

Decision No. 11033

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the application
of Suisun and Green Valley Tele-
phone Company, a corporation, for
authority and permission to raise
the telephone rentals and charges
of said corporation.

Application No. 5547.

W. U. Goodman and Joseph M. Raines,
for applicant.

BY THE COMMISSION:

O P I N I O N

Suisun and Green Valley Telephone Company, applicant in this proceeding, owns a system of farmer telephone lines in the vicinity of Fairfield, Solano County, California. Service is provided by The Pacific Telephone and Telegraph Company from its Suisun exchange. Applicant is seeking an order authorizing an increase in rates, representing that its present rates are insufficient to meet expenses of operation and maintenance.

Public hearings were held in Suisun on July 22, 1920 and in Fairfield on September 6, 1922, before Examiner Westover. At the hearing held on July 22, 1920, it appeared that, before such increase in rates as may be found to be justified should be allowed, applicant should make certain improvements in its lines to enable it to render adequate and efficient service. To do this it became necessary to obtain the necessary funds by an issuance of securities. It later

applied to and was granted authority by the Commission to issue and sell stock. The Commission, having since been advised that the necessary funds have been obtained and the improvements completed, a further hearing was held on September 6, 1922, and the matter is now ready for decision.

The rates at present in effect are \$12.00 per year. For connection of applicant's lines with the exchange of The Pacific Telephone and Telegraph Company, at Suisun, applicant pays to the latter company out of its \$12.00 rate a charge of \$3.00 per year for each residence telephone and \$6.00 per year for each business telephone of its subscribers. This leaves a net rate to applicant of \$9.00 and \$6.00 per year for residence and business stations, respectively. It is now proposing a rate of \$24.00 per year out of which it will be required to pay to The Pacific Telephone and Telegraph Company its present rate of \$3.60 and \$7.20 per year.

An appraisal of applicant's property prepared prior to and submitted at the hearing of July 22, 1920, is superseded by a later appraisal made by the engineers of the Commission after the improvements previously referred to were completed. This appraisal is made as of April 1, 1922, and is accepted by applicant as representing a fair valuation of the property in service, as of that date. To this appraisal there is added items of plant, constructed subsequent to April 1, making the total valuation \$20,457.00.

Without any increase in applicant's business during the next year, it is estimated by the Commission's engineers that gross receipts under present rates will amount approximately to \$1,512.00. Since applicant does not operate the central exchange with which its lines connect, expenses of operation consist chiefly in the maintenance of its

lines and telephones and in such expenses as may be incurred in accounting and collecting. Allowing for these items, and for taxes, it is estimated that the balance remaining for depreciation reserve and interest on investment, having deducted the service charges payable to The Pacific Telephone and Telegraph Company, will be approximately \$600.00. This amount is insufficient to provide for depreciation and will leave nothing for interest on investment.

The rates proposed by applicant do not provide for a differential between business and residence service or between desk set equipment and wall sets. Neither is there provision for any class of service other than party line service, although applicant is now providing individual or one party line service in a few instances in which subscribers require this service. The proposed rates should be revised in order to provide proper rate differentials for these purposes. For the purpose of uniformity with the rates now in effect for similar service in other portions of the Suisun exchange service area, we suggest a rate of \$2.75 per month for individual line business service, wall sets, and \$2.25 per month for individual line residence service, wall sets, adding thereto the present standard mileage rate of 50¢ per month per quarter mile or fraction thereof, measured in an air line from the nearest point in the primary rate area of the Suisun exchange for any subscriber of petitioner requiring individual line service, with an additional charge of 25¢ per month for desk sets. For ten party line service, the only other class of service now provided by applicant, we suggest a rate of \$27.00 per year for business service, wall sets, and \$24.00 per year for residence service, wall sets, with an additional charge of 25¢ per month for desk sets in each instance.

It is estimated by the Commission's engineers that the party line rates herein suggested will produce gross revenues amounting to approximately \$3060.00 per year, based on the present volume of business. During the five years 1917 to 1921 there has been practically no in-

crease in the volume of business handled. This may be due in part to the inferior service heretofore maintained, but it does not appear even with the improved service which applicant is now prepared to provide that there will be any material increase in business. Estimated revenues therefore can only be based on the present volume. At the present time applicant does not maintain and renew the local batteries used in subscribers' telephones. To insure satisfactory service, it should do so. Allowing for this cost, it is estimated that the total operating expense will approximate \$900.00 per year, exclusive of taxes, depreciation and allowance for uncollectible revenues. Taxes will amount to approximately \$170.00. An allowance of 3.5 per cent for depreciation reserve, sinking fund method appears to be a reasonable allowance in this case. This will amount to \$716.00. Deducting one-half of 1 per cent of gross revenue for uncollectibles will leave a net revenue of approximately \$1,770.00. This will be equivalent to a return of 8.6 per cent on a valuation of \$20,457.00.

In the matter of service it appears that applicant has not heretofore promptly taken care of cases of trouble occurring in subscribers' lines. Its construction is now in good condition and delays in clearing trouble that may occur should not be serious. Applicant should, of course, provide efficient service at all times and we believe it will do so, but suggest the advisability of designating or appointing a representative to whom subscribers or operators of the Suisun exchange may report line or other trouble in order that they may be given prompt attention. We suggest also the advisability of keeping a complete record of all cases of trouble as reported, showing date, time and by whom reported; date, time and by whom cleared, and statement of trouble found.

In the estimate of operating expenses above referred to allowance has been included for bookkeeping and accounting. The amount of work of this character in this case will not be great but applicant

should adopt for this purpose and be governed by the classification of accounts adopted by the Commission for Class "C" companies. It should also adopt and file with the Commission the following or similar rules and regulations in accordance with those approved by the Commission for other similar companies:

Rule 7.

The company may extend credit for toll or telegraph service to any subscriber under the following rules:

(a) If a subscriber avails himself of the convenience of toll or telegraph service and fails to pay the charges therefor the company may, after reasonable notice, deny the convenience of further toll or telegraph service until the subscriber pays the amount due and makes a deposit not in excess of twice his average monthly toll or telegraph bill to cover charges for future toll or telegraph service except in the case of disputed bills.

(b) If a subscriber who has made a cash deposit fails to pay his bills for toll or telegraph service the deposit may be applied to the subscriber's account for toll or telegraph service in so far as it will apply. The subscriber will be required to pay his bill in full and may be required to restore the deposit to its original amount before further toll or telegraph service is supplied, except in the case of disputed bills.

(c) In case of dispute as to the amount of a bill for toll or telegraph service the subscriber shall deposit with the Railroad Commission the full amount claimed by the company to be due, whereupon the Railroad Commission will investigate the facts and communicate its findings to the parties. Failure upon the part of the subscriber to make such deposit within fifteen (15) days after demand by the company that such deposit be made shall warrant the company in denying further toll or telegraph service.

Rule 8.

All bills for flat rate service may be rendered in advance for the periods specified in the rate schedule.

All applicants for business or residence flat rate service may be required upon the establishment of service to pay in advance the charge for the period for which bills are regularly rendered as specified in the rate schedule.

Rule 9.

All bills rendered against subscribers receiving service at flat rates may be rendered in advance and may contain a notice that bill is due and payable when received and that service is subject to discontinuance without further notice unless bill is paid within the period specified therein. The periods shall be specified as follows:

(a) Bills rendered weekly in advance shall specify at least four (4) calendar days after subscriber's receipt of bill.

(b) Bills rendered fortnightly in advance shall specify at least seven (7) calendar days after subscriber's receipt of bill.

(c) Bills rendered monthly in advance shall specify at least fifteen (15) calendar days after subscriber's receipt of bill.

(d) Bills rendered in advance for periods in excess of one month shall specify at least thirty (30) calendar days after subscriber's receipt of bill.

Rule 10.

Cash deposits made by subscribers shall be returned under the following rules:

(a) A cash deposit to guarantee payment of bills for toll or telegraph service that has not been impaired for a period of twelve (12) months from the date of deposit shall be returned to subscriber at the end of the twelve months period, or in the case of an impairment of a deposit, the deposit shall be returned to the subscriber only after it has remained unimpaired for a period of twelve months from the date of last impairment.

(b) When service is discontinued deposits shall be applied to the charges on the closing bill, which deposits cover, and the amount of any deposit in excess of the charges against which the deposit may be applied shall be returned to the subscriber.

Rule 11.

A cash deposit that remains unimpaired for a continuous period of twelve (12) months subsequent to the date of the deposit or in cases of impairment from the date of last impairment shall bear interest at the rate of 6 per cent per annum for such twelve (12) months period. No interest shall be paid if service is discontinued within less than twelve (12) months from the date of making deposit or in cases of impairment of service within less than twelve (12) months from the date of last impairment.

Rule 12.

Applicants for service shall be required to sign an application furnished by the company, subject to approval by the Commission for the service to be furnished and to establish their credit in such cases as provided in these rules as a condition precedent to service.

Rule 13.

The company shall furnish at its own expense all instrumentalities to provide service covered by its rate schedules.

All instrumentalities provided shall conform with the company's established construction standards.

The company may refuse the installation of service that is not to be immediately used or is unreasonable in character, subject to appeal to the Railroad Commission of California.

Rule 14.

A charge for each of the following listed units of facilities shall be made upon application for the establishment of service:

(1) Individual or party line service, each station, \$3.50

(2) Each extension station, \$1.50

(3) A charge of \$1.50 shall be made for the establishment of service by use of instrumentalities in place on subscriber's premises; if, at subscriber's request, a change is made in location or type of facilities, the charges for moves and changes are applicable to the change; provided, the total charges shall not exceed the charges for the initial establishment of service as specified above.

(4) The service connection charge shall be applicable to all service, except farmer line service.

(5) A charge of \$1.00 for restoration of service temporarily disconnected for non-payment, subscriber's temporary absence, or for any other reason for which the subscriber is responsible except a change in class of service or location of facilities.

Rule 15.

The company will provide at its own expense all reasonable extensions necessary to serve applicants in accordance with its lawful rates and in accordance with its established construction standards.

Any extension which in the company's judgment is unreasonable or should not be made at sole cost to the company may be refused, subject to appeal to the Railroad Commission of California, by an informal application or under Section 36 of the Public Utilities Act.

Rule 17.

Any extension which is not to be made at the company's sole cost shall be covered by a written agreement between the company and the applicant, defining the terms and conditions under which the extensions are to be con-

structed, subject to appeal to the Railroad Commission of California.

The improvements which applicant has made in its lines were completed during or about the month of February. It appears to have been providing since then improved service of the standard which the Commission indicated it should provide. It asks that such rates as the Commission may now authorize be made effective from the date to which bills have heretofore been paid by subscribers. This can not be legally done, as the law authorizes the collection of such rates only as are previously authorized and shown on schedules previously filed. We, therefore, authorize the new rates to be made effective on and after October 1, 1922.

ORDER

Suisun and Green Valley Telephone Company having filed its application with the Railroad Commission for an order authorizing it to increase its rates, public hearings having been held and the matter having been submitted,

The Railroad Commission Hereby Finds that the rates now charged and collected by Suisun and Green Valley Telephone Company are unjust and unreasonable and that the rates hereinafter authorized to be charged and collected by it are just and reasonable rates.

Basing its conclusions on the foregoing finding and on the other findings referred to in the Opinion preceding this Order,

IT IS HEREBY ORDERED that Suisun and Green Valley Telephone Company be and it is hereby authorized to file with the Railroad Commission on or before October 1, 1922, and to make effective on and after October 1, 1922, the following rates to wit:

| | <u>Business Service</u> | | <u>Residence Service</u> | |
|----------------------------------|-------------------------|------------------|--------------------------|------------------|
| | <u>Wall Sets</u> | <u>Desk Sets</u> | <u>Wall Sets</u> | <u>Desk Sets</u> |
| 1 Party Individual Line, per mo. | \$2.75 | \$3.00 | \$2.25 | \$2.50 |
| 10 Party Line, per year, | 27.00 | 30.00 | 24.00 | 27.00 |

Mileage charge for 1 Party, Individual Line, Business or Residence service, in addition to the rates hereinabove specified, 50¢ per month for each quarter mile, airline, or fraction thereof, between subscriber's premises and the nearest point in the primary rate area of the Suisun exchange of The Pacific Telephone and Telegraph Company.

The rates herein authorized are subject to the conditions following:

1. Efficient and adequate telephone service shall at all times be provided and maintained for all subscribers.
2. The rates herein authorized and the service relating thereto shall be subject to and governed by the rules and regulations set forth in the preceding Opinion, which rules and regulations shall be filed with the Railroad Commission on or before October 1, 1922.

Dated at San Francisco, California, this 28th day of September, 1922.

W. B. ...
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 Commissioners.