

Decision No. 10364

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application }
of L. E. DEAN for an order auth- } Application No. 7406.
orizing an increase in rates. }

L. E. Dean in propria persona.

G. A. Burrell for The Pacific
Telephone & Telegraph Company.

BY THE COMMISSION.

O P I N I O N

A public hearing was held by Examiner Westover at Plymouth upon the above application for authority to increase rates for telephone service.

It appears from the testimony that applicant operates a telephone line running from Plymouth, Amador County, to Aukum and Fairplay in El Dorado County. Farmer line service and toll connection are provided by the Plymouth exchange of The Pacific Telephone & Telegraph Company. The system comprises about thirty-five miles of line. A switch office is maintained at the home of the applicant at Aukum. There are three branch lines connected at Aukum, with five subscribers on the first, six on the second, and ten on the third. There are three subscribers on the main line from Aukum to Plymouth, making a total number of subscribers of twenty-four. The applicant has one rate in effect, namely, \$1.00 per month. He asks the Commission to authorize two rates: for residence service, \$1.50 per month; and for business service, \$2.00 per

month. He alleges that under present rates he is operating at a net loss and has been so operating since he acquired the system two years ago.

Prior to the hearing, an inspection of the line was made by Mr. F. D. Andrews, one of the Commission's engineers. At the hearing, the applicant testified as to his operating expenses and revenues and his plans for rebuilding the line. Mr. Andrews submitted a report on valuation, depreciation, operation, revenue and expenses. His valuation figures include reproduction cost on historical basis, \$1567.00. Revenue for the year 1921 was found to have been \$324.57. Applicant kept no account of cost of materials used in maintenance, nor of automobile expense, and charged nothing for salaries and nothing to depreciation. Mr. Andrews estimates that a fair allowance for all expenses, including depreciation \$120.00 and allowing \$250.00 to the applicant and his wife for salaries and management, is the sum of \$574.00.

The testimony shows that the rates proposed by the Applicant should produce an annual revenue of \$438.00. It will be seen that this is insufficient to pay the operating expenses as estimated above.

Of the twenty-four subscribers' telephone sets in use, the applicant rents seventeen from The Pacific Telephone & Telegraph Company at an annual rental of \$102.00 which is included in the above estimated operating expenses. We recommend that the applicant purchase his own instruments and thus eliminate this item of operating expense.

The testimony shows that most of the pole lines are in a very depreciated condition. The applicant testified that it was his purpose to engage each year in the work of setting

new poles, and to replace all depreciated poles as rapidly as possible. He also promises to make needed improvements in the line wire. It is apparent that the increase in rates, as prayed for, should be granted, but the Commission will require applicant to render efficient telephone service. This cannot be done if many of the poles now in use are allowed to remain much longer without replacement.

ORDER

L. E. Dean, owning and operating a telephone system between Plymouth, Aukum and Fairplay, having applied for an order to increase his telephone rate, the matter having been heard and submitted,

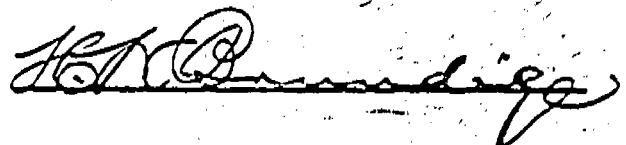
It is hereby found that the rate heretofore charged for telephone service by said applicant is unreasonable and not compensatory, and that the rates hereinafter provided are just to the subscribers.


IT IS HEREBY ORDERED that L. E. Dean be and he is hereby authorized to file with the Railroad Commission, within thirty days from the date of this order, and thereafter to charge and collect rates for telephone service in accordance with the following schedule:

Party line residence service, per month, \$1.50
Party line business service, per month, \$2.00

Applicant is authorized to put these rates into effect, subject to the following condition: Adequate and efficient telephone service must be rendered at all times for all classes of service.

Dated at San Francisco, California, this 29th day of March, 1922.





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Commissioners.