

Decision No. 28912.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY, a corporation, for an order
to adjust rates in its Placerville
Exchange in connection with the intro-
duction of common battery service.

Application No. 20531.

J. G. Marshall for The Pacific Telephone
and Telegraph Company.
W. C. R. Harrer, interested party.
J. H. Rhodes, interested party.
C. E. Barker, interested party.
J. R. Johnson for the Chamber of Commerce.

BY THE COMMISSION:

OPINION

The Pacific Telephone and Telegraph Company, a corporation, operating a telephone and telegraph business in California and elsewhere, herein asks for authority to make certain changes in its rates for exchange telephone service in its Placerville Exchange concurrent with the change of operation from magneto to common battery.

A public hearing in the application was held before Examiner Fry at Placerville on June 11, 1936, where the matter was submitted for decision.

Placerville is the County seat of El Dorado County and is located about fifty miles from Sacramento. As of April 25, 1936, the Placerville Exchange was serving 1,013 subscribers, of whom 258 were farmer line subscribers. The service is of the magneto type.

Mr. D. W. Chapman, General Commercial Engineer of The Pacific Telephone and Telegraph Company, testified that the present proceeding resulted from requests from individuals and business establishments for common battery service. Studies were made by the Pacific Company in its efforts to meet these requests which were found to be reasonable. The utility's proposal to change the exchange to common battery operation is contingent upon several increases in rates becoming effective. Six hundred and ninety-five subscribers signified their willingness to accept the increased rates by signing application cards. Six subscribers by letter or agreement acquiesced in the utility's proposal. Fourteen subscribers have discontinued service, twenty-four have had service installed, and nine subscribers have had some change made in their service from the time the cards were signed to and including May 30, 1936. No cards were presented to any of the 258 farmer line subscribers for signature as it is not proposed to make any change in the rates for that service.

The utility contemplates the purchase of a lot in Placerville, the construction of a building thereon, the installation of a No. 12 common battery switchboard therein and the replacement of all telephone instruments in Placerville. It was stated that considerable rearrangement of outside telephone plant would be required with these changes.

In Exhibit No. 9 Mr. Chapman presented at the hearing a revenue and expense statement for the Placerville Exchange for the year 1935. With 875 total Company stations at the end of the year, there was a total operating revenue of \$26,243 and a total operating expense of \$30,374. This indicates that the exchange failed by \$4,131 of meeting its operating expense. The average plant, equip-

ment and working assets were \$106,075. As shown in Exhibit No. 10, it is estimated that for the first year, with 990 stations, after the introduction of common battery operation the revenues would be \$32,880, and the expenses would amount to \$29,470. The balance net revenue would be \$3,410. The relation of this net revenue to the average plant, equipment and working assets of \$128,800 is 2.6 per cent.

The increase in rates requested by the utility is not uniform over the various schedules affected. The base rate for each business flat rate individual line station with desk set would be increased from \$3.00 to \$3.25 per month, business two-party service from \$2.50 to \$2.75 per month and the present business four-party service at \$2.25 per month would be discontinued. The four subscribers now receiving business four-party line service have signified their desire to change to two-party service. The business extension station with desk set would be reduced from \$1.50 to \$1.25 per month. Each residence flat rate individual line station with desk set would be increased from \$2.50 to \$2.75 per month. The base rates for residence two-party and four-party line service with desk set and the residence desk set extension rate would remain as at present. Business suburban ten-party line service with desk set would be increased fifty cents per month from the present \$2.50 rate and the business suburban extension desk set rate would be reduced twenty-five cents per month. Residence suburban ten-party line desk set service would be increased from \$2.25 to \$2.50 per month and the residence suburban extension desk set rate would remain as at present. There would be no change in the rate for semi-public coin-box service. The rates for auxiliary line business flat rate service, commercial and hotel private branch exchange service, order receiving equipment and business intercommunicating system flat rate services would be increased in accordance with the

increases in business service rates upon which they are based. In accordance with the utility's recent change in the rates for telephone service with the hand set, the rate for a hand set station for the first eighteen months of continuous service would be the desk set rate plus fifteen cents per month, and after eighteen months of continuous service it would take the desk set rate. In all the schedules the rate for service with a wall telephone would be the desk set station rate less twenty-five cents per month. This would result in a decrease of twenty-five cents per month for wall set extension stations in connection with business and residence individual and party line and suburban services. Other rates and miscellaneous charges would not be changed. Applicant requests authority to withdraw the present conditions under schedules applicable to individual line and party line service and suburban service, not including extension stations, which provide that a discount of twenty-five cents be applied if bill is paid on or before the tenth day of the month in advance. It is thus evident that those subscribers who have been paying their bills before the tenth of the month and thereby receiving a discount will in effect receive as an increase, in addition to those discussed above, the amount of the discount.

Mr. J. E. Rhodes; Mr. C. E. Barker, newspaper publisher, and Mr. J. K. Johnson, representing the Chamber of Commerce, endorsed the proposed change in service conditions. No objection to the requested increase in rates was received in any form from anyone.

The evidence indicates that the proposed rates will not result in an unreasonable return upon the plant, equipment and working assets as estimated.

Mr. G. E. Senger, Chief Engineer for The Pacific Telephone and Telegraph Company as a witness for applicant stated that the

utility desired to do a first class job in carrying out the proposed changes and rearrangements. It was his opinion that the work under favorable conditions might be completed in eight months after authorization by the Commission.

O R D E R

The Pacific Telephone and Telegraph Company, having requested authority to adjust certain rates for exchange telephone service in its Placerville Exchange, a public hearing having been held, an opportunity having been given all interested parties to be present and to be heard at the hearing, and the matter 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 make the proposed improvements in the equipment and service and the adjustment in the rates of its Placerville Exchange, and

Basing its Order upon the foregoing finding of fact and such other statements of fact and conclusions as appear in the Opinion preceding this Order,

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall on or before March 1, 1937, install in its Placerville Exchange a modern common battery system.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective for service in its Placerville Exchange, on and after the date of the installation of the modern common battery system, the rates proposed and set forth in Exhibit No. 8 filed at the hearing and as discussed in the preceding Opinion, provided:

- (1) Said schedules of rates herein ordered are submitted

for filing with the Railroad Commission between the thirtieth and the tenth days immediately preceding the date of the establishment of the proposed common battery system.

(2) No other rates and charges are effected by this Order.

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 22nd day of June, 1936.

M. Blum
Leon Whitely
M. A. Am
Walter M. M.
Frank P. P.

Commissioners.