

Decision No. 30756

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 at its Yreka Exchange  
 in connection with the introduction  
 of common battery service.

Application No. 21738

ORIGINAL

James G. Marshall for The Pacific Telephone  
 and Telegraph Company.

WEHITSELL, COMMISSIONER:

O P I N I O N

The Pacific Telephone and Telegraph Company, operating a telephone and telegraph system in California and other states, herein asks for authority to increase certain rates for exchange telephone service in its Yreka exchange. A public hearing was held in the matter on March 17, 1938 at Yreka.

At present and for some time past, the Pacific Company has been furnishing telephone service in Yreka, the county seat of Siskiyou County, from a magneto system. The City Council, Chamber of Commerce, Lion's Club and 20-30 Club, all of Yreka, initiated a movement to have the magneto operation replaced by common battery operation. They agreed to accept an increase in rates in some schedules coincident with the completion of the conversion to common battery operation. The local organizations named above canvassed the Yreka subscribers for their written approval of the conversion plan with the increase in rates with the following result:

Four hundred and sixty-four subscribers to service as of December 15, 1937, expressed their approval of the conversion plan, thirty-six indicated their disapproval, and ten expressed

no preference in the matter. At the hearing an opportunity was afforded those present to state their views concerning the propriety of accepting the plan as explained. All who availed themselves of the opportunity expressed approval.

The present and proposed rates, wherein changes are requested, are as follows:

|  | <u>Rate per Month</u> |                 |
|--|-----------------------|-----------------|
|  | <u>Present</u>        | <u>Proposed</u> |
| <u>Individual Line and Party Line Services</u>   |                       |                 |
| <u>Business Flat Rate Service:</u>   |                       |                 |
| Each individual line desk set station  | \$3.00                | \$3.25          |
| Each two-party line desk set station   | 2.50                  | 2.75            |
| <u>Residence Flat Rate Service:</u>  |                       |                 |
| Each individual line desk set station  | 2.50                  | 2.75            |
| Each two-party line desk set station   | 2.25                  | 2.50            |
| Each four-party line desk set station  | 2.00                  | 2.25            |
| Each wall set station - desk set station rate<br>less \$.25 per month.   |                       |                 |
| Each hand set station - desk set station rate<br>plus \$.10 per month<br>for first twelve months<br>of continuous service.<br>After twelve months of<br>continuous service the<br>desk set rate applies. |                       |                 |
| <u>Auxiliary Line Business Flat Rate Service</u>   |                       |                 |
| Each auxiliary individual line desk set station  | 2.25                  | 2.44            |
| Each wall set station - desk set station rate<br>less \$.25 per month.   |                       |                 |
| Each hand set station - desk set station rate<br>plus \$.10 per month for<br>first twelve months of<br>continuous service.<br>After twelve months of<br>continuous service the<br>desk set rate applies. |                       |                 |
| <u>Commercial and Hotel Private Branch Exchange, and<br/>Business Intercommunicating Flat Rate Services</u>  |                       |                 |
| <u>Trunk Rate:</u>   |                       |                 |
| First bothway trunk line   | 4.75                  | 5.00            |
| Each additional bothway trunk line   | 3.56                  | 3.75            |

The proposed level of rates is in line with that of other exchanges of this company where common battery service is furnished

and similar conditions prevail. It is proposed to withdraw schedules of rates for commercial and hotel private branch exchange message rate services and for business intercommunicating system message rate service in this exchange. There are no services furnished under these schedules and no demand is anticipated.

A revenue and expense statement for the year 1937 presented in evidence at the hearing by Mr. D. W. Chapman, General Commercial Engineer of the Pacific Company, showed seven hundred and forty company stations at the end of the year; revenues \$24,811; expenses \$23,294; balance net revenue \$1,517; and ratio of balance net revenue to average telephone plant and working assets, amounting to \$95,777, of 1.5 per cent. The items shown on the statement were determined upon the basis in general use by the Pacific Company for such statements prepared for administration purposes. An estimate similarly prepared for the year 1939, assuming common battery operation, showed revenues \$28,530; expenses \$25,810; balance net revenue \$2,720; and ratio of balance net revenue to average telephone plant and working assets, amounting to \$93,000, of 2.9 per cent.

As the level of rates proposed is reasonable, the expected return from the exchange with the improved service is not excessive and the large majority of the subscribers are in favor of the conversion to common battery operation with the increases in rates, I believe the application should be granted.

I propose the following Order:

O R D E R

The Pacific Telephone and Telegraph Company, having requested authority to adjust certain rates for exchange telephone

service in its Yreka exchange, a public hearing having been held,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

Hereby Finds as a Fact that the conversion of the Yreka exchange to common battery operation with increases in rates as shown in the Opinion preceding this Order is justified, and

IT IS HEREBY ORDERED that The Pacific Telephone and Telegraph Company shall install a common battery system in its Yreka exchange on or before December 1, 1938.

IT IS HEREBY FURTHER ORDERED that The Pacific Telephone and Telegraph Company may make effective for service in its Yreka exchange, on and after the date of the installation of the common battery service, the increases in the rates as proposed and set forth in the Opinion preceding this Order, provided:

- (1) Said schedules of rates are submitted for filing with the Railroad Commission not later than fifteen (15) days immediately preceding the date of the establishment of the common battery service.

Except as otherwise prescribed herein, the effective date of this Order shall be twenty (20) days from and after the date hereof.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 11<sup>th</sup> day of April, 1938.

Walter W. Moore  
John Wheeler  
Frank P. Verlin  
Ralph W. W. W.  
W. L. W.  
Commissioners