

Decision No. _____

ORIGINAL

Decision No. 4644

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

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In the matter of the application of F. DALIDIO and TOGNINI & GHEZZI, for an order of the Railroad Commission establishing rates for telephone service.

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) Application No. 2770.
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Charles Ghezzi for applicants.

BY THE COMMISSION:

O P I N I O N

Florino Dalidio and Tognini & Ghezzi, operating a telephone system in and around Cayucos, San Luis Obispo County, apply for an order establishing rates for telephone service. A public hearing in the matter was held by Examiner Westover at Cayucos.

On March 12, 1917, by its order, Decision No. 4179 in Application No. 2744, the Railroad Commission authorized the transfer by Joseph A. Righetti to Florino Dalidio, his partner, of his half interest in a certain telephone system formerly operated under the name of Righetti Telephone Company in the town of Cayucos and vicinity and the transfer of the partnership property by Mr. Dalidio to a new partnership consisting of A. B. Tognini, Charles Ghezzi and Florino Dalidio for the purpose of consolidating the ownership and operation of the Righetti Telephone Company with that of another system which was being operated in the same locality by Tognini & Ghezzi under the name of Tognini & Ghezzi Telephone

Company. The present application seeks the establishment of rates for the consolidated system.

Both of the former systems provided rural line service only. The rates heretofore in effect by Mr. Righetti were \$1.00 per month for the first telephone and 75¢ per month for additional telephones where the company owned and maintained the lines and telephones, and 50¢ per month when the subscribers owned and maintained their own telephones. The rates of Tognini & Ghezzi have been \$1.00 per month except to two patrons whose service was originally provided by another company for \$3.00 per year each, which rates have been continued by Tognini & Ghezzi.

The accounts of neither of these systems appear to have been maintained heretofore in such manner as would enable accurate information to be presented to the Commission with reference either to income or investment. To the time of consolidation separate books had not been kept for the telephone systems. The items were kept in the books of the general stores conducted by the owners in each case, and have been mingled with store items in such manner that they cannot well be separated. However, subsequent to the hearing, statements of estimated income and expenditures for the year 1916 for both systems, have been presented. No annual depreciation is provided for in either statement. The statements show the following:

Righetti Telephone Company

Subscribers' Station Revenues,	\$1011.00	
Toll Service Revenues,	30.00	\$1041.00
Operating Expenses,		<u>745.57</u>
Net Operating Income,		\$ 295.43

Tognini & Ghezzi Telephone Company

Subscribers' Station Revenues.	\$510.00	
Toll Service Revenues,	<u>34.19</u>	\$544.19
Estimated Operating Expenses,		<u>480.00</u>
Estimated Net Operating Income,		64.19
Net Income Righetti System,		\$295.43
" " Tognini & Ghezzi System,		<u>64.19</u>
" " Both Systems		\$359.62

In operating the consolidated system, items of \$240.00, operator's salary, and \$120.00 rent, will be eliminated and probably other economies in operation, of a relatively small amount, can be effected.

Applicants state that the original cost of the Righetti system, with about 86 stations, was approximately \$3500.00, and of the Tognini & Ghezzi system with 41 stations, was approximately \$3000.00, a total of \$6500.00 for the two systems. They state that in operation some of the present lines will be abandoned where the lines of the two companies are now parallel, though to what extent is not definitely known.

Investigation was made by the Railroad Commission's engineers after the hearing and report submitted showing an estimated reproduction cost new of the probable operative property amounting to \$5677.60. The average age of the plant about nine and one-third years, the average rate of depreciation about 5% per annum by the straight line method and an estimated reproduction cost new less accrued depreciation of \$3030.98. The physical condition of the lines is poor and a considerable amount of reconstruction will probably become necessary in the near future.

Applicants request the establishment of the rates found in the order. These rates will eliminate discrimination and from the incomplete data at hand appear to be just and reasonable. At the time of the hearing on the consolidation of the two systems in February last, applicants agreed to keep separate ~~accounts~~ accounts of their telephone operation. By the close of the year the justness of the rates to all concerned under the new operating conditions can be better determined, if then desired, and data of ~~great~~ value to applicant and the Commission should be available from this source. Some lines have as many as twenty subscriber's stations attached, resulting in poor service. Applicants expressed an intention to remedy this condition when it was determined from operation how it could best be done and what duplicated lines should be abandoned. They should also consider the establishment of exchange limits and provision for additional classes of service within such limits at different rates, all tending to improve the service. Ownership of all equipment by the utility will also tend to uniformity in rates and simplicity in operation. With the incomplete information at hand, we do not, however, make such provision at this time.

O R D E R

F. Dalidio and Tognini & Ghezzi having applied to the Railroad Commission for an order establishing telephone rates upon their telephone system in and about Cayucos, San Luis Obispo County, and a public hearing having been held,

IT IS HEREBY FOUND that the rates heretofore charged for such telephone service are discriminatory and unreasonable and that the rates hereinafter provided appear to

be reasonable and just, and basing its conclusion thereon.

IT IS HEREBY ORDERED by the Railroad Commission of the State of California that said applicants be and they are hereby authorized to file schedule of rates, rules and regulations within thirty (30) days and immediately thereafter to collect and receive the following rates:

For party line service where all equipment is owned and maintained by the utility \$1.00 per month.

For party line service where telephone instruments are owned and maintained by subscribers.75 " "

Rural line service where telephone and lines are owned and maintained by subscribers. 3.00 per year.

Dated at San Francisco, California, this 14th day of September, 1917.

Max Shelton

Alex Gordon

Edwin J. Edgerton

Francis R. Quinn
Commissioners.