

Decision No. 30757

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of the WEST COAST TELEPHONE COMPANY OF CALIFORNIA, a corporation existing under the laws of the State of California, to adjust rates at its Crescent City Exchange in connection with the introduction of common battery exchange telephone service.

Application No. 21732

ORIGINAL

A. N. Johns for West Coast Telephone Company
of California.

BY THE COMMISSION:

O P I N I O N

The West Coast Telephone Company of California, engaged in a general telephone and telegraph business in northwestern California, herein seeks authority to increase certain rates for exchange telephone service in its Crescent City exchange. A public hearing was held in the matter before Examiner Fry on March 23, 1938 at Crescent City.

Applicant furnishes telephone service to Crescent City and surrounding territory by means of a magneto system. During the year 1937 the West Coast Company received letters from the Crescent City Chamber of Commerce and various individuals and business concerns in Crescent City requesting that the magneto system be replaced with a common battery system and with the understanding that an increase in rates would be required.

Two hundred and nineteen individuals and business concerns signed applications for the common battery service at increased rates prior to January 15, 1938. From January 15, 1938 to the date of the hearing twenty-two others had signed appli-

cations for the new service at increased rates. However, of the two-hundred forty-one who signed the applications, forty-two had discontinued service before March 23, 1938. More than seventy per cent of the subscribers have expressed their acceptance in writing of the proposed increases.

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	\$3.50	\$3.75
Each two-party line desk set station	3.00	3.25
Each four-party line desk set station	2.25	2.50
<u>Residence Flat Rate Service:</u>		
Each individual line desk set station	3.00	3.25
Each two-party line desk set station	2.50	-
Each four-party line desk set station	1.75	2.00
Each wall set station - desk set station rate less \$.25 per month		
Each hand set station - desk set station rate plus	.25	.15
<u>Suburban Magneto Service</u>		
Each hand set station - desk set station rate plus	.25	.15
<u>Commercial and Hotel Private Branch Exchange Services</u>		
<u>Trunk Rate:</u>		
First bothway trunk line	5.25	5.50
Each additional bothway trunk line	3.94	4.13
<u>Station Rate:</u>		
Each hand set station - desk set station rate plus	.25	.15

Coincident with the conversion to common battery operation, applicant proposes to enlarge its Crescent City exchange base rate area as shown on a map filed as Exhibit No. 8 at the hearing. This would eliminate or reduce mileage charges and allow

new subscribers to secure higher grades of service at lower rates.

Mr. A. N. Johns for the West Coast Company presented in evidence as Exhibit No. 9 a table showing the results of operation of the Crescent City exchange and of the system for the years 1936 and 1937 and estimates for 1938 on the basis of magneto operation. The ratios of operating income to fixed capital plus materials and supplies for the system were 1.52 per cent for 1936, 2.12 per cent for 1937 and .40 per cent estimated for 1938. Similar ratios for the Crescent City exchange were respectively 4.61 per cent and 2.97 per cent for the years 1936 and 1937. It was estimated that the operation of the Crescent City exchange on a magneto basis in 1938 would result in an operating loss of \$460 for the year. The estimate of results of operation for the year 1938 on the basis of common battery operation throughout the year indicated ratios of operating income to fixed capital plus materials and supplies of .88 per cent for the system and .74 per cent for the Crescent City exchange.

As the level of the proposed rates does not appear unreasonable and the expected return from the exchange and system with the improved service does not appear excessive, the majority of the subscribers having expressed themselves as being in favor of the proposal, and no one having registered opposition to the increase in rates, an Order granting the application will be issued.

O R D E R

West Coast Telephone Company of California having requested authority to increase certain rates for exchange telephone service in its Crescent City exchange, a public hearing having been held,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the adjustment of rates requested coincident with the installation of common battery operation is justified, and

IT IS HEREBY ORDERED that West Coast Telephone Company of California shall install a common battery telephone system in its Crescent City exchange on or before December 1, 1938.

IT IS HEREBY FURTHER ORDERED that West Coast Telephone Company of California may make effective for service in its Crescent City exchange on and after the date of completion of the installation of a common battery system therein, changes 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 common battery service.

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

Dated at San Francisco, California, this 11th day of April, 1938.

W. L. ...
Leon ...
Frank ...
...
...
Commissioners.