of maps were filed by applicant and the Pacific Company setting forth the territory that each believed should be served by the lines of applicant. Witnesses for applicant stated that it had served, exclusively, until recently, all territory east of the Paso Robles Exchange Primary Rate Area at the Salinas River and claimed that it should continue with this exclusive privilege. The Pacific Company, although serving no magneto suburban stations over its own lines east of Paso Robles, does serve by its own plant and equipment a few common battery exchange stations, the charges for which are based on the Paso Robles Exchange rate plus mileage. The Pacific Company's witness contended that the territory to be served exclusively by the Pacific Company should include these stations and expressed his opinion that there would be a growing demand in the area adjacent to the eastern border of Paso Robles for its telephone service.

It does not appear from the testimony that applicant is in a position to serve adequately that territory just east of the Salinas River at the present time due principally to its base of

maintenance operations being located several miles east of Paso Robles, as it of necessity must be, if prompt repairs are to be made for the majority of applicant's subscribers. The territory assigned to applicant is shown in exhibit "B" attached hereto. The westerly boundary line of this territory is designed to exclude the stations served by the Pacific Company and at the same time include a section which will permit of a maximum usefulness of facilities already installed by applicant and avoid duplication of such facilities.

An inventory of its physical properties was made a part of its application by applicant. This inventory was checked in the field by Mr. F. M. Casal, Assistant Engineer of the Railroad Commission, and found to be substantially correct. An appraisal of applicant's telephone properties made subsequent to the hearing based on the above mentioned inventory resulted in a total valuation on Historical Reproduction Cost undepreciated, basis of \$14,897.00. This value includes property donated to the applicant by its subscribers, in an amount of approximately \$7,000.00.

In addition to outside plant nominally owned by applicant there is a considerable number of branch lines which are owned by

subscribers. According to evidence introduced at the hearing the lack of maintenance on these branch lines is responsible for most of the interruptions in the service furnished by the applicant. It is, of course, a fact that if a serious fault occurs on one of these branch lines that service is interrupted to all stations connected to the associated main or "backbone" line. As applicant has had no control over the location of these branch lines it would have difficulty in maintaining them even if it were to elect to do so at its own expense and service at best would be subject to too great a number of interruptions under such conditions. The practical solution to such a problem is the acquisition and ownership by applicant of all lines used by it in rendering service to its subscribers; the responsibility for proper maintenance would, then also fall upon applicant; and an improvement in service might be expected as a result of such centralization of responsibility.

Although a plan for ultimate sole ownership of outside plant facilities should be immediately formulated by applicant, it does not appear that the financial condition of applicant will permit of it acquiring branch lines which are not constructed along roads, even on the most favorable terms, due to the cost of maintenance of such lines. Pending proper reconstruction of such branch lines it will be necessary for applicant to protect the service to the subscribers of any particular line by keeping the line clear of branches which, by their liability to becoming faulty, jeopardize the service to all stations connected to the line. The Order following will set forth a rule covering procedure of applicant in such cases.

Revenue of applicant at the present time is derived from exchange rentals and the proceeds resulting from the application of a one-way toll charge. For a flat monthly charge of \$1.50 per

station, a subscriber is permitted an unlimited use of Paso Robles Exchange service when originating messages from his station. However, any person, whether or not a subscriber is charged twenty five cents (25¢) per message for use of any of applicant's lines when such message originates at a Pacific Company station in Paso Robles. The Pacific Company receives from the moneys paid by applicant's subscribers in the form of exchange rentals an amount of \$7.20 per year for a business service station and \$3.60 for a residence station subject to a minimum charge per circuit. In addition, the Pacific Company receives a commission of fifteen per cent (15%) of the gross tolls collected for applicant as a collection commission. Estimated gross revenue of applicant for the calendar year 1926 under the application of present rates and service connection charges amounts to \$2535.00, of which \$1925.00 are exchange revenues, and \$610.00 are toll revenues. An examination of applicant's records, covering a period of several years, did not indicate that an appreciable increase, if any, in the number of stations served by applicant would occur in the immediate future and accordingly no increase is contemplated in the above computations. Applicant's estimated payments for the year to the Pacific Company for switching and collection commissions amount to \$469.50, leaving a revenue, less deductions, to applicant of \$2,065.50.

Reasonable operating expenses including an allowance for depreciation for the year 1926 are estimated to be \$2,261.00, to which should be added an allowance for taxes and uncollectibles in the amount of \$131.00, making a total for expenses, taxes and other deductions from income of \$2,392.00.

It is apparent that applicant is entitled to an increase in rates and while no objection was raised at the hearing to an increase in exchange rentals provided adequate service was rendered considerable opposition was expressed to the continuance of the twenty five cent (25¢) one-way toll charge. Applicant proposes to eliminate this toll charge and compensate itself by increasing flat exchange charges to those subscribers located a considerable distance from Paso Robles through a zoning basis. Rates proposed by applicant range from a minimum of \$2.20 for Residence Wall Set in Zone 1 to a maximum of \$3.65 for Business Desk Set in Zone 2. Station rates as set forth in the following order vary from a minimum of \$2.00 per month to a maximum of \$3.00 per month. It appears that the rates herein authorized will yield applicant the revenue to which it is entitled.

O R D E R

Paso Robles and Shandon Telephone Company, applicant in this proceeding, having requested this Commission to make its order authorizing it to revise or raise its rates, to file rules and regulations governing service and maps showing area served by it, a hearing having been held, the matter being submitted and now ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA  
HEREBY finds as a fact that the rates now being charged by applicant in so far as they differ from the rates hereinafter set forth are unjust and unreasonable and that the rates herein established and set forth in Exhibit "A" attached hereto, are just and reasonable.

Basing its order on the foregoing findings of fact and

on such other findings and statements of fact as are set forth in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Paso Robles and Shandon Telephone Company shall:

- (1) Charge and collect the rates for exchange telephone service set forth in Exhibit "A" attached hereto for service furnished on and after January 1, 1926.
- (2) File with the Railroad Commission on or before December 31, 1925, the rates set forth in Exhibit "A" attached hereto.
- (3) File with the Railroad Commission on or before December 31, 1925, a map showing territory served by it as shown on Exhibit "B" attached hereto.
- (4) File with the Railroad Commission on or before December 31, 1925, rules and regulations governing telephone service furnished on and after January 1, 1926 as set forth in Exhibit "C" attached hereto.
- (5) Cancel, effective for service rendered on and after January 1, 1926, its toll rate schedule.

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, California, this 23<sup>rd</sup> day of December, 1925.

H. M. Brouder

C. Seaver

George D. Squires

Leon Whitell  
Commissioners.



EXHIBIT "A"

RATE SCHEDULE

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 throughout Zones 1 and 2.

Rate:

(a) Station Rate

<u>Suburban Service</u>	<u>Rate per Month per Station</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	\$2.25	\$2.50	\$2.00	\$2.25
Zone 2	2.75	3.00	2.50	2.75

(b) Switching Rate

This rate is The Pacific Telephone and Telegraph Company's rate in effect in its Paso Robles Exchange.

Conditions:

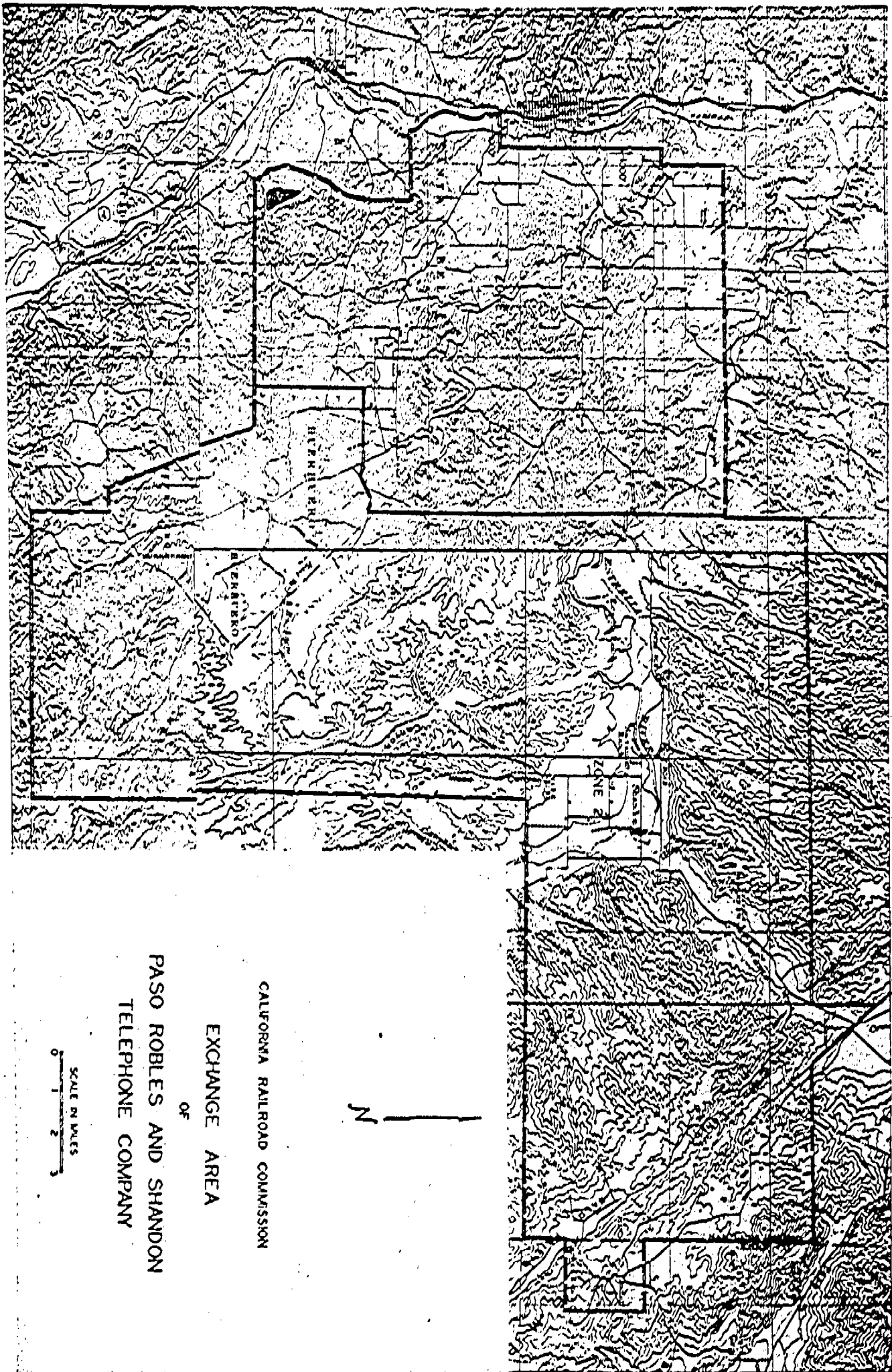
(1) The total charge will be the sum of the charges determined upon above Rates (a) and (b).

EXHIBIT "B"

MAP SHOWING EXCHANGE AREA OF

PASO ROBLES AND SEANDON

TELEPHONE COMPANY



CALIFORNIA RAILROAD COMMISSION  
 EXCHANGE AREA  
 OF  
 PASO ROBLES AND SHANDON  
 TELEPHONE COMPANY

EXHIBIT "C"

RULES AND REGULATIONS

GOVERNING

TELEPHONE SERVICE

RULES AND REGULATIONS

A. Service Connection Charges

Service connection charges provided for hereunder are payable at the time application for the particular service or facility is made and are in addition to the regular schedule of rates.

Service connection charges apply to all exchange service and facilities in accordance with the following provisions:

(1) New Service

Individual and Party Lines:

Business and residence, each station - - \$3.50

Extension Stations:

Business and residence, each station - - \$1.50

(2) Additional Service

Individual and Party Lines:

Business and residence, each station - - \$3.50

Extension Stations:

Business and residence, each station - - \$1.50

(3) Service where the telephone instrument is already in place on Subscriber's Premises.

Business and residence, subscribers' exchange service, one or more units - - - - - \$1.50

A change in location or type of instrumentalities made at subscriber's request is subject to the charges for moves and changes provided the total charges for such moves and changes shall not exceed the charges for the initial establishment of the subscriber's complete service and facilities.

Service connection charges do not apply under the following conditions:

Business Service:

(a) When service is assumed by a receiver or trustee, executor or administrator of an estate.

(b) Change in the name of the business concern (i.e., individual, partnership, syndicate or corporation) when there is no complete change in ownership or management.

### Residence Service:

- (a) When service is assumed by a member of the former subscriber's family located in the same premises.
- (b) When there is no change in the individuality of the recipient.
- (c) When the subscriber's name has been changed by marriage or court order.

### B. Moves and Changes

Moves and changes of telephone apparatus and wiring on the subscriber's premise, at the request of the subscriber, will be made by the Company and the charges for such work will be as follows:

#### (a) Telephone Sets

- 1. Moving from one location to another \$3.00
- 2. Change in type or style 3.00

#### (b) Other Equipment and Wiring

Charges for moving or changing of equipment or wiring other than that included under (a) will be an amount equal to the actual cost of labor and material involved.

#### (c) Maintenance

The charges specified above do not apply if the changes or moves are initiated by the Telephone Company and required for proper maintenance of the equipment or service.

#### (d) Change in Class of Service

The charges specified above do not apply if the changes are required because of a change of type, class or grade of service.

### C. Service Charge for Restoration of Service

A service charge of \$1.00 may be made and collected by the Company before the restoration of service, where service has been temporarily discontinued for any of the following reasons:

- (a) Non-Payment of bills as required by the Company's Rules and Regulations.
- (b) To protect the Company against fraud.
- (c) For failure of subscriber to comply with the Company's Rules and Regulations after service has been established.
- (d) For any other reason for which the subscriber is responsible except a change in class, type or grade of service or location of facilities.

When a service has been permanently disconnected the above charge does not apply.

D. Discontinuance of Service

The Company has the right to cease to render telephone service to a subscriber or subscribers served by means of a privately owned line by disconnection of such privately owned line at the point of its connection with the line of the Company, if a fault on that privately owned line is causing interruption to service furnished to other subscribers not served by such privately owned line; and may refuse to reconnect such line until the fault shall have been repaired and the line placed in an operating condition.

E. Ownership of Instrumentalities and Facilities

The Company shall own, furnish, and maintain all instrumentalities, including inside wiring, protective apparatus, and other facilities used to provide service to a subscriber which may be installed on and after January 1, 1926.

The Company maintains only facilities owned by it.

F. Definitions, Rules and Regulations

Definitions, rules and regulations similar to those definitions, rules and regulations contained in this Commission's Decision No. 13478, except as modified in Sections A, B, C, D, and E above.