

Decision No. 21227.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of the REEDLEY TELEPHONE COMPANY for an order establishing new rates on its toll line between Reedley and General Grant National Park, with leg to Badger, and eliminating through toll rates to points on other lines.

Application No. 15404.

A. Terkel, for Applicant,
J. J. Deuel, for Fresno County Farm Bureau,
Protestant,
Roy Stevenson, for U. S. Forest Service,
M. H. Jones, for Squaw Valley-Dunlap Farm
Center and interested parties in Dunlap,
Walter E. Bruner, for City of Reedley and
Reedley Chamber of Commerce.

BY THE COMMISSION:

O P I N I O N

In this proceeding, Reedley Telephone Company, hereinafter sometimes referred to as the applicant, asks authority to place in effect increased rates for toll telephone and telegraph service on its Reedley-General Grant National Park telephone line, and to change the method of computing toll charges on interline business. Only the toll rates for use of the long distance line are involved in this proceeding and no request is made to increase any rate for exchange telephone service.

A public hearing was held in this matter before Examiner Satterwhite, in Reedley, on April 30, 1929, at which place and time testimony was taken and the matter submitted.

Applicant, in conjunction with its telephone exchange serving the City of Reedley, operates a toll telephone line connect-

ing to the central office switchboard in Reedley a number of smaller exchanges at Squaw Valley, Dunlap, Miramonte and Pinehurst, and toll stations at General Grant National Park and intermediate points. Connection to the toll lines of The Pacific Telephone and Telegraph Company is made at Reedley.

Applicant introduced testimony at the hearing that, during the years 1927 and 1928, the total revenue derived from the use of its toll line amounted to \$298.64, after deducting commissions paid to agents, and that the out-of-pocket expense for maintenance of the line for the same period, exclusive of depreciation annuity and interest charges, amounted to \$1,108.00.

The rates for service over applicant's toll line, at present effective, are those in general use throughout the state, which are based on air line distances between toll points. Rates between points on applicant's system and points on the lines of connecting companies, under this plan, are computed on the air line distances between such points, and the amounts collected for such service are divided between applicant company and the connecting company. Proration of joint revenue is based upon the relation between the air line distances between the point on applicant's line and Reedley and between Reedley and the point on the connecting Company's system. The application of this plan results in a relatively small revenue per message to the Reedley Company.

Applicant has proposed a schedule of rates, having as a maximum an initial rate of \$1.00 for toll service between Reedley and General Grant Park, which it desires to charge and collect on an "other line" basis. The "other line" basis provides that an interline charge shall be the sum of the connecting company's rate to Reedley and the applicant's rate for service on its line from Reedley to the called point, or the reverse. It appears that

applicant's proposed rates were not based upon any logical arrangement, but were entirely arbitrary. Applicant's witness was unable to furnish an estimate of the revenue which would be produced under the application of such rates to the toll business conducted over its system.

In accordance with an agreement reached at the hearing, applicant provided this Commission with its toll tickets showing all toll business transacted over its lines during the years 1927 and 1928. As a result of a study of this information, it appears that the revenue which would be produced under applicant's proposed rates would be greater than necessary and that the application of these rates might result in too great a curtailment of the usefulness of the service.

Although each particular portion or separate part of a utility's operations need not be self-supporting, there appear to be good reasons why applicant's toll line should produce sufficient revenue to be at least equal to the out-of-pocket cost of its maintenance. The record indicates that, if rates for use of the toll line were fixed so that revenue would be commensurate with the cost, no appreciable increase in the return on the total operations of applicant would result. This toll line is situated in a sparsely settled, mountainous region where no other means of rapid communication exist. It is essential that this telephone line be properly maintained so that rapid communication with outside points may be had by residents and by the many transients who visit General Grant National Park each year.

The Reedley Company now offers Station-to-Station, Person-to-Person, and Appointment and Messenger service over its line. It appears that the needs of the communities served by

applicant will be adequately met if Person-to-Person service only is furnished. The rates fixed herein are those now in effect for Person-to-Person toll telephone service over the Reedley Company's system with the exception that they are established on the "other-line" basis. It is estimated that the annual revenue produced by the application of the rates herein ordered into effect would amount to \$600.00, which is considered adequate for the proper maintenance of the toll line. No change in the present telegraph rates of applicant is considered necessary.

O R D E R

Reedley Telephone Company, applicant in this proceeding, having requested the Railroad Commission to make its order authorizing applicant to place in effect a schedule of increased rates for toll service over its Reedley-General Grant National Park telephone line, 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 for toll telephone service now being charged by applicant are not just and reasonable rates and that the rates herein fixed are just and reasonable rates for such service.

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 Reedley Telephone Company shall

(1) Charge and collect, on and after July 1, 1929, the schedule of toll telephone rates set forth in Exhibit "A" attached hereto and made a part of this order.

(2) Submit to the Railroad Commission of the State of California, for filing, on or before June 25, 1929, the rates for toll telephone service referred to in (1).

(3) Cancel all schedules of rates for toll telephone service which may be in conflict with rates set forth in Exhibit "A" attached hereto, effective as of July 1, 1929.

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 June, 1929.

Mark L. Smith

E. C. Sealey

Wm. H. Smith

Leon C. White

Commissioners,

EXHIBIT "A"

RATES

TOLL SERVICE SCHEDULE NO. B-1

GENERAL SERVICE:

Applicable to Toll Telephone Service over the long distance circuits of the Reedley Telephone Company.

INITIAL RATES:

Between:

<u>And</u>	Wilsonia	Gen. Grant Park Headquarters	Sequoia Lake	Badger	Camp Monroe	Pinehurst	Miramonte	Dunlap	Sand Creek Store	Squaw Valley	Navalencia
Reedley	: 30	: 30	: 30	: 30	: 30	: 30	: 30	: 25	: 20	: 20	: 15
Navalencia	: 25	: 25	: 25	: 25	: 25	: 25	: 25	: 20	: 15	: 15	:
Squaw Valley	: 25	: 20	: 20	: 20	: 20	: 20	: 20	: 15	: 15	:	:
Sand Creek Store	: 20	: 20	: 20	: 15	: 15	: 15	: 15	: 15	:	:	:
Dunlap	: 15	: 15	: 15	: 15	: 15	: 15	: 15	:	:	:	:
Miramonte	: 15	: 15	: 15	: 15	: 15	: 15	:	:	:	:	:
Pinehurst	: 15	: 15	: 15	: 15	: 15	:	:	:	:	:	:
Camp Monroe	: 15	: 15	: 15	: 15	:	:	:	:	:	:	:
Badger	: 15	: 15	: 15	:	:	:	:	:	:	:	:
Sequoia Lake	: 15	: 15	:	:	:	:	:	:	:	:	:
Gen. Grant Park Headquarters	: 15	:	:	:	:	:	:	:	:	:	:

The above initial rates are expressed in cents and are for "Person-to-Person" service. They apply to toll telephone messages over the toll line of the Reedley Telephone Company without reference to the time of day or the class of toll service which may be requested, or which may be offered or furnished by connecting companies.

INITIAL PERIOD AND OVERTIME PERIOD:

The toll telephone rates herein listed are for an Initial Period of three (3) minutes and an Overtime Period of one (1) minute.

OVERTIME RATES AND REPORT CHARGES:

Overtime Rates and Report Charges are effective as follows:

<u>Where the Initial Rate is</u>	<u>The Overtime Rate is</u>	<u>The Report Charge is</u>
\$0.15	\$0.05	\$0.10
.20	.05	.10
.25	.05	.10
.30	.10	.10

TOLL RATES FOR SERVICE TO AND FROM POINTS ON LINES
OF CONNECTING COMPANIES:

The charge applicable to toll telephone service between any point on the lines of the Company, other than Reedley, and any point on the lines of connecting companies beyond Reedley is the sum of the rates quoted by the connecting companies for the use of their lines between Reedley and the point on the connecting lines plus the above listed rate applying between Reedley and the point on this Company's line.