

Decision No. 17337.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Application of
A. J. GUGLIELMETTI, R. P. GUGLIELMETTI
and W. J. GUGLIELMETTI, co-partners in
trade, doing business under the firm
name and style of Guglielmetti Tele-
phone Company, for order for increase
of rates and for establishment of rates
on new service.

Application No. 12249.

- E. I. Donohue, for Applicant.
- J. E. Marshall, for The Pacific Tele-
phone and Telegraph Company.
- J. J. Deuel and L. S. Wing, for Cali-
fornia Farm Bureau Federation.
- E. Irwin, for California Independent
Telephone Association.
- L. H. Cromwell, for Petaluma Rural
Telephone Company.
- A. Bloom, for Chileno Valley Telephone
Company.
- R. N. Duval, for California Telephone and
Light Company.

BY THE COMMISSION:

O P I N I O N

Guglielmetti Telephone Company, a co-partnership, appli-
cant in this proceeding, hereinafter referred to as the applicant,
asks that the Railroad Commission issue its order granting applicant
authority to increase its rates for party line service; to establish
a differential in rates for business and residence service; to charge
and collect rates for service not previously filed with this Com-
mission, including rates for individual, two-party and four-party
line service and certain supplemental equipment; to collect and charge
a rate of ten cents per message for local exchange messages made from

pay station; to provide common battery service where conditions warrant; and to charge a rental rate of fifty cents (50¢) per month for instruments.

A public hearing was held in this matter before Examiner Satterwhite in Petaluma on April 1, 1926.

Applicant is furnishing service to approximately one hundred sixty (160) subscribers located to the north, east and west of the City of Petaluma and in the communities known as Penn Grove and Cotati. Service is furnished to subscribers over telephone lines owned and maintained by applicant, which extend from the subscribers' instruments to the boundary of the Primary Rate Area of the Petaluma Exchange of The Pacific Telephone and Telegraph Company where connection is made with lines of the Pacific Company. Applicant does not own or operate a central office switchboard nor does it own or maintain telephone sets used in furnishing service to its subscribers. Interline switching is performed for applicant by the Pacific Company at its Petaluma central office, while telephone instruments are owned and maintained by applicant's subscribers.

At the present time, applicant has but one rate on file with this Commission, that of \$1.50 per month per station for party line service of either business or residence service. For switching service applicant pays the Pacific Company in accordance with the latter's farmer line rate schedule.

Applicant bases its claim that an increase in its rates is justified upon evidence introduced by it, purporting to show that it has been unable to earn sufficient revenue to provide for depreciation and a fair return on its investment after deduction of operating expenses and taxes.

Mr. F. M. Casal, Assistant Engineer of the Commission's Engineering Department, made a field investigation of applicant's system and operations and prepared an inventory and appraisal of applicant's telephone properties. The summary of appraised value, together with table showing revenue under present rates and expenses

based upon data obtained during the investigation and applicant's comparative figures are set forth in the tables following:

VALUATION

C.R.C. Historical reproduction cost, operative property, undepreciated, as of March 1, 1926,	\$ 11,021.00
Company's book value as of Dec. 1, 1925,	13,191.12

OPERATING STATEMENT

	<u>C.R.C.</u> Feb. 1/25 to Jan. 31/26 from investigation of Company's books	<u>Company</u> Annual Report for calendar year 1925
<u>Revenue:</u>		
Exchange Serv. Rev.,	\$ 3,403.50	\$ 3,312.15
 <u>Expenses:</u>		
Repairs of wire plant,	\$ 1,226.64	\$ 1,237.36
Repairs of equipment,	-	1,316.01
Traffic Expenses,	1,171.66	1,134.72
Gen. Office Salaries,	270.00	390.00
Other General Exp.,	133.28	-
Taxes,	174.75	175.74
Total,	\$ 2,976.33	\$ 4,253.83
Net for Interest and Depreciation,	\$ 427.17	\$ - 941.68
Depreciation,	*350.00	-
Net for Interest,	\$ 77.17	

* Estimated - Not shown in Company's books.

Applicant does not, at the present time, own or maintain any telephone instruments by which service is furnished to subscribers. Applicant has requested, in its application, authority to file rates for rental of telephone instruments to be applied to an occasional subscriber who does not care to invest in an instrument or who does not desire to assume a burden in the form of maintenance of a telephone instrument which he feels should be borne by the telephone company. In the case of the telephone

business wherein co-operation between users and the utility is necessary to make satisfactory service possible and where the action of a subscriber having the maintenance of a telephone instrument under his control is felt by all other users of the service, it does not appear that the best service can be rendered when responsibility for maintenance of equipment is divided between the telephone utility and its subscribers. We believe that applicant should remove such a condition in connection with its system by acquiring ownership in and assuming maintenance of all branch lines and telephone instruments connected to its system.

The acquisition by applicant of all telephone instruments and branch lines will result in an increased capital invested as well as increased operating expenses. The order following will provide for certain rate increases, conditional upon acquisition by applicant of all telephone instruments and branch leads connected to its system, which it appears will give applicant the revenue to which it is entitled.

The estimated rate base together with revenue and expenses for the year 1927, based upon an increase in business which past performance would indicate might reasonably be expected, and the rates set forth in Exhibit "A" attached to this application, are as follows:

RATE BASE
1927

Valuation as of March 1, 1926,	\$ 11,021.00
Additions and Betterments to July 1, 1927, including telephone instruments,	4,724.00
Working Cash Capital and Materials & Supplies,	400.00
Average Rate Base for 1927,	\$ 16,145.00

ESTIMATED REVENUE AND EXPENSES - 1927
Assuming Rates and Conditions as set
forth in Order in this Decision.

<u>Revenue:</u>	
Exchange Service Revenue:	
Subscribers' rentals,	\$ 5,307.00
Service Connections Charges,	60.00
Total,	\$ 5,367.00
<u>Expenses:</u>	
Repairs of wire plant,	\$ 1,500.00
Depreciation,	550.00
Traffic Expenses,	1,462.00
General office salaries,	390.00
Other General expense,	150.00
Taxes,	295.00
Uncollectibles,	26.00
Total,	\$ 4,373.00
Net for Interest,	\$ 994.00

In addition to rates for ten-party service, applicant requests authority to establish and collect rates for certain other service and equipment as enumerated elsewhere in this Opinion. As the evidence shows that there is, or has been, a demand for individual line service, the order following will provide a rate for such service together with rates for certain additional equipment. It does not appear expedient at this time, however, to fix rates for two-party or four-party service as there is no evidence that a definite demand for such service exists. This is also true of common battery or central energy service and local service to be provided from pay stations. Rates for such service may be approved by this Commission at some future date.

At the present time The Pacific Telephone and Telegraph Company, which operates the telephone exchanges in Petaluma, furnishes telephone service in the primary rate area of the City of Petaluma, in a small area outside of and to the north and west of the City of Petaluma and in the suburban area to the east and southeast of Petaluma. Further, the Pacific Company does the central office operating for the Red Hill Telephone Company and the Chileno Valley Telephone Company, which companies operate to the south and southwest, respectively, of Petaluma. The territory served by the various companies operating in and around Petaluma are shown in the map of Exhibit "B" attached hereto. The Pacific Telephone and Telegraph Company will not furnish telephone service other than so-called Farmer Line Service to the Petaluma Rural Telephone Company in the territory within which the Guglielmetti Telephone Company will operate as set forth in Exhibit "B" attached hereto.

O R D E R

Guglielmetti Telephone Company, applicant in this proceeding, having requested the Railroad Commission to make its order granting applicant permission to increase its rates for telephone service and to file and make effective rates and charges for certain new or additional

telephone service, a public hearing having been held and the matter having been submitted and now ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that applicant should own and maintain all outside telephone plant and telephone instruments used in its service and that under such conditions the existing rates for service are unjust and unreasonable insofar as they differ from the rates set forth in Exhibit "A" attached hereto and that the rates set forth in Exhibit "A" attached hereto are just and reasonable rates.

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 the Guglielmetti Telephone Company, after proper showing to the Railroad Commission that it has acquired ownership in and assumed the maintenance of all telephone instruments and all branch lines connected to its system and upon supplemental order from the Railroad Commission, may modify its present rates for service to those shown in Exhibit "A" attached hereto.

IT IS HEREBY FURTHER ORDERED that the Guglielmetti Telephone Company shall file with the Railroad Commission on or before October 1, 1926, maps showing the Exchange Area of the Guglielmetti Telephone Company as set forth in Exhibit "B" attached hereto.

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 14th day of September, 1926.

W. B. Brundage
C. S. ...
Leon Whitell
Thos. S. ...

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 within the territory served.

RATE:

(a) Station Rate.

	Rate per Month per Station	
	<u>Business Service</u>	<u>Residence Service</u>
<u>Suburban Service.</u>		
Wall Set,	\$1.80	\$1.65
Desk Set,	2.05	1.90

(b) Switching Rate.

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

CONDITIONS:

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

(2) Under this schedule, the Company owns and maintains all telephone lines and equipment including telephone instruments.

EXCHANGE SERVICE - SCHEDULE NO. A-2

GENERAL SERVICE:

Applicable to Individual Line Business service within the territory served.

RATE:

(a) Station Rate.

	<u>Rate per Month per Station</u>	
	<u>Wall Set</u>	<u>Desk Set</u>
Individual Line Business Service,	\$.50	\$.75
Extension Station, with bell, on same premises as primary station,	1.00	1.25
Extension Station, without bell, 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 Petaluma Exchange.

(c) Mileage Rate.

\$.50 for each one-quarter (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 Petaluma Exchange.

(3) Under this schedule, the Company owns and maintains all telephone lines and equipment including telephone instruments.

EXHIBIT "B"

EXCHANGE AREA

