

Decision No. 21790.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Investigation upon the Commission's own motion into the rates, tolls, rentals, charges, classifications, rules, regulations, practices and contracts of Roseville Telephone Company.

Case No. 2750.

*W. Hanisch for Roseville Telephone Company.*

DECOTO, COMMISSIONER:

O P I N I O N

In the above numbered proceeding the Commission, on its own initiative, has called into question the rates, rules and regulations, practices and operations of the Roseville Telephone Company.

A public hearing was held in Roseville on September 25, 1929, at which place and time the matter was submitted for decision.

Roseville Telephone Company, a corporation, is engaged in conducting a telephone business in the City of Roseville and vicinity. Equipment is of the manually operated common battery type and continuous twenty-four hour service is provided. Full selective ringing is employed in the signalling of two and four-party line stations.

E. M. Blakeslee, of the Commission's Engineering Staff, presented a report on the operations of the Roseville Telephone Company setting forth his estimates of revenues under present rates and reasonable operating expenses and deductions for a period from April 1, 1929, to March 31, 1930. His estimates show a total revenue of \$35,870 and expenses and deductions, including depreciation, of \$28,570, leaving a net for return of \$7,300. This represents a return of 9.08 per cent on his estimated rate base of \$80,398.

The inventory and the appraisals of the Company's property were made by the Commission's Valuation Engineers and a copy of their report was placed in evidence through Mr. Blakeslee.

The witness proposed a number of rate adjustments, including suggested decreases in extension station rates and private branch exchange station charges; a reduction in the service connection charge applicable to the establishment of service where the instrumentalities are not in place on the applicant's premises, and the elimination of the charge covering the re-connection of service temporarily disconnected for non-payment.

It appears that the Company's cable plant is quite congested and that as of the date of the investigation a number of orders for individual line and party-line service were

awaiting installation. The matter of service is of vital importance in any rate consideration and it is of concern to this Commission that a telephone company be in a position to meet all reasonable requests for service installations within a relatively short time after application. The evidence in this case indicates that the Company should proceed immediately to provide relief in its cable plant by the expenditure of approximately \$10,000 over and above the amount considered in the estimate of additions and betterments.

The loss of revenue from the proposed reduction of rates and charges, together with depreciation expense and interest charges on the increased capital of \$10,000, will more than absorb the present earnings in excess of a  $7\frac{1}{2}$  per cent return. It is believed, however, that with the increased business which the Company will be able to obtain it should earn a return between 7 and  $7\frac{1}{2}$  per cent.

W. Hanisch, Manager of the Roseville Telephone Company, testified that he would accept in their entirety the appraisal figures derived by the Commission's Valuation Division. He also concurred with the recommendations of the Commission's engineer as to rate adjustments. The witness submitted as an exhibit his estimate of the cost of a program of enlargement of cable facilities which in his judgment is required for the rendering of satisfactory service. The estimate totals \$15,625 and duplicates to the extent of approximately \$5,000 items included in additions and betterments as estimated by the Commission's engineer.

Witness stated he could put this program into operation by the end of 1930.

In its Decision No. 7833, dated July 9, 1920, in Application No. 5142 (Volume 18, Opinions and Orders of the Railroad Commission, Page 535), the Commission authorized Roseville Telephone Company to file a schedule of rates set forth in that decision, subject, among other things, to the following condition:

(b) A depreciation reserve annuity equal to four and one-half per cent (4½%) of the reproduction cost of the depreciable property as of March 1, 1920, as found by the Commission's engineers, plus all subsequent depreciable additions and betterments, shall be set aside in monthly installments for the purpose of maintaining the plant in good condition and shall be used for such purposes only, or as may be authorized by this Commission.

Inasmuch as in this decision the depreciation annuity has been calculated on a five percent sinking fund basis and for the further reason that the rates herein fixed differ from those fixed by Decision No. 7833, it appears that the foregoing condition in the order in Decision No. 7833 should be vacated and set aside. While such a result may follow from a change in the rates, the order herein, however, will eliminate any uncertainty by specifically vacating and setting aside Condition (b) of the order in Decision No. 7833.

I recommend the following form of order:

O R D E R

The Railroad Commission of the State of California having instituted an investigation of the operations of the Roseville Telephone Company as to its rates, tolls, rentals, charges, classifications, rules, regulations, practices, and contracts, 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 rates now charged for telephone service and

the rules and regulations governing service should be modified in so far as they differ from the rates and rules and regulations set forth in Exhibit "A" and Exhibit "B" attached hereto.

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 Roseville Telephone Company make certain modifications in its operations and shall, effective

January 1, 1930:

(1) Charge and collect for exchange telephone service the rates and charges shown in Exhibit "A" attached hereto and made a part of this order.

(2) Establish rules and regulations governing service connection charges and charges for moves and changes as shown in Exhibit "B" attached hereto and made a part of this order.

(3) Cancel the filing and withdraw Rule and Regulation No. 9 now on file with the Railroad Commission of the State of California.

IT IS HEREBY FURTHER ORDERED, That Roseville Telephone Company shall submit for filing on or before December 26, 1929:

(1) Schedules of rates designated Exchange Service Schedules A-1, A-2, A-12 and A-13, as set forth in Exhibit "A", attached hereto, superseding, respectively, similarly numbered schedules now on file with the Railroad Commission of the State of California.

(2) Revised Rule and Regulation No. 29, Moves and Changes, and Rule and Regulation No. 30, Service Connection Charges, as set forth in Exhibit "B", attached hereto, superseding, respectively, similarly designated Rules and Regulations now on file with the Railroad Commission of the State of California.

IT IS HEREBY FURTHER ORDERED, That Roseville Telephone Company may file and make effective such other rates, rules and

regulations governing the furnishing of service by it as may be approved by the Railroad Commission of the State of California.

IT IS HEREBY FURTHER ORDERED, That Roseville Telephone Company be and it is hereby directed to enter upon and carry to completion, on or before December 31, 1930, a program for the relief and expansion of its cable plant and facilities substantially in accord with the estimate of proposed construction contained in Exhibit No. 3, submitted at the hearing in this proceeding.

IT IS HEREBY FURTHER ORDERED, That twenty days from and after the date of this decision, Condition (b) of the order in Decision No. 7833, dated July 9, 1920 reading:

"(b) A depreciation reserve annuity equal to four and one-half per cent (4½%) of the reproduction cost of the depreciable property as of March 1, 1920, as found by the Commission's engineers, plus all subsequent depreciable additions and betterments, shall be set aside in monthly installments for the purpose of maintaining the plant in good condition and shall be used for such purposes only, or as may be authorized by the Commission."

be, and the same is hereby, vacated and set aside.

For all other purposes, the effective date of this order shall be twenty (20) days from and after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 15<sup>th</sup> day of ~~October~~ <sup>November</sup> 1929.

Thomas B. Louie  
W. Stearns  
James D. ...  
Leon ...  
...

Commissioners.

EXHIBIT "A"

EXCHANGE SERVICE SCHEDULE NO. A-1.  
APPLICABLE TO INDIVIDUAL LINE SERVICE AND PARTY LINE SERVICE  
WITHIN THE PRIMARY RATE AREA OF THE ROSEVILLE EXCHANGE.

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	Rate per Month	
	Wall Station	Desk Station
<b>BUSINESS FLAT RATE SERVICE:</b>		
Each Individual Line Station	\$3.00	\$3.25
Each Two-party line Station	2.50	2.75
Each Four-party Line Station	2.25	2.50
Each Extension Station	.75	1.00
 <b>RESIDENCE FLAT RATE SERVICE:</b>		
Each Individual Line Station	\$2.50	\$2.75
Each Two-party Line Station	2.25	2.50
Each Four-party Line Station	2.00	2.25
Each Extension Station	.50	.75

Extension stations are provided in connection with individual line and two-party line service. The maximum number of extension stations which will be connected to a primary station is three to an individual line station and one to a two-party line station. None are connected to four-party line stations. Two additional extension stations will be provided in connection with individual line service if keys are ordered and installed so that not more than three extension stations will be connected to a line when in use.

Extension stations for business service will be installed outside the premises in which the primary station is located, provided they are for use by the subscriber only and are located on the subscriber's premises and within satisfactory transmission limits. Extension stations for residence service will be installed only in connection with the subscriber's service for use by the subscriber and must be located on the same premises. Extension stations at the above rates are installed on the premises in which the primary station is located. The above rates plus mileage rates are applicable to outside extension stations.

The individual line and party-line services will be provided outside the primary rate area and within the exchange area at the above rates plus mileage rates.



EXCHANGE SERVICE SCHEDULE NO. A-2

Applicable to Private Branch Exchange Service  
Throughout the Territory Served

	Rate per Month
<b>BUSINESS COMMERCIAL FLAT RATE SERVICE</b>	
Each switchboard position with battery, ringing circuits and switchboard telephone: Non-multiple cord type switchboard - - - - -	\$5.00
First bothway trunk line - individual line business flat wall station rate plus \$2.00 per month. Each additional bothway trunk line - rate for first bothway trunk line less 25%.	
Each wall station - - - - -	.75
Each desk station - - - - -	1.00

Each private branch exchange system will consist of at least one switchboard position, two trunk lines and four stations, excluding switchboard telephone.

One or two position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. An operating set, consisting of a single head receiver and chest type transmitter, will be provided for switchboards of two or three positions, when requested, without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboard will be provided in standard finish at the time of installation.

Stations provided at the above rates are installed on the premises in which the switchboard is located. Stations will be installed outside the premises provided they are for the use of the subscriber and are within satisfactory transmission limits. The above rates plus mileage rates are applicable to outside stations and to service outside the primary rate area and within the exchange area.

The above rates are applicable within primary rate area to all flat rate private branch exchange service except Hotel Service which is provided in hotels, rooming and apartment houses, or to such portion of buildings letting rooms to the public for living quarters.

EXCHANGE SERVICE SCHEDULE NO. A-2  
 Applicable to Private Branch Exchange  
 Service throughout the territory served

BUSINESS HOTEL FLAT RATE SERVICE	Rate Per Month
Each switchboard position, with battery, ringing circuits and switchboard telephone, equipped for 15 lines - - - - -	\$2.00
Additional switchboard equipment for each group of 5 lines or less - - - - -	.20
First bothway trunk line - Individual line business flat wall station rate plus \$2.00 per month.	
Each additional bothway trunk line - Rate for first bothway trunk line less 25%.	
Each wall station, not in guest rooms - - - - -	.75
Each desk station, not in guest rooms - - - - -	1.00
Each wall station in guest rooms:	
1 to 10 inclusive - - - - -	.50
11 to 20 inclusive - - - - -	.45
21 to 35 inclusive - - - - -	.40
36 to 50 inclusive - - - - -	.35
Over 50 - - - - -	.25
Each desk station in guest rooms:	
1 to 10 inclusive - - - - -	.75
11 to 20 inclusive - - - - -	.70
21 to 35 inclusive - - - - -	.65
36 to 50 inclusive - - - - -	.60
Over 50 - - - - -	.50

Each private branch exchange system will consist of at least one switchboard position, two trunk lines and ten stations, excluding switchboard telephone.

## EXCHANGE SERVICE SCHEDULE NO. A-2 (Cont'd)

One or two-position cord switchboards will be provided with a transmitter attached to the switchboard and a detachable single head receiver. An operating set, consisting of a single head receiver and chest type transmitter, will be provided for switchboards of two or three positions, when requested without additional charge. Operators' chairs will be provided with each multiple switchboard. The switchboards will be provided in standard finish at the time of installation.

The above rates are applicable within the primary rate area to private branch exchange service furnished to hotels or rooming houses or to such portion of buildings letting rooms to the public for living quarters.

Stations provided at the above rates are installed on the premises in which the switchboard is located. Stations will be installed outside the premises provided they are for the use of the subscriber and are within satisfactory transmission limits. The above rates plus mileage rates are applicable to outside stations and to service provided outside the primary rate area and within the Exchange Area.

EXCHANGE SERVICE SCHEDULE NO. A-12

Semi-public Coin Box Service

Roseville

## SERVICE:

Applicable to Semi-Public Coin Box Service furnished within the Primary Rate Area of the Roseville Exchange.

## RATE:

- (a) Individual Line Wall Set:  
 Each Message - - - - - 5 cents  
 Minimum charge - - - - - 12 cents per day
- (b) Individual Line Desk Set:  
 The above rate plus 25 cents per month
- (c) Extension Stations:  
 Each extension station without coin box,  
 Wall Set, - - - - - \$0.75 per month  
 Desk Set, - - - - - 1.00 " "

## CONDITIONS:

1. Semi-Public Coin Box Service will be furnished upon the subscriber's request in stores, restaurants, hotels, theatres and other semi-public locations.

2. The service may be obtained outside the Primary Rate Area and within the Exchange Area at the above rates plus mileage rates.

3. The charge resulting from the application of the desk rate (b) or the extension rate (c) does not apply against the minimum charge in rate (a).

EXCHANGE SERVICE SCHEDULE NO. A-13

Hand Telephone Set:

Applicable to Hand Set equipment furnished in connection with any grade of service.

Rate:

Each Hand Set Station .....Desk Set Station  
Rate plus \$0.25 per month.

EXHIBIT "B"

RULE AND REGULATION

NO. 29

MOVES AND CHANGES

Moves and changes of telephone apparatus and wiring on the subscribers' premises, 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 . . . . \$2.50
  - 2. Change in type or style . . . . . 2.50
  
- (B) Private Branch Exchange and Intercommunicating Systems.
  - 1. Moving from one location to another:

	Same Room	One Room to Another
(a) Intercommunicating Systems, per station . . . . .	\$5.00	\$7.50
(b) P.B.X. Systems, cord per station . . . . .	3.00	3.00
(c) P.B.X. Switchboards, per position . . . . .		
. . . . . 30-line.. . . .	5.00	10.00
. . . . . 80-line.. . . .	7.50	15.00
. . . . . 160-line.. . . .	10.00	25.00
. . . . . 320-line.. . . .	17.50	40.00
Over 320-line . . . . .	Actual Cost	

(C) Other Equipment and Wiring.

Charges for moving or changing of equipment or wiring, other than that included under A and B above, will be an amount equal to the actual cost of labor and material involved.

(D) Maintenance.

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

(E) Change in Class of Service.

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

RULE AND REGULATION

NO.30

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, except farmer line service, in accordance with the following provisions:

1. NEW AND ADDITIONAL SERVICE. Service Connection Charges

Individual and party line primary stations and private branch exchange trunks:

Business and residence, each station..	\$2.50
each trunk....	2.50

Private branch exchange stations (except operator's sets):

Business and residence, each station..	1.50
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Extension stations:

Business and residence, each station..	1.50
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2. SERVICE WHERE INSTRUMENTALITIES ARE ALREADY IN PLACE ON SUBSCRIBER'S PREMISES AND NO CHANGE IN LOCATION OF FACILITIES IS INVOLVED.

Business and residence, subscriber's exchange service, one or more units.....	1.50
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A change in location of telephone sets 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 by 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.