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Decision No. 19647

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation upon the Commission's own motion into the reasonableness of certain rates of NORTHERN CALIFORNIA TELEPHONE COMPANY as set forth in certain tariffs designated "C.R.C. Sheets Nos. 488-T to 973-T," inclusive.

ORIGINAL

Case No. 2504.

J. G. Marshall, for Northern California Telephone Company,
L. S. Wing, for California Farm Bureau Federation.

BY THE COMMISSION:

O P I N I O N

In this proceeding the Railroad Commission on its own motion has instituted an investigation into the reasonableness of the filing of and making effective certain tariffs of the Northern California Telephone Company, particularly designated Sheets C. R. C. Nos. 488-T to 973-T, inclusive. These rate schedules appertain to the refiling of certain exchange rates, rules and regulations now effective, the filing of a small number of rates, rules and regulations proposed to be modified and an entire new schedule of interexchange rates constructed on the plan generally used throughout California but quite different from those now effective in portions of the territory of this utility.

A review of these offered filings indicated that while their introduction as requested would result in an over-all decrease

in charges to customers, yet in a few instances certain rates would result in increases and it was necessary that an opportunity should be given so that a showing might be made before the Commission and a finding that such increases were justified.

A public hearing in the case was held by Examiner Rowell in San Francisco on March 8, 1928, at which place and time the matter was submitted for decision.

Northern California Telephone Company operates the consolidated telephone systems of the former Sacramento Valley Telephone Company and of the California Telephone and Light Company, both in northern California. The tariffs under consideration in this proceeding are those for service over the former California Telephone and Light Company properties only.

The Company in Revised Sheet C. R. C. No. 615-T has proposed a Rule and Regulation No. 31-A which appertains to line extension charges in the territory formerly served by the California Telephone and Light Company. Section B of this Rule and Regulation is as follows:

"B. Line Extension Outside Primary Rate Area.

A line extension necessary to render telephone service outside of the Primary Rate Area will be made in accordance with the following:

1. The Company will make extensions to existing plant for each primary station up to and including 500 feet as measured along the route of the extension (excluding drop wire), or will add to existing plant a circuit up to and including 1,000 feet in length.

2. The Company will make extensions requiring more than 500 feet of plant, or 1,000 feet of circuit to existing plant, upon the payment of a line extension charge of \$3.00 for each 100 feet, or fraction thereof, of plant, and \$1.50 for each 100 feet, or fraction thereof, of circuit added to existing plant in excess of that referred to under 1.

Distances referred to in the above Rule will be measured

from the Primary Rate Area boundary at the point where the line extension crosses that boundary."

This rule would permit the utility to make a charge to an applicant for service if it was necessary to extend a circuit more than 1,000 feet in order to provide service. No telephone utility in California has now in effect a line extension rule which provides for a charge under similar conditions and we are unwilling to authorize this part of the proposed rule. Proposed Rule and Regulation No. 31-A also provides for a charge for an extension of plant requiring more than 500 feet from existing plant at the rate of \$3.00 per 100 feet or fraction thereof. We believe that this provision should be modified to more nearly conform to the practice of other companies in this State which render telephone service under similar conditions. The order following this opinion will provide for a more suitable Rule and Regulation No. 31-A.

Mr. L. S. Wing for the California Farm Bureau made formal objection to the statement in Condition No. 1 in the Farmer Line Rate Schedule and which also appears in Rule and Regulation No. 21, to wit, "A farmer line shall not extend across an Exchange Boundary" and stated that a case had been filed against the Northern California Telephone Company on account of the effect of exchange boundaries on farmer line service. It appears that the practice of this utility as to this matter should be uniform over its entire territory and whereas a decision in the above mentioned complaint, designated Case No. 2511, should properly dispose of this matter, this Farmer Line Rate Schedule and Rule and Regulation No. 21, as proposed, will be permitted to be filed. It should be understood that we are not making a finding as to the reasonableness of the above mentioned Condition No. 1 and Rule and Regulation No. 21, at this time.

This filing includes tariffs for interexchange service

over this utility's system constructed on the same plan of similar rates for similar service generally effective throughout California. The system of interexchange rates which was inherited from the California Telephone and Light Company was discriminatory and difficult of application. It appears that the interested public will be considerably benefited by the making effective of these new interexchange rates as proposed.

O R D E R

The Railroad Commission of the State of California having instituted an investigation into the reasonableness of the filing by Northern California Telephone Company of certain tariffs, particularly designated Sheets C. R. C. Nos. 488-T to 973-T, inclusive, a public hearing having been held, the matter having been submitted and being now ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the above designated Sheets C. R. C. Nos. 488-T to 614-T, inclusive, and Nos. 616-T to 973-T, inclusive, should be filed and that Sheet . . . C. R. C. No. 615-T should be modified, for the reasons set forth in the opinion which precedes this order.

Basing its order on the foregoing finding of fact and such other findings of fact as are set forth in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Northern California Telephone Company be and it is hereby authorized to file with the Railroad Commission on or before May 15, 1928, the tariffs particularly

designated Sheets C. R. C. Nos. 488-T to 614-T, inclusive, and Nos. 616-T to 973-T, inclusive, effective on the twenty-first day of the month next following the date hereof.

IT IS HEREBY FURTHER ORDERED that Northern California Telephone Company be and it is hereby authorized to file with the Railroad Commission on or before May 15, 1928, a Rule and Regulation No. 31-A as set forth in "Exhibit A" attached hereto and made a part of this order, effective on the twenty-first day of the month next following the date hereof.

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 21st day of April, 1928.

Leon C. White

C. A. Seaver

Thos. B. Powell

Commissioners.

I concur in the order authorizing the Company to put into effect its proposed new rate schedule because the proposed schedule is, on the whole, advantageous to subscribers and will effect a substantial decrease in the amount they will pay for service.

I am not, however, entirely satisfied with the rules respecting line extensions. While these are in harmony with those employed generally by telephone utilities and are probably unobjectionable so far as the amount of charges is concerned, they will in time result in a situation which will be unsound. Unlike the extension rules of gas, water and electric utilities, payments on account of extensions are not refundable. I presume the claimed justification for this is that the amounts involved are small and that payments cover only a relatively small part of the cost of the extension and that in reality the purpose of this charge is to protect the Company in its operating and maintenance expense until the extension gets on a profitable basis. It seems to me that the rule should either be so shaped that the Company waives the right to claim the amount received by it on account of extensions as a part of its rate base, or, perhaps better still, that payments on account of extensions be treated as operating revenue. However, the way in which extensions should be handled may, I think, best be determined in some other form of proceeding rather than to attempt here to correct a situation which at most is a merely incidental feature of the order being made. The present order should not be deemed a commitment to the rule here sanctioned merely as part of a general schedule.

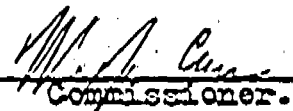

Commissioner.

EXHIBIT A.

RULE AND REGULATION

NO. 31-A

LINE EXTENSION

Applicable within the Calistoga, Guerneville, Healdsburg, Lakeport, Middletown, Potter Valley, and Sonoma Exchanges, and Suburban areas of the Santa Rosa and Sebastopol Exchanges.

A. Line Extension Within Primary Rate Area.

Line extensions necessary to render telephone service within the Primary Rate Area will be made by the Company.

B. Line Extension Outside Primary Rate Area.

A line extension, necessary to render telephone service outside the Primary Rate Area, will be made in accordance with the following:

1. The Company will make extensions to existing plant for each primary station up to and including 300 feet, as measured along the route of the extension (excluding drop wire).

2. The Company will make extensions to a distance greater than 300 feet from existing plant upon the payment of a line extension charge of \$2.00 for each 100 feet (or fraction thereof) in excess of the 300 feet for each primary station.

C. Ownership and Maintenance of Line.

All line extensions will be owned and maintained by the Company. The applicant, however, if he so elects, may furnish and set the required poles in accordance with the construction standards of the Company in lieu of the charges applicable under Section B, but in all such instances the ownership shall be vested in the Telephone Company.

D. Temporary or Speculative Service.

Line extensions for service to an applicant engaged in temporary or speculative business will be made, providing the applicant pays to the Company the total cost to construct and remove the line necessary to render that service, less the salvage value of the materials used.

E. Location of Line Extensions.

The location of line extensions shall be determined by the Telephone Company.

RULE AND REGULATION
No. 31-A (Continued)
LINE EXTENSION.

F. Contracts.

Contracts for telephone service where line extensions are necessary may be required by the Company as a condition precedent to service for a period not to exceed three years.

G. Return of Line Extension Charge.

The Line Extension Charge is not refundable.

H. Saving Clause.

In any case which may appear to warrant a departure from the above rules either on behalf of the Company or applicant for service, the matter may be submitted to the Railroad Commission of the State of California for adjustment.