

Decision No. 21902

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

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| <p>In the matter of the Application of CAMPBELL TELEPHONE COMPANY, a corporation, for the establishment of a new schedule of rates for telephone service.</p> |
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Application No. 15938.

F. F. Watkins, for Applicant.

James Turner, for Subscribers.

BY THE COMMISSION:

O P I N I O N

In this proceeding Campbell Telephone Company, hereinafter called the applicant, an incorporated company, furnishing telephone service in the suburban area surrounding the Town of Campbell, Santa Clara County, requests an order of the Railroad Commission authorizing an increase in its rates for telephone service.

An opening hearing was held before Examiner Williams, in the Town of Campbell on November 1, 1929, and an adjournment was taken so as to afford subscribers opportunity to study the effect of applicant's request. Further hearing was held in Campbell on November 15, 1929, at which place and latter date the matter was submitted for decision.

Applicant is conducting a telephone business in territory surrounding the Campbell Exchange service area of The Pacific Telephone and Telegraph Company. Applicant does not own, maintain, nor operate a central office, but secures switching service through The Pacific Telephone and Telegraph Company's central office facilities. Continuous twenty-four hour service

is provided by means of manually operated magneto equipment. Individual line and ten-party line service is offered and as of September 30, 1929, one hundred ninety-six (196) subscribers were being served. Toll service is furnished to applicant's subscribers by the Pacific Company and for this service the Pacific Company bills the charges to and collects them from the individual subscribers.

The record in this proceeding sets forth a book value of \$10,944.19 as of August 31, 1929, but it was shown that the amount on the books does not represent the entire capital invested in plant and equipment. Applicant submitted an inventory and appraisal of the property in the form of an exhibit, attached to the application, setting forth a property value, based on average prices over a five-year period, amounting to \$12,424.65. Testimony indicates, however, that there were a number of omissions in this appraisal and that prices used were, in some instances, low.

The Commission's engineer, E. M. Blakeslee, developed historical and reproduction cost appraisals of the plant using inventory quantities as submitted by the applicant. These inventory quantities were checked in the field and found to be of sufficient accuracy for the purpose.

The amounts derived by him for operative property, not including materials and supplies, as of August 31, 1929, are as follows:

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|---|-------------|
| Historical Reproduction Cost, | \$14,358.00 |
| Reproduction Cost New, | 17,518.00 |
| Reproduction Cost New, Less Depreciation, | 13,193.00 |

From a consideration of all the elements of value presented and considering the operations and the conduct of the business as a whole, it is concluded that the

fair value of the properties used and useful in the public service as of August 31, 1929, is \$14,400.00.

Applicant is engaged in a program of reconstruction of the plant which it is estimated will increase the value of the properties \$2,500.00. Adding to the fair value already determined, this item of net reconstruction in progress, plus estimated average additions and betterments for six months and allowances for materials and supplies and working cash, results in a reasonable rate base for the period September 1, 1929, to August 31, 1930, of \$17,867.00.

The estimate of revenue under present rates and allowable expenses for the rate base period as submitted by the Commission's Engineer will result in a net for return of approximately 1-1/2 per cent on the rate base found herein. Clearly, applicant is entitled to an increase in rates. It is calculated that the schedules of rates and charges found reasonable and established in the order herein following will produce revenues sufficient to meet taxes and necessary expense for rendering satisfactory service to the subscribers and provide the Company a return approximating 7 per cent on its investment.

Subscribers of applicant through James Turner, their designated representative, have indicated that there is a demand for a grade of service less costly than individual line service but with fewer stations per line than ten-party line service. The order herein will establish four-party line service which in general is provided in exchanges throughout the State.

Applicant's rules and regulations provide a charge of \$1.00 applicable to the restoration of service temporarily disconnected for non-payment. The order following will provide for the cancellation of this rule.

ORDER

Campbell Telephone Company having requested an order of the Railroad Commission of the State of California authorizing a revision of its rates, 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 by Campbell Telephone Company for telephone service furnished by it are unjust and unreasonable, and that the rates set forth in Exhibit "A", attached hereto, are just and reasonable rates.

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

IT IS HEREBY ORDERED that Campbell Telephone Company shall, effective January 1, 1930,

- (1) Establish business and residence four-party flat rate service throughout the territory served,
- (2) Charge and collect for exchange telephone service the rates and charges shown in Exhibit "A", attached hereto and made a part of this order,
- (3) Cancel Rule and Regulation No. 9, now on file with the Railroad Commission of the State of California, and withdraw the filing therefor,
- (4) Cancel all schedules of rates for exchange telephone service not included in Exhibit "A", attached hereto.

IT IS HEREBY FURTHER ORDERED that Campbell Telephone Company shall submit for filing, in the manner and form prescribed in General Order No. 68, on or before December 28, 1929, a schedule of rates for exchange telephone service as set forth in Exhibit "A", attached hereto.

IT IS HEREBY FURTHER ORDERED that Campbell Telephone Company may file and make effective such other just and reasonable rates, rules and regulations governing the furnishing of service by it as may be approved by the Railroad Commission of the State of California.

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 ~~November~~ ^{December}, 1929.

John B. Smith

Ed Seaver

Edward D. ...

Leon ...

W. J. ...

Commissioners.

EXHIBIT "A"

SCHEDULE OF RATES

EXCHANGE SERVICE - SCHEDULE NO. A- .GENERAL SERVICE:

Applicable to individual line and party line business and residence flat rate service furnished throughout the entire area served.

RATE:(a) Station Rate:

| <u>Service.</u> | <u>Rate Per Month Per Station Business Service</u> | <u>Residence Service</u> |
|---|--|------------------------------|
| Each individual line desk set station, | \$2.75 | \$2.25 |
| Each four-party line desk set station, | 2.75 | 2.25 |
| Each extension desk set station, | 1.00* | 1.00* |
| Each wall set station - desk set station rate less \$.25 per month. | | |
| Each hand set station - desk set station rate plus \$.25 per month. | | |

(b) Mileage Rates:

| <u>Service</u> | <u>Rate per each one- quarter mile or fraction thereof per month</u> |
|---------------------------------------|--|
| Each individual line primary station, | \$.50 |
| Each four-party line primary station, | .25 |

CONDITIONS:

(1) The total charge will be the sum of the charges resulting from the application of the above rates (a) and (b).

(2) The mileage charge under the above rates (b) will be based on the air-line distance from the subscriber's primary station to the nearest point on the boundary of The Pacific Telephone and Telephone Company's Campbell Exchange service area.

(3) Extension stations are installed on the premises on which the primary station is located.

(4) The subscriber will be allowed a discount of ten (10) per cent of the charges resulting from the application of the station rates in (a) above, except those marked with a (*), if the total bill for exchange service is paid for one year in advance during the first month of the year.

EXCHANGE SERVICE - SCHEDULE NO. A.SUBURBAN SERVICE:

Applicable to ten (10) party business and residence flat rate service throughout the entire territory served.

RATE:

| | <u>Rate Per Month Per Station</u> | |
|---|-----------------------------------|--------------------------|
| | <u>Business Service</u> | <u>Residence Service</u> |
| Each ten party line desk set station | \$2.75 | \$2.25 |
| Each extension desk set station without bell | 1.00* | 1.00* |
| Each wall set station - desk set station rate less \$.25 per month. | | |
| Each hand set station - desk set station rate plus \$.25 per month. | | |

CONDITIONS:

(1) Extension stations are furnished without bells and are installed on the premises on which the primary station is located. In no case will the total number of primary stations connected to one circuit exceed ten (10) stations.

(2) The subscriber will be allowed a discount of ten (10) per cent of the charges resulting from the application of the above rates, except those marked with a (*), if the total bill for exchange service is paid for one year in advance during the first month of the year.

EXCHANGE SERVICE SCHEDULE NO. A-SUPPLEMENTAL EQUIPMENT:

Applicable to supplemental equipment installed at the request of the subscriber.

RATE:

| | <u>Installation Charge</u> | <u>Rate Per Month</u> |
|--------------------------|--------------------------------|---------------------------|
| Ordinary Extension Bell, | \$1.25 | \$0.25 |