

Decision No. 7833**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
the Roseville Telephone Company, a  
corporation, for authority to increase  
its rates for telephone service and  
amend rule 6 under C.R.C. Decision  
No. 2879, Case No. 683.

Application No. 5142.

W. Hanisch for Roseville Telephone Company.

By the Commission:

O P I N I O N

In this application the Roseville Telephone Company, hereinafter referred to as the Company, asks the Commission's authority to increase its rates for all classes of telephone exchange service and to make certain changes in its rules and regulations. The application sets forth that on account of increased operating expenses the revenue derived with the rates, as at present in effect, is not sufficient to pay a reasonable return upon the investment in the exchange plant, and hence an increase of the present rates is necessary.

The Company filed with its application a statement of its operating revenues and expenses.

The rates at present on file with the Commission and in effect, herein referred to as the present rates, and the rates which applicant desires with the authority of the Commission to make effective, herein referred to as the proposed rates, are as follows:

	<u>P r e s e n t</u> <u>Business &amp; Residence</u>	<u>P r o p o s e d</u> <u>Business &amp; Residence</u>
Main Line Wall	\$3.00	\$4.00
" " Desk	3.25	4.25
2 Party Wall	2.25	3.00
" " Desk	2.50	3.25
4 Party Wall	1.50	2.00
" " Desk	1.75	2.25
Suburban Wall	1.50	1.75
" Desk	--	--
Suburban Special Wall	1.25	--
" " "	1.75	--
Extensions Wall or Desk	.50	.75
Extensions Bells	.15	.25
Farmer Lines	.25	.50

A public hearing was held in Roseville on February 10th, 1920, before Examiner Satterwhite. It was stipulated at the hearing that the Commission, thru its engineering department, should make whatever investigation was deemed necessary and that any and all reports of the department dealing with the valuation, and with matters of operation and service should be considered in evidence in the case. It was also stipulated that since the applicant had not submitted an inventory and appraisal of its properties it should do so at as early a date as convenient. This inventory and appraisal was made and submitted by the Company as of March 1st, 1920. It has been checked and revised and other necessary investigations have been made by the Commission's Engineers.

The reproduction cost of this property, as found by the Commission's engineers, made up on the basis of historical unit prices, as of March 1st, 1920, is \$27,000.00.

The reproduction cost less depreciation is found by the Commission's engineers to be \$20,854.00.

The reproduction cost submitted by the Company is \$25,710.00.

The Company did not submit a reproduction cost less depreciation.

At the hearing the applicant submitted evidence showing an

increase in operating expenses due to increases in salaries, wages and cost of material.

A detailed study of operating conditions and expenses made by the Commission's engineers shows that under the present rates the applicant is not earning a fair return upon its investment.

The Company has been setting aside \$1,296.00 per year as a depreciation reserve. This amount appears to be slightly in excess of the amount really necessary. The Commission's engineers find that an amount set aside annually equal to four and one-half per cent (4½%) of the C.R.C. reproduction cost of the depreciable property plus the additions and betterments from March 1st, 1920, that are subject to depreciation will be sufficient.

It is our opinion that the following schedule of rates will yield a fair income and will constitute just rates in this case.

	P e r M O N T H	
	Business	Residence
Main Line Wall	\$5.00	\$2.50
2-party Line Wall	2.50	2.25
4-party " "	2.25	2.00
8-party " Suburban Wall	2.50	2.25
Extensions Wall or Desk	1.00	1.00
Extension Bells	.25	.25
Farmer Lines	8.40 per yr.	4.20 per yr.

and Farmer Lines  
For desk telephones, except for extensions, /25 cents additional per month will be charged.

Bills for Farmer Line service payable semi-annually in advance.

The rules and regulations for service and service charges heretofore filed by applicant with this Commission under decision No. 2879 and now in force, shall be continued in effect until the further order of the Commission.

The following Order is recommended:

O R D E R

The Roseville Telephone Company having filed with the Commission its application for an increase of rates, a public hearing having been held, the matter having been submitted and the Commission, basing its conclusions on the foregoing Opinion and finding as a fact that the rates set forth in the foregoing Opinion are just and reasonable,

IT IS HEREBY ORDERED, That the applicant be and it is hereby authorized to establish and file with the Commission, within thirty (30) days of the date of this Order, a schedule of rates and services as outline in the foregoing Opinion. Applicant is authorized to put these rates into effect, subject to the following conditions:

(a) Adequate and efficient telephone service must be rendered at all times for all classes of service.

(b) A depreciation reserve annuity equal to four and one-half per cent ( $4\frac{1}{2}\%$ ) of the reproduction cost of the depreciable property as of March 1st, 1920, as found by the Commission's engineers, plus all subsequent depreciable additions and betterments shall be set aside in monthly installments for the purpose of maintaining the plant in good condition and shall be used for such purposes only, or as may be authorized by this Commission.

(c) The rules and regulations for service and service charges heretofore filed by applicant with this Commission under Decision No. 2879 and now in force, shall be continued in effect until the further order of the Commission.

Dated at San Francisco, California, this 9<sup>th</sup> day of July, 1920.

H. J. Loveland  
Frank D. Blair  
H. A. Brundage

Commissioners.