

Decision No. 21114.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application
of WILLOW CREEK TELEPHONE COMPANY
for authority to increase rates.

Application No. 15,379.

Webster & Lyon, by Ray B. Lyon,
for applicant.

BY THE COMMISSION:

O P I N I O N

Willow Creek Telephone Company, applicant in this proceeding, asks that the Railroad Commission make an order authorizing it to charge and collect an increased rate for telephone service.

A public hearing was held in this matter before Examiner Satterwhite, in Paso Robles, on April 16, 1929.

Willow Creek Telephone Company is the fictitious name under which Charles E. Gruwell, sole owner, operates a rural telephone property in the vicinity of Paso Robles, California. Service is provided by applicant over two metallic telephone circuits to some thirty-two subscribers located along the State Highway south of Paso Robles, and in what is known as the Willow Creek district, the center of which is approximately seven miles southwest of Paso Robles. Applicant owns and maintains facilities and equipment from the Primary Rate Area boundary of The Pacific Telephone and Telegraph Company's Paso Robles Exchange to and including the subscribers' telephone instruments. No central office switchboard is operated by applicant but unlimited service to all subscribers

in the Pacific Company's Paso Robles Exchange Area is made available to applicant's subscribers through connection of its lines to the Pacific Company's switchboard. Applicant pays to the Pacific Company \$3.60 per connected station per year for such switching service.

An investigation of the telephone property and operations of applicant was made by F. M. Casal, assistant engineer of the Commission's staff. The following valuation of applicant's telephone properties on the historical reproduction basis was estimated:

Account 230 Station Equipment,	\$613.00
Account 240 Exchange Lines,	2,351.00
Account 260 General Equipment,	20.00
Grand Total	\$2,984.00

The total valuation found by Mr. Casal is in close agreement with the figure of \$3011. which applicant's witness stated at the hearing was the fair value of the property. Due to the absence of adequate records, it was impossible to determine an accurate operating income statement under present rates. An estimated income statement, based on available data and a knowledge of the conditions surrounding the maintenance work required by the line, showed the annual revenue under present rates to be \$576.00 and the annual expenses, including deductions from revenue, to be \$516.00.

Some dissatisfaction with the service rendered by applicant was expressed at the hearing by a number of its subscribers. Although these complaints did not all relate to the same type of service failure, it appears from the testimony that applicant's service might be considerably improved by a reduction in the present number of sixteen connected stations per line. Applicant's Exhibit No. 2, filed in this proceeding, shows a total amount of \$208.20 as the expenditure necessary to divide the load on each of the two lines now operated. As a condition precedent to the collection of increased rates, applicant should provide the necessary facilities to divide the load so that a maximum of ten primary stations will be

served by each circuit. On this basis the reasonable rate base for the period January 1, 1929, to December 31, 1929, is determined as follows:

Appraisal of telephone property, March 12, 1929,	\$2,984.00
Materials and supplies and working cash,	61.00
Additions and Betterments,	<u>208.00</u>
Rate Base,	\$3,253.00

The construction of the additional lines as above mentioned will result in an estimated increase in annual operating expenses of \$30.00. An estimated income statement for the year period January 1, 1929, to December 31, 1929, in which improved service is contemplated, based on rates as set forth in the order herein, shows the following:

Telephone Operating Revenue,	\$768.00
Telephone Operating Expenses,	<u>518.00</u>
Net Telephone Operating Revenue,	\$250.00
Uncollectible Operating Revenue,	4.00
Taxes,	36.00
Deductions from Net Telephone, Operating Revenue,	-
Operating Income,	<u>\$210.00</u>

Applicant presented testimony at the hearing to the effect that its territorial boundary, as filed with the Railroad Commission does not include all of the points at which service is furnished by means of its lines, and further that no other telephone service is provided in that portion of its service area lying outside of its filed territory. Applicant submitted Exhibit No. 3 showing a territorial boundary line, a map of which it seeks authority to file with this Commission. Exhibit No. 3 differs from the present filed map in that additional territory along the southern boundary and in the northeast corner of the present area is included. No objection was made at the hearing to the refileing of Applicant's map to include a greater area, but it appears that no portion of the City of Paso Robles should be included. Applicant

should not extend its territorial boundary in a northerly direction as there is no good reason why telephone service of the grade provided by it should be furnished in the Pacific Company's primary rate area.

O R D E R

Willow Creek Telephone Company, applicant in this proceeding, having asked the Railroad Commission to make its order authorizing applicant to increase its rates for telephone service, a public 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 are not just and reasonable rates and that the rates herein established are just and reasonable rates for the service to be rendered by applicant.

Basing its order on the foregoing findings of fact and on such other findings and statements of fact as are contained in the opinion preceding this order;

IT IS HEREBY ORDERED, that Willow Creek Telephone Company, after a showing to the Railroad Commission that it has completed construction work necessary to reduce the number of primary stations connected to each of its telephone circuits to a maximum of ten, and upon supplemental order from the Railroad Commission, may file and make effective:

(1) Rates for service as shown in Exhibit "A", attached hereto.

(2) Map of territorial boundary as set forth in Applicant's Exhibit No. 3 filed in this proceeding, except that the northerly portion of said boundary shall remain as at present

filed.

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 16th day of May, 1929.

David L. Smith

A. S. Sweeney

Edmund West

Leon A. Whipple

W. A. Cunn
Commissioners.

E X H I B I T

"A"

EXCHANGE SERVICE SCHEDULE NO. A-5

Service.

Applicable to flat rate suburban party line exchange service furnished within the territory served.

Rate.

	<u>Rate per month</u>
Each wall set station,	\$2.00

Conditions.

(1) The above rate includes charge of The Pacific Telephone and Telegraph Company for switching service in its Paso Robles exchange.

(2) The Company owns and maintains all facilities outside of the Primary Rate Area of the Paso Robles Exchange of The Pacific Telephone and Telegraph Company.

(3) In no case will the total number of primary stations connected to one circuit exceed ten (10) stations.