

Decision No.

ORIGINAL

Decision No. 3533

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the matter of the application of J. A. TOWER, doing business under the name and style of CALAVERAS TELEPHONE COMPANY, for an order authorizing certain increases in rates for telephone service.

Application No. 1929.

BY THE COMMISSION.

O P I N I O N.

This is an application of J. A. Tower, doing business under the name and style of Calaveras Telephone Company, for permission to increase certain rates.

A public hearing was held in Milton, Calaveras County, on March 22, 1916. From the evidence it appears that applicant owns and operates a telephone system connecting the communities known as Milton, Felix, Copperopolis, Jenny Lind, Hodson and Angels Camp and intermediate and adjacent territory in the western portion of Calaveras County.

Applicant's system includes, according to his estimate, approximately 175 miles of wire and 1,600 redwood poles, some of which are 20 feet in length, the remainder being 18 feet. The poles on the line from Copperopolis and Hodson are 6" x 6" in cross-section, while those on the rest of the system are 4" x 6".

The central office exchange for the system is located at Felix, from which point lines run as follows:

To Angels Camp (via Nassau)	Approximately 14 miles
To Jenny Lind	Approximately 14 miles
Party line to Milton	Approximately 9 miles
Toll line to Milton	Approximately 9 miles
To Copperopolis (via Hodson)	Approximately 7 miles

There are, in addition, two or three other party lines running out some distances from Felix. The lines to Copperopolis, Angels Camp and Milton are metallic circuits, the rest of the system, except for a small portion of the line to Jenny Lind, being grounded.

Applicant commenced his operations 17 years ago on a much smaller scale than at present. Since that time he has either built or rebuilt the following lines at the dates set forth:

Felix to Hodson	1903
Felix to Milton	1904
Felix to Angels Camp	1904
Copperopolis to Hodson	1906

Applicant operates the exchange at his residence where he has a Western Electric 1200 type switchboard which was installed in January, 1915. Applicant has at present 54 subscribers with services as follows:

Residence telephones on 10-party lines. . .	.39
Business telephones on 10-party lines. . .	.13
Residence telephones on individual lines. . .	1
Business telephones on individual lines. . .	1

Applicant's wife operates the exchange from 7:30 A.M. to 9 P.M., and while he does not purport to give regular night service he always operates the exchange himself at night unless he is away from home.

Applicant has not kept any systematic or accurate accounts owing, evidently, to the fact that he is the sole owner of the system, employs no bookkeeper and fills the position of lineman, collector, night operator, installer of new services and superintendent, without receiving any salary therefor; but we repeat, as we suggested at the hearing, that if only for his own protection it is important that he should keep some sort of accurate record of his receipts and disbursements.

Applicant testified that his total operating revenue

amounts to approximately \$1,700.00 a year while his operating expenses, including taxes, use of automobile for his line work, salary of operator and the payment of casual labor, amount to approximately \$934.00 per year, leaving a balance of \$774.00 per year from which to pay rental for the telephone office and salary for applicant. As applicant devotes practically his entire time to this work, attending to all the details of line work, operation and management, as above set forth, if he were paid an adequate or reasonable salary there would be nothing left for interest or depreciation.

Applicant estimates the reproduction cost new of his property to be from \$5,500.00 to \$6,000.00, and while we are not at this time passing upon the valuation of the property, there is no question in our minds but what applicant is entitled to an increase in his revenue equal to the slight increase which he hoped to receive from the proposed changes in tariff.

Applicant's present rates are as follows:

For residence telephones on 10-party lines.....	\$2.00 per month.
For business telephones on 10-party lines.....	2.25 per month.
For residence telephones on single lines.....	5.00 per month.
For business telephones on single lines.....	6.00 per month.

These rates entitle subscribers to free telephone service over applicant's entire system, but for non-subscribers applicant now charges the following toll rates:

Between all points and Angels Camp or Milton,
in either direction.....25¢

Applicant also charges a telegraph rate of 25¢ for each telegram transmitted over its lines. This rate applies alike to subscribers and non-subscribers.

Applicant desires to have its regular monthly rates for subscribers and its telegraph rate remain at the figures above mentioned, but wishes to charge subscribers certain toll rates and wishes to reduce the toll rates for non-subscribers, in the hope

of encouraging the latter's patronage, as follows:

Proposed Toll Rates.

Between Felix and Angels Camp,	for subscribers....10¢
	for non-subscribers....15¢
Between Nassau and Angels Camp,	for subscribers...free
	for non-subscribers....15¢
Between Felix and Milton,	for subscribers...free
	for non-subscribers,
	when using toll
	line.....15¢
Between Nassau and Milton,	for subscribers....10¢
	for non-subscribers....15¢

Apparently, applicant is rendering very fair service and although a notice of the hearing was duly mailed to all of applicant's subscribers and although a few have written letters to this Commission protesting against the proposed increases, not one of applicant's subscribers appeared at the hearing as a protestant.

Owing to the fact that applicant seeks to obtain authority from this Commission to charge rates which are discriminatory, we shall have to deny the application. This Commission can not authorize any telephone company to charge one rate to its subscribers for toll service and a different rate to non-subscribers for the same service. Moreover, it is necessary for us to go still further and to require applicant to cease discriminating against non-subscribers as he is doing under his present tariff. As this will result in applicant's revenues being decreased instead of increased and as the following Order is made solely on the ground of discrimination, existing and proposed, this decision will not prevent Mr. Tower from filing another application for authority to increase his rates provided the increase requested is non-discriminatory.

O R D E R.

J. A. TOWER, doing business under the name and style of

CALAVERAS TELEPHONE COMPANY, having applied to this Commission for an order authorizing certain increases in rates for toll service upon his telephone system, as set forth in the foregoing Opinion, and a public hearing having been held upon said application,

THIS COMMISSION HEREBY FINDS AS A FACT that the existing rates are non-compensatory and unreasonable, but that the toll rates at present charged to non-subscribers between all points and Angels Camp or Milton are discriminatory, inasmuch as no toll rates are charged to subscribers for telephoning between these points.

Basing its conclusions upon the foregoing findings of fact and upon the further findings which are contained in the Opinion which precedes this order and on the fact that the proposed toll rates which applicant is requesting authority to establish would also be discriminatory,

IT IS HEREBY ORDERED that the application be and the same is hereby dismissed.

IT IS HEREBY FURTHER ORDERED that applicant shall immediately cease discriminating between subscribers and non-subscribers for telephoning over applicant's toll lines.

Dated at San Francisco, California, this 13th day of May, 1916.

Max Thelen
H. J. Loveland
W. L. Gordon
Frank R. DeWitt
Commissioners.