

Decision No. 21979.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of SANTA BARBARA TELEPHONE COMPANY,
a corporation, for authority to in-
crease rates.

Application No. 16115.

Chickering and Gregory, by Stephen R.
Duhring, for Applicant.

ORIGINAL

BY THE COMMISSION:

O P I N I O N

Santa Barbara Telephone Company, a corporation, herein requests authority to increase certain rates for telephone service furnished in its Guadalupe Exchange.

A public hearing in this application was held before Examiner Satterwhite at Guadalupe on December 17, 1929, when the matter was taken under submission.

The utility renders telephone service principally in Santa Barbara County, California, from several exchanges, one of the smaller of which is the Guadalupe Exchange serving approximately one hundred and forty subscribers in Guadalupe and some surrounding territory. Subscribers to telephone service in this exchange area desire improved and continuous service and applicant is willing to meet these public requirements but asks for increased rates to compensate in some measure for the necessary expenditures. The rates which the Company desires to increase and those proposed are as follows:

	Rate Per Month			
	Business Service		Residence Service	
	Present	Proposed	Present	Proposed
Individual line desk set station,	\$2.75	\$3.25	\$2.25	\$2.50
Two-party line desk set station,	2.25	2.75	2.00	2.25
Four-party line desk set station,	-	-	1.75	2.00
Each wall set station - desk set station rate less \$.25 per month.				

It is not proposed to change other rates now in effect in the Guadalupe Exchange.

It is proposed to replace the present magneto central office equipment with automatic equipment, to replace the magneto telephones with new dial telephones, and to construct additional toll lines between Guadalupe and Santa Maria. Continuous twenty-four hour service is proposed and all one, two and four-party line service will be full selective.

Mr. D. A. Sattler, Manager of Applicant Company, gave testimony and introduced exhibits in evidence to show that the return on the Company's investment in its Guadalupe Exchange for the first nine months of 1929 was 3.25%, and that the estimated return for 1930 on the investment in the plant, as proposed, and with full consideration of the requested increased rates, would be 2.3%. Mr. Sattler estimated that the new equipment, facilities, and service could be ready for operation about August 1, 1930, and requested that the new rates become effective at the time of the change in service. A petition for the improved service with agreement to the proposed increased rates, signed by sixty-three subscribers to the service, was introduced in evidence.

Arthur B. Fry, Telephone and Telegraph Engineer for the Commission, gave evidence concerning the condition of the present equipment, facilities and service of Santa Barbara Telephone Company's Guadalupe Exchange as determined from a field investigation and conferences with representatives of the subscribers and the utility. His testimony also included the results of a test study of the earnings of the Guadalupe Exchange for 1928 under

existing rates, and also with the assumptions of the proposed equipment, facilities, practices and rates applied to the 1928 services. The return upon the fixed capital, material and supplies, as shown by the Company's books and estimated working cash capital, was .36%. The estimated return under the assumptions of dial service and proposed increased rates in the Guadalupe Exchange for 1928 was a loss of .47%. The Commission's engineer estimated that the Santa Barbara Telephone Company earned 4.76% on the fixed capital and material and supplies as shown by its books for its entire system for 1928, plus estimated working cash. The increase in revenue which would be expected to be obtained by the proposed increases is approximately \$50. per month. This revenue, added to the accrued revenues for 1928, would give an estimated return on the entire system of less than 5%. The evidence did not indicate that Applicant Company would earn an excessive return for its entire system due to the increase if granted.

The proposed charges for service are on a level comparable with those effective for similar service in other exchanges of similar size and comparable operating conditions and no objection to the increase was heard at the hearing.

We find that the improvements in service to meet the expressed requirements of the public at Guadalupe should be made and that the Company should be authorized to make the requested increases in rates, and the order following will so provide.

O R D E R

Santa Barbara Telephone Company having made application to the Railroad Commission for authority to increase certain telephone rates in its Guadalupe Exchange, a public hearing having

been held, the matter having been taken under submission, and being ready for decision,

The Railroad Commission of the State of California hereby finds as a fact that the rates now charged by Santa Barbara Telephone Company for telephone service in its Guadalupe Exchange would be unjust and unreasonable in the event continuous exchange service is established with Automatic equipment in the Guadalupe Exchange, and that the rates hereinafter set forth should be authorized and made effective and,

Basing its order on the foregoing findings of fact and such other findings of fact which may appear in the opinion preceding this order,

IT IS HEREBY ORDERED that Santa Barbara Telephone Company on or before September 1, 1930, shall replace its Guadalupe manual magneto system with an Automatic dial system and continuous hours of service.

IT IS HEREBY FURTHER ORDERED that Santa Barbara Telephone Company, after a showing to the Railroad Commission that it is ready to make available to its Guadalupe Exchange subscribers continuous, full selective Automatic telephone service, and upon Supplemental Order from the Railroad Commission may file and make effective rates which shall be the present rates for business service plus fifty (50) cents per

month per primary telephone station and the present rates for residence service plus twenty-five (25) cents per month per primary telephone station.

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 3rd
day of January, 1930

W. L. Lott

C. J. Lacey

Wm. B. Lott

W. B. Lott
Commissioners.