

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Decision No. 11305

In the matter of the application of
the Kenwood Rural Telephone Company
for authority to revise its farmer
line rates.

Application No. 2822.

Milo S. Baker,
S. A. Whipple, for Applicant.

GORDON, Commissioner.

OPINION

Kenwood Rural Telephone Company, applicant in this proceeding, owns and operates a small telephone system in the town of Kenwood and vicinity, in Sonoma County. Its present rates for patrons who are located within one-half mile of its central office, as filed with the Railroad Commission, are as follows:

Business

	<u>Wall</u>	<u>Desk</u>
1 party	2.50	2.75
2 party	2.00	2.25
Extension Set	1.00	1.00

Residence

1 party	2.00	2.25
2 "	1.75	2.00
4 "	1.50	1.75
Extension Set	1.00	1.00

For patrons whose premises are located beyond one-half mile from the central office, one, two, or four party service may be had upon the payment of mileage charges in addition to the rates applying within the one-half mile radius for these classes of service. The present schedule further provides for rates for

"suburban" and "farmer line" service beyond the one-half mile radius for those patrons who may prefer these classes of service, as follows:

Suburban, 5 to 10 party - \$1.50 per month.

Farmer line, for a minimum of 5 telephones to one line, \$3.00 per year per telephone, minimum charge for 5 telephones or less, \$15.00 per year.

Applicant urges that this rate of \$3.00 per year is insufficient to meet the cost of operation and seeks authority to charge the following rates for farmer line service, other rates to remain as at present:

<u>Number Telephones Per Line</u>	<u>Annual Rate Per Telephone</u>
1	\$ 15.00
2	10.50
3	9.00
4	8.25
5	7.80
6	7.50
7	7.30
8	7.10
9	7.00
10	6.90

The proposed rates are based upon the assumption that the cost of operation is at present \$6.00 per telephone and that, since the present rate for a line having but one telephone connected is \$15.00 per year, \$6.00 should be added to this rate for each telephone connected in excess of the first and the sum divided equally between the total telephones connected to the line.

It appears that at the time of drawing up this application it was costing the applicant approximately the amount claimed in operators' wages per telephone, considering the total number of telephones connected with the exchange. It was not shown, however, that with an increase in connected telephones the cost per telephone

for operation would increase at this ratio, nor would it do so.

Applicant has stated that none of the present farmer line patrons would be affected if the proposed rates were authorized; that there have been no applications for this service, and that so far as it now knows none are contemplated, but that it is desired to have authority to charge these rates in the event of a demand for the service. It is also admitted, so far as present revenue is concerned, that conditions are satisfactory and that higher rates are not desired.

The rates herein asked for are very much in excess of the rates now being charged for similar service in other similar exchanges in California, and in my opinion the application should be denied.

The following order is recommended.

ORDER

Kenwood Rural Telephone Company having applied to the Railroad Commission for authority to revise its rates for farmer line service, and a hearing having been held, and it appearing to the Commission, as set forth in the preceding opinion, that the application should be denied,

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

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 9th day of May, 1917.

Max Thelen
Abraham
Max Gordon
Edwin A. Edgerton
Frank R. Brown
Commissioners.