

Decision No. _____

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of The Pacific Telephone & Telegraph Company, a corporation, and of Kenwood Rural Telephone Company, a co-partnership; The Pacific Telephone & Telegraph Company to cancel its rates on file for exchange telephone service at Kenwood, Sonoma County, California, and to withdraw from the business of rendering exchange telephone service at Kenwood; Kenwood Rural Telephone Company to enter into the business of rendering exchange telephone service at Kenwood, Sonoma County, California, and for a certificate of public convenience and necessity authorizing it so to do.

ORIGINAL

Application No. 1962

Decision No. 2984

J. W. Gilkyson, for The Pacific Telephone and Telegraph Company.

Milo S. Baker, for Kenwood Rural Telephone Company.

GORDON, Commissioner.

O P I N I O N

As indicated by the title of this application, this is a proceeding involving the cancellation of tariffs now in effect and the withdrawal of The Pacific Telephone and Telegraph Company from the town of Kenwood, Sonoma County, and the entrance by Kenwood Rural Telephone Company for the purpose of providing telephone service and the establishment of rates therefor.

The Pacific Telephone and Telegraph Company now operates a small telephone exchange at this point and has on file with the Railroad Commission a schedule of rates for exchange telephone service applicable to patrons located within a radius of one-half mile from its central office, as follows:

	<u>Business Service</u>	
	<u>Wall</u>	<u>Desk</u>
Individual Line, unlimited	\$2.50	2.75
Two-party " "	2.00	2.25
Extension set	1.00	1.00

Residence Service

	<u>Wall</u>	<u>Desk</u>
Individual line, unlimited	\$2.00	\$2.25
Two-party " "	1.75	2.00
Four-party " "	1.50	1.75
Extensions	1.00	1.00

This schedule provides also for a rate of \$3.00 per year for farmer line service for patrons who may be located beyond one-half mile from the central office, and also for mileage rates for patrons located beyond the one-half mile limit desiring individual, two-party or four-party line service. These mileage rates are in addition to the rates shown above and apply for each quarter of a mile or fraction thereof beyond the one-half mile limit according to the class of service selected, as follows:

Individual line, 50¢ per month.
Two-party line, 35¢ " "
Four-party line, 25¢ " "

In this instance it happens that, while all of the above rates are of record as the lawful rates of The Pacific Telephone and Telegraph Company for this exchange, the only subscribers now having service are farmer line subscribers and hence the only rate actually charged by this company is the \$3.00 per year farmer line rate.

The Kenwood Rural Telephone Company is a co-partnership consisting of twenty-three members, this co-partnership having built and now owning the farmer lines referred to above, each member having contributed his portion of the cost of construction and also paying his portion of the cost of maintenance. In addition to the twenty-three members, there are nine other parties classed by the company as renters for whom the company has provided the necessary lines and telephones and to each of whom it charges a monthly rate of \$1.50 for service. For each of the company's members and for each renter, The Pacific Telephone and Telegraph Company charges and collects its farmer line rate of \$3.00 per year.

As in most exchanges of this character, the hours of serv-

ice now in effect at Kenwood are limited and those having telephones desire to have the hours extended, but due to the small amount of revenue involved and the additional amount which it would cost, The Pacific Telephone and Telegraph Company is unwilling to extend the hours of service. The Kenwood Rural Telephone Company, however, states that it can provide the desired service at small cost if allowed to take over the exchange, and The Pacific Telephone and Telegraph Company is willing to withdraw and allow it to do so.

The Kenwood Rural Telephone Company since it is charging rates to these renters is in fact operating as a public utility, but its rates have not been filed with the Railroad Commission as required by the Public Utilities Act. It appears also that, while renters are paying \$1.50 per month (\$18.00 per year) for service members of the co-partnership are paying only \$3.00 per year and the proportionate cost of maintenance. To remove this discrimination and to enable it to take over and operate the exchange with an extension of the present hours of service, the Kenwood Rural Telephone Company is now asking the Commission to grant a certificate of public convenience and necessity permitting it to enter into the public utility business of rendering exchange telephone service at this point. At the hearing of this application, it also requested permission to amend its application to the extent of being permitted to adopt and uniformly charge and collect the present schedule of rates of The Pacific Telephone and Telegraph Company. The application will accordingly be considered as thus amended.

With reference to rates, it appears from the testimony that certain adjustments of the present service and rates may be necessary to the uniform application of this schedule and to the removal of the discrimination which now exists, but until the company shall have had a reasonable time within which to operate under this schedule the amount of revenue which will result cannot be definitely known and, therefore, the reasonableness of the rates in

this case cannot be determined at this time. This company, however, has expressed itself as being entirely agreeable to adopt such rates, if any, as the Commission may subsequently find to be reasonable.

It appears that the public convenience and necessity will be subserved if the proposed change is made and I am accordingly of the opinion that the application should be granted, this, however, upon the condition that this schedule be uniformly applied and that after a period of not to exceed four months the Kenwood Rural Telephone Company shall submit such information with reference to all of its subscribers and rates and its investment, revenues and expenses to the Commission as may be necessary to enable it to determine whether these rates should be continued.

The following order is accordingly submitted.

O R D E R

Application having been made to the Railroad Commission by The Pacific Telephone and Telegraph Company, a corporation, and Kenwood Rural Telephone Company, a co-partnership, for permission to the former to cancel its present tariffs and to withdraw from furnishing exchange telephone service at Kenwood, Sonoma County, California, and to the latter to enter the same territory as a public utility furnishing exchange telephone service within the said same territory and to publish, file and place in effect a schedule of rates as hereinafter provided; and it appearing to the Commission that the public convenience and necessity will be subserved by the granting of this application, and no reasonable objection appearing,

IT IS HEREBY ORDERED that the application herein be and it is hereby granted.

PROVIDED that the applicant, Kenwood Rural Telephone Company, shall publish, file with this Commission and put into effect within thirty days from the effective date of the order herein the following schedule of rates for exchange telephone service:

Business Service

	<u>Wall</u>	<u>Desk</u>
Individual line, unlimited	\$2.50	\$2.75
Two-party " "	2.00	2.25
Extension sets	1.00	1.00

Residence Service

	<u>Wall</u>	<u>Desk</u>
Individual line, unlimited	\$2.00	\$2.25
Two-party " "	1.75	2.00
Four-party " "	1.50	1.75
Extension sets	1.00	1.00

The above rates to apply within a radius of one-half mile from the central office.

For service located at points beyond one-half mile from the central office, the following rates shall apply:

MILEAGE: For each one-quarter mile or fraction thereof beyond one-half mile from the central office, -

Individual line, 50¢ per month.
Two-party line, 35¢ " "
Four-party line, 25¢ " "

FARMER LINE SERVICE, minimum of five stations per line or the equivalent thereof in annual rentals, \$3.00 per year per station.

AND PROVIDED FURTHER that the said applicant, Kenwood Rural Telephone Company, shall keep separate, true and accurate accounts of all of its subscribers and the rates charged and collected by it and of its investment, revenues and operating expenses, and on or before the first day of May, 1916, shall submit to this Commission such information in connection therewith as may enable the Commission to determine whether the rates herein provided for shall be continued.

This order to be and become effective on and after January 1, 1916.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 18th day of December, 1915.

Max Theiler
A. S. Overland
W. G. Gordon
Frank R. DeWitt

Commissioners.