

Decision No. 25138

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

ORIGINAL

In the Matter of the Investigation
 on the Commission's own motion into
 the rates, tolls, rentals, charges,
 classifications, rules, regulations,
 practices, contracts, operations,
 service, or any of them, of CAMPBELL
 TELEPHONE COMPANY.

Case No. 3198.

Chaffee E. Hall, for Campbell Telephone Company.

BY THE COMMISSION:

O P I N I O N

In this proceeding instituted by the Railroad Commission on its own motion for the purpose of an investigation of the operations of Campbell Telephone Company, public hearings were held by Examiner Johnson in Los Gatos on April 26th and June 15, 1932, on which latter date the matter was submitted for decision.

Campbell Telephone Company furnishes service to approximately 185 telephone stations in the suburban territory about the town of Campbell, Santa Clara County. The Company operates no central office, but secures the switching of its calls from the Campbell Exchange of The Pacific Telephone and Telegraph Company. Los Gatos Telephone Company owns 222 shares of the outstanding 268 shares of Campbell Telephone Company stock and performs all construction and maintenance functions for which the charges are billed on an actual cost basis. The investigation of Campbell Company

operations was instituted coincident with a complete investigation of the Los Gatos Company, this being required on account of the close relations of the two utilities.

Exhibits containing an appraisal of the property and estimated results of operations prepared by M. M. Barnes, an Assistant Engineer on the Commission's Staff, were filed and accepted by the Company by stipulation. No testimony was introduced by the utility.

The estimate of Historical Reproduction Cost as of March 31, 1932, amounts to \$19,450.09 and that of Reproduction Cost. New, as of the same date, is \$19,971.21.

It is estimated that for the year 1932, at present rates, there will be available \$1,263. for return after allowing reasonable amounts for expenses, depreciation computed on a 6 per cent sinking fund basis, uncollectibles and taxes.

Using the estimated historical reproduction cost estimate of \$19,450, to which has been added \$416., (an apportionment of the cost of certain equipment owned by Los Gatos Company and jointly used with the Campbell Company), \$185. net additions and betterments for 1932, and \$415. for materials and supplies, and no working cash, an estimated rate base of \$20,466. is derived.

There would be found a rate of return of approximately 6.2 per cent by using the estimated net revenue and rate base above.

E. W. Watson, an Assistant Engineer on the Commission's Staff, testified that the service performed by Campbell Telephone Company was good to the extent that the service was within its control. The service conditions in and around Campbell are unusual in that service in the urban area is performed in an exchange of one company and that in the suburban territory it is furnished by another. Calls to and from telephones in the Campbell Telephone Company area are completed at the switch-

board of The Pacific Telephone and Telegraph Company in Campbell. Each company does its own portion of the construction and maintenance work. It has been found elsewhere that this method of furnishing exchange service, with a divided responsibility, is not conducive to the best results. We believe that the two companies operating in this community should endeavor to reach an agreement whereby the service of the relatively small territory in and about Campbell may be furnished under one management.

O R D E R

The Railroad Commission having instituted an investigation of the operations of Campbell Company, public hearings having been held, the matter having been taken under submission and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA finds as a fact that the earnings of Campbell Telephone Company do not result in an excessive rate of return on a reasonable investment in operative property, and that no change in rates for telephone service in Campbell Telephone Company Exchange is required at this time.

IT IS HEREBY ORDERED that this proceeding be and it is hereby dismissed.

The effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 29th day of August, 1932.

W. A. Cunniff
W. B. Lewis
J. G. Stewart
 Commissioners.