

Decision No. _____

ORIGINAL

Decision No. 4923

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Interstate Telegraph Company, a corporation, doing a general telephone and telegraph business in the State of California, for an order authorizing the applicant company to increase its rates on fourteen telephones, included in the Bishop Exchange, from \$1.75 to \$3.00 per month and on three telephones, included in said exchange, from \$2.50 to \$3.00 per month and on one telephone, included within said exchange, from \$2.00 to \$3.00 per month.

Application No. 3015.

I. B. Potter, for Applicant.

William Ritchie, Frank A. Campbell, George Arcularius, representing Mrs. L. Arcularius, Mrs. F. G. Leivly, W. H. Evans, George Arcularius, Mrs. W. R. Thorington, and J. P. Smith, for Protestants.

BY THE COMMISSION.

OPINION

Interstate Telegraph Company, applicant in this proceeding, owns and operates a telephone system in portions of Inyo, Kern and San Bernardino Counties in this State, and in portions of Nye and Esmeralda Counties in the State of Nevada. Its principal exchange is at Bishop, Inyo County, from which exchange it furnishes telephone and telegraph service within the town of Bishop and tributary territory, including what is known as Round Valley. During or about the year 1906, applicant extended its lines from Bishop into Round Valley, a distance of about twelve or fourteen miles. The cost of constructing these extensions was borne partly by residents of the valley who were provided with service, and partly by applicant. In return for providing a portion of the cost of construction, these parties were allowed rates which were lower than they would have been required to pay had they not contributed to this cost, and which are lower than

the rates which other patrons having similar service now pay. At the time when these extensions were made, a contract was entered into between the parties providing for the rates herein referred to. This contract having since expired, and applicant being unable under the provisions of the Public Utilities Act of this State to increase these rates without the authority of the Railroad Commission, it is now petitioning the Railroad Commission for authority to apply its so-called "standard" rates to each of these patrons.

Applicant's rate schedule for Bishop exchange, as filed with the Railroad Commission, provides various rates for various classes of service within the town of Bishop, and other rates for service, varying according to distance from the central exchange. These distances are fixed by zones, the first zone being from five to eight miles and the next beyond eight miles from the central exchange. The patrons who would be affected by the proposed increases are located in this eight mile zone. The rate which applicant's filed schedule provides for this zone is \$3.00 per month for party lines, classed as "Ranch Lines". Of the patrons within this zone and subject to the proposed increases (one having discontinued service since the petition was filed), thirteen are now paying \$1.75 per month each, three are now paying \$2.50 per month each and one is now paying \$2.00 per month.

A hearing of the petition was held before Examiner Harry A. Encell at Bishop on August 22, 1917. Considerable objection to the proposed increases developed at the hearing, the objection, however, for the most part being based not so much upon the rate increases proposed as upon unsatisfactory service which applicant has heretofore provided. Applicant admits that the service has not at all times been of the best, due in part at least to conditions temporarily beyond its control, but has given assurance that steps will at

once be taken to correct the difficulties which have given rise to such complaint. We feel that applicant is ~~honestly~~ endeavoring to properly and efficiently serve its patrons, and that there will be no future cause for service complaints. However, should these conditions continue, the Commission will take such action as may appear to be necessary.

Applicant represents that its Bishop exchange is now being operated at a loss. The amount of increased revenue which it would realize from the increases herein proposed would not be sufficient to overcome the deficit at which it claims to be operating, nor can it be accurately determined how much of this deficit, if any, may be due to the operation of the particular lines involved in this proceeding because of the difficulty of allocating items of operating expenses to particular portions of equipment or to particular classes of service. The proper course to pursue would be to determine whether all of applicant's rates, taking its business as a whole, are just and reasonable, but the Commission is not asked in this proceeding to establish a general schedule of rates, nor is applicant at present prepared to undertake such procedure. It is clear that discrimination now exists between these particular patrons and others having the same class of service who are paying so-called standard rates. This discrimination should be removed, but the fact was admitted by applicant at this hearing that there are other cases of discrimination existing between others of its patrons who are not parties to this proceeding. The granting of this application would not, therefore, remove all present cases of discrimination, and, since this petition has reference only to the rates of patrons located in Round Valley, other patrons who are now paying other than the so-called "standard" rates were not given notice of any contemplated rate increases.

There are eight cases in which other than "standard" rates now apply in which notice of possible rate changes was not given prior to this hearing, as follows:

	<u>Present Rate</u>	<u>Standard Rate</u>
Telephone in lodge hall	3.00	4.00
W. R. Ford	2.00	2.50
J. W. Henderson	2.00	2.50
D. Delaney	2.00	2.50
Harry Shaw	2.50	2.75
Hampton Ranch	2.75	3.25
Southern Pacific Co. (Laws)	3.00	2.50
" " (Kearsarge)	5.00	6.75

With the exception of the lodge hall and the Southern Pacific Company, the applicant has since the hearing obtained and forwarded to the Railroad Commission the written consent of these parties to the payment of "standard" rates and waiving their right to a hearing by the Commission. As to the lodge hall, the rate now being charged is a concession or deviation from published rates as these terms are defined by the Commission in Decisions No. 421 and No. 596, Case No. 293. Opinions and Orders of the Railroad Commission, Volume 2, Pages 73 and 671, and, as provided in these decisions, is not included among the classes of cases in which telephone utilities are permitted to allow deviations from published schedules of rates. As to the rates now charged Southern Pacific Company, one only would be subject to an increase if the published rate were applied, the other now being higher than the published rate and subject to a reduction.

Included with the Round Valley patrons to whom applicant is asking for authority to charge published rates is the Forest Service, United States Department of Agriculture. For this service, applicant now is charging a rate of \$2.00 per month, the subscriber owning the telephone instrument. The various departments of the Federal Government are included among those classes of cases in which telephone utilities are permitted, if they so desire, to charge less

than published rates. Accordingly, applicant may in this case continue the present rate if it so desires, but if it does not desire to do so it should either replace the telephone instrument now in use and owned by the Forest Service with one of its own or arrange with the Forest Service for such deduction from the published rate in return for the use of the present instrument as may be reasonable and proper.

Under the circumstances, and without passing upon the final question as to the reasonableness of applicant's rates, and since, for the purposes of this proceeding, applicant's showing as to operating loss may be considered sufficient, it would not appear to be unreasonable to permit applicant to remove all existing discrimination by the application of published rates to all of its patrons, except as deviations are permitted by Decisions 421 and 596, above referred to.

ORDER

Application having been filed with the Railroad Commission by Interstate Telegraph Company for an order authorizing it to increase its rates on fourteen telephones, included in its Bishop exchange, from \$1.75 to \$3.00 per month; and on three telephones, included in said exchange, from \$2.50 to \$3.00 per month; and on one telephone, included within said exchange, from \$2.00 to \$3.00 per month; and a public hearing having been held, and it appearing to the Railroad Commission that to the extent set forth in the preceding opinion this application should be granted; and it appearing further, as specifically set forth in the preceding opinion, that others of applicant, Interstate Telegraph Company's, patrons are now allowed preferential and discriminatory rates and that discrimination should be removed,

IT IS HEREBY ORDERED as follows by the Railroad Commission of the State of California:

That to the extent set forth in the preceding opinion, Interstate Telegraph Company, applicant herein, be and it is hereby permitted to charge and collect from each of its patrons its published schedule of rates heretofore filed with the Railroad Commission.

PROVIDED that the applicant herein may, if it so desires, continue in effect such deviations from its published schedules, if any, as may now be in effect, as to those classes of patrons to whom deviations are permitted by the provisions of Decisions No. 421 and No. 596, Case No. 293, heretofore approved by this Commission.

The order herein to be and become effective from and after January 1, 1918.

Dated at San Francisco, California, this 4th
day of December, 1917.

H. H. Hornum

Edwin O. Edgerton

Graun R. DeWitt

Commissioners.