

Decision No. 23316

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of KERN MUTUAL TELEPHONE COMPANY,  
a corporation, for an order author-  
izing changes in telephone rates  
and charges.

Application No. 20821

Ernest Irwin for Kern Mutual Telephone Company.

BY THE COMMISSION:

O P I N I O N

Kern Mutual Telephone Company, in this proceeding, requests the Railroad Commission to make its order authorizing applicant to file revised schedules of exchange rates involving reductions in charges for exchange service and to make effective interexchange rates based on air-line distances between points within its area and points reached over the lines of connecting telephone companies. The applicant also requests authority to extend its service area.

A public hearing was held before Examiner Fry in San Francisco on Friday, November 20, 1936, when the matter was submitted for decision.

At the hearing applicant amended its proposed inter-exchange schedules to agree with the revised schedules of rates authorized by the Commission in its Decision No. 29273, decided November 16, 1936, in Application No. 20859 of The Pacific Telephone and Telegraph Company and Southern California Telephone Company.

The Kern Mutual Telephone Company furnishes exchange

and toll telephone and telegraph service in territory in Kern County located westerly and southwesterly from Bakersfield. The territory is divided into two exchanges, one including the communities of Taft, Maricopa and Fellows, and the other McKittrick. Toll stations are located throughout the northern and northeastern portions of the area to serve roadside stores, oil wells and farms.

The exchange rates for the Taft Exchange include switching privileges to all exchange stations in the Taft, Maricopa and Fellows central office districts, while the exchange rates for the McKittrick Exchange include switching to those exchange stations connected to the switchboard at McKittrick only. Toll charges are applicable for all messages between toll stations or the two exchanges, or between any toll point and Bakersfield, where this Company's lines connect with the lines of The Pacific Telephone and Telegraph Company, the rates being computed in accordance with the method generally employed by other telephone utilities in California. On calls between this utility's toll points and points reached over the lines of connecting companies, Kern Mutual Telephone Company's rates are in addition to the rates charged by the connecting companies.

A report on the results of operation of the Kern Mutual Telephone Company prepared by members of the Commission's Valuation Division, Telephone and Telegraph Division, and the Department of Finance and Accounts was offered in evidence by Mr. M. M. Barnes, Assistant Engineer of the Telephone and Telegraph Division. This report indicates that during the year 1935 the Kern Company earned a return in excess of that usually considered reasonable by the Commission.

The Kern Company's proposal in effect is a voluntary reduction in annual operating revenues amounting to approximately \$18,000.00, about \$10,000.00 of which will result from application of "direct" toll rates and \$8,000.00 from a reduction in exchange rates. The proposal, as filed and amended, would result in no increases in the basic rates for intra-area toll messages except in the case of a few toll stations where the station-to-station initial period rate between these toll stations and a minor portion of the exchange stations in the Taft Exchange would be increased in the amount of five cents due to the elimination of Maricopa and Fellows central office districts as toll rate points. The removal of evening and night discount rates for station-to-station rates of thirty cents and thirty-five cents would result in increases of five and ten cents, respectively, for messages of initial period duration. The increase in revenue from the above changes should be negligible. Practically all toll users would receive reductions in charges for toll calls to and from points beyond Bakersfield, most of the reductions being quite substantial.

The adoption of "direct" toll rates would reduce revenues of The Pacific Telephone and Telegraph Company about \$9,600.00 annually. The Pacific Company, in its letter dated November 5, 1936, offered no objection to the Kern Company's plan of applying the Pacific Company's interexchange rate schedules, which are the schedules proposed, to traffic interchanged with the Kern Company.

The advantage to the public of "direct" interexchange rates, where the rate between two toll points is based on the

air-line distance between them regardless of the route or which company owns the lines over which the message is transmitted, is obvious.

The Kern Company's proposed exchange service schedules provide in most instances substantial reductions in monthly rates for this service and no charges to any subscriber will be increased as a result of the change.

It would appear that the above proposals will not result in unreasonable earnings to the utility.

#### O R D E R

Kern Mutual Telephone Company having made application to the Railroad Commission for authority to revise its exchange and toll rates, a public hearing having been held and the matter being ready for decision,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA HEREBY FINDS AS A FACT that:

1. The proposed toll service and telegraph service schedules as covered in Exhibit "A" as amended are reasonable and in the interest of the public.
2. The proposed exchange service rates of the Taft and McKittrick Exchanges as shown in Exhibit "B" are reasonable and properly comparable to rates for similar service elsewhere in California.
3. The revised maps as included in Exhibit "C" do not conflict with maps of contiguous territory now on file with the Commission and should be filed with the Commission.

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

IT IS HEREBY ORDERED that Kern Mutual Telephone Company is hereby authorized to place in effect on January 1, 1937, rates

for exchange and toll telephone and telegraph service in accordance with Exhibits "A" (as amended), "B" and "C."

IT IS HEREBY FURTHER ORDERED that the rates herein authorized shall be filed in accordance with General Order 68 on or before December 20, 1936.

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 20th day of November, 1936.

W. B. Lewis  
Leon Whitely  
H. J. Lewis  
Matthew Lewis  
Frederick Lewis  
Commissioners