

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of
Elk Grove Mutual Telephone Association
for an order of the Railroad Commission
authorizing an increase in rates for
telephone service.

Application No. 7893.

H.D.Owen, President and D.E.Ronk, Secretary
for Elk Grove Mutual Telephone Association.

L.M.Brown, for The Pacific Telephone & Tele-
graph Company.

By the Commission:

O P I N I O N

Elk Grove Mutual Telephone Association, applicant in this proceeding, operates a small telephone system serving the town of Elk Grove and vicinity, Sacramento County. It desires to increase its rates for the purpose of obtaining revenues sufficient to enable it to maintain connecting lines and telephones which it does not now maintain. A public hearing was held in Sacramento before Examiner Westover.

Applicant owns and maintains only its central office facilities and the main pole and wire lines within a radius of one half mile from its central office. Its subscribers own and are responsible for the maintenance of all connecting lines and telephones within the half mile radius and all pole and wire lines and telephones outside of this radius. It represents that the subscribers do not properly maintain their lines and telephones and that it is therefore unable to render efficient service. It states that a meeting of its members and subscribers was held on March 6th, 1922, when it was agreed by a majority of those attending that an annual payment, estimated to be sufficient to provide proper maintenance, should be paid by each to the Association, and that it should then assume responsibility for the maintenance of all lines and telephones except in those cases in which subscribers object to the annual payment.

The rates at present in effect are as follows:

| | <u>Business Service</u> | <u>Residence Service</u> |
|-------------------------------------|-----------------------------|------------------------------|
| <u>Inside One-Half Mile Radius</u> | | |
| Main Lines per year | \$10.00 | \$8.00 |
| 5 Party Lines, per year | 8.00 | 6.00 |
| <u>Outside One half Mile Radius</u> | | |
| Main Lines, per year. | \$ 9.00 | \$9.00 |
| Party Lines, per year. | 9.00 | 4.50 |

Applicant proposes a rate of \$12.00 per year for all subscribers. The proposed rate is designed only to produce an amount of revenue, in addition to the present revenue, sufficient to meet the estimated cost of additional maintenance which applicant proposes to assume. The rate is so designed for the reason that applicant desires only sufficient revenue to meet the necessary costs of operation.

From an estimate of the probable cost of maintenance, inclusive of depreciation, made by an assistant engineer of the Commission, it appears that the rate proposed by applicant will produce additional revenue slightly less than the required amount. It will be noted from the schedule of present rates appearing above, that the applicant provides different classes of service. The rate proposed by applicant is the same for all subscribers, regardless of class of service, and, if authorized, would result in discrimination. To overcome this objection, the following rates are suggested:

| | <u>Business Service</u> | <u>Residence Service</u> |
|-------------------------------------|-----------------------------|------------------------------|
| <u>Inside One-Half Mile Radius</u> | | |
| Main Lines, per year. | \$18.00 | \$15.00 |
| 5-Party Lines, per year. | 15.00 | 12.00 |
| <u>Outside One-Half Mile Radius</u> | | |
| * Main Lines, per year. | \$18.00 | \$15.00 |
| Party Lines, per year. | 15.00 | 12.00 |

*Plus 50¢ per month per quarter mile or fraction thereof, measured air line from nearest point in one half mile radius to subscriber's premises.

These rates will produce in additional annual revenue approximately \$2540.00, an amount approximately equal to the estimated additional cost of maintenance plus depreciation annuity.

It appears to have been a part of this Association's original plan of organization to provide telephone service to its own members at actual cost of operation. As a result of its efforts to operate under this plan, its plant has not been properly maintained and its service has become inefficient and inadequate. Any rate now authorized should provide also for depreciation. This the rates set forth in the order are designed to do. The Association should be completely reorganized, and upon reorganization such rates should be established as will enable it to provide adequate and efficient service to all applying for service in its territory, whether stockholders or not.

C R D E R

Application having been filed with the Railroad Commission by Elk Grove Mutual Telephone Association for an order authorizing an increase in rates for telephone service, a public hearing having been held, the Commission being fully apprised, and the matter having been submitted,

IT IS HEREBY ORDERED that Elk Grove Mutual Telephone Association be and it is hereby authorized to file with the Railroad Commission within thirty (30) days from the date hereof, the following schedule of rates, to wit:

| <u>Inside One-Half Mile Radius from Central Office.</u> | <u>Business Service</u> | <u>Residence Service</u> |
|---|-------------------------|--------------------------|
| Main (1 party) Lines per year | \$18.00 | \$15.00 |
| 5 Party Lines per year | 15.00 | 12.00 |

| | <u>Business Service</u> | <u>Residence Service</u> |
|--|-----------------------------|------------------------------|
| <u>Outside One-Half Mile Radius from Cent. Office.</u> | | |
| *Main (1 party) Lines, per year | \$18.00 | \$15.00 |
| Party Lines, per year | 15.00 | 12.00 |

*Plus a charge of 50¢ per month per quarter mile or fraction thereof, measured in an air line, from the nearest point in a radius of one half mile from the Central office to subscribers' premises.

The rates herein authorized may be made and become effective upon approval of the schedule herein authorized to be filed upon condition that Elk Grove Mutual Telephone Association shall thereafter maintain, at its sole cost and expense, all of the lines and equipment necessary and useful in serving its subscribers and patrons, irrespective of the ownership of said lines and equipment.

Dated at San Francisco, California, this 27th day of October, 1922.

Harry Martin
Chas. H. Jones
J. T. [unclear]

Commissioners.