

Decision No. 28348.

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application
of THE PACIFIC TELEPHONE AND
TELEGRAPH COMPANY, for an order
to adjust rates of its Castro-
ville Exchange in connection with
increasing the hours of service.

Application No. 20156.

J. C. Marshall, for The Pacific Tele-
phone and Telegraph Company.
C. R. Phillips, for Castroville Chamber
of Commerce.
Carroll Sandholt, for group of business
men of Castroville.

BY THE COMMISSION:

O P I N I O N

The Pacific Telephone and Telegraph Company, a corpor-
ation, operating a general telephone and telegraph business in
California and other states, in this application, requests au-
thority to increase certain rates for telephone service in its
Castroville Exchange coincident with the establishment of con-
tinuous twenty-four hour service and the installation of dial
equipment.

A public hearing in this proceeding was held by Exam-
iner Fry at Castroville on October 29, 1935, when the matter was
submitted for decision.

Telephone service from the Castroville Exchange is
furnished to approximately fifty subscribers located in Castro-
ville and adjacent territory from 7:30 a.m. to 9:00 p.m. on week
days and from 7:30 a.m. to 6:00 p.m. on Sundays and holidays.

Mr. G. P. Wallick, Division Commercial Manager, Coast
Division of The Pacific Telephone and Telegraph Company, placed
in evidence certain facts and figures pertaining to the present

revenues and expenses of the Castroville Exchange, the contemplated change in the operations of the exchange, and estimates of expected revenues and expenses under the proposed plan. The average plant, equipment and working assets of the Castroville Exchange for the year 1934 was stated to be \$9,581. The total local service revenue, miscellaneous revenue and toll revenue apportioned to the exchange less uncollectible revenues was \$2,810 for the year. Deducting the total operating expenses of \$2,573, leaves a balance net revenue of \$237, which is 2.47 per cent of the average plant, equipment and working assets. The record in the case shows that the users of the service from this exchange greatly desire continuous hours of service. Applicant agreed to this extension of service provided increases in certain rates would be made effective. Forty-seven subscribers by signing application cards indicated their acceptance of the increases. The proposed change in rates does not affect suburban subscribers. One customer has two farmer line services from the Castroville Exchange. No change in rate is contemplated for farmer line service, but the customer has agreed to purchase new instruments which will operate with the dial exchange.

Applicant desires to change the operations of the exchange from manual magnetote common battery dial. Exchange calls would be completed by direct dialing. Local coin-box service would be operated on the post-payment plan. Long distance and all reference services would be handled from the nearby Salinas Exchange. Maintenance would continue to be performed by the repair forces of the Salinas Exchange. No local agent would be retained at Castroville, but a local business house would be designated where bills could be paid and applications for service signed.

The principal changes in rates would be as follows:

	<u>Rate per Month</u>	
	<u>Present</u>	<u>Proposed</u>
<u>Business Flat Rate Service:</u>		
Each individual line desk set station	\$2.75	\$3.00
Each two-party line desk set station	2.25	2.50
<u>Residence Flat Rate Service:</u>		
Each individual line desk set station	\$2.25	\$2.50
Each two-party line desk set station	2.00	2.25
Each four-party line desk set station	1.75	2.00

Each wall set station - desk set station rate less \$0.25 per month.
 Each hand set station - desk set station rate plus \$0.25 per month.

The schedules for auxiliary line stations and for private branch exchange trunks would be increased in accordance with the increase in rates for individual line business flat rate service. It is also proposed to discontinue offering message rate service in this exchange as there are no subscribers to message rate service at the present time.

Mr. Wallick's estimate of revenues and expenses for this exchange under dial operation shows a total operating revenue of \$3,525, total operating expenses of \$3,070, and balance net revenue of \$455. The relation of this net revenue to the estimated average plant, equipment and working assets for the first year of dial operation is 2.45 per cent. The Telephone Company has received nine application cards from applicants who desire to become subscribers to telephone service if and when twenty-four hour continuous dial service is furnished. All persons whose service or rates would be affected by the granting of this application were notified of the hearing but no one made objection to applicant's request.

The dial service as proposed is a decided improvement over that at present available in Castroville. Consideration of the proposed rates leads to the conclusion that they are justified by this improvement in the service and the increase

in hours of service. The level of these rates compares favorably with that of rates for similar service under similar conditions elsewhere in California.

O R D E R

The Pacific Telephone and Telegraph Company having applied to the Railroad Commission for authority to increase certain rates for telephone service in its Castroville Exchange, a public hearing having been held, the matter having been submitted and now being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that The Pacific Telephone and Telegraph Company should furnish continuous twenty-four hour service from its Castroville Exchange coincident with the establishment of the increased rates for service as discussed in the Opinion which precedes this Order, and

Basing its Order on the foregoing finding of fact and such other statements of fact and conclusions which appear in the preceding Opinion,

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall on or before July 1, 1936, replace its present Castroville Exchange magneto system with a dial system with twenty-four hour continuous service.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective for service in its Castroville Exchange, on and after the establishment of twenty-four hour continuous dial service, the proposed rates set forth in the Opinion preceding this Order, provided:

- (1) Said schedules of rates herein ordered are submitted for filing with the Railroad Commission between the thirtieth and tenth days immediately preceding the date of the establishment of the proposed service.

- (2) No other rates or charges are affected by this Order, except that schedules for commercial private branch exchange, hotel private branch exchange and business intercommunicating system message rate services may be withdrawn.

For all other purposes the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 12th day of November, 1935.

Leon C. Whiteley

M. J. Cunniff

Walter H. Brown

Frank R. Stevens

Commissioners.