

Decision No. 37436**ORIGINAL**

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 NELLIE A. BRYANT, doing business under the
 name of BRIDGEPORT TELEPHONE AND TELEGRAPH
 COMPANY, and INTERSTATE TELEGRAPH COMPANY,
 a corporation, for an Order or Orders
 Authorizing the Sale and Purchase of Tele-
 phone and Telegraph Public Utility Proper-
 ties and Rights, and Revision of Service
 Areas and Tariffs in connection with and
 incidental to such sale and purchase.

Application No. 26333

H. M. Hammack, and W. G. Wade, for Interstate
 Telegraph Company, applicant to purchase.
 Arthur A. DeChambeau, for Nellie A. Bryant,
 applicant to sell.
 W. R. Evans, District Attorney, for County of
 Mono, interested party.

BY THE COMMISSION:

O P I N I O N

In this application Nellie A. Bryant, doing business under the name of Bridgeport Telephone and Telegraph Company, hereinafter also termed Bridgeport Company, requests authority to sell her telephone and telegraph properties to Interstate Telegraph Company, a corporation, hereinafter also termed Interstate Company, which company requests authority to purchase, acquire, and operate the properties and to revise certain tariff schedules and exchange and primary rate area boundaries coincident with such sale and purchase.

A public hearing was held in this proceeding before Examiner Wessells at Bridgeport, on October 5, 1944.

Bridgeport Company began operations over forty years ago in Bridgeport, County seat of Mono County, and now has approximately one hundred miles of single iron wire magneto-operated telephone and telegraph lines through

sparsely settled mountainous country extending between Bridgeport and Tioga Lodge, Bridgeport and Coloville, all in Mono County, and between Bridgeport and Rosaschi Ranch, Lyon County, Nevada. A total of eighteen telephone stations are connected to these lines, sixteen of which are located in Mono County, California, and two in Nevada. The area served by the Bridgeport Company in California is set forth in Exhibit 1 filed in this proceeding.

Nellie A. Bryant desires to dispose of her interests in the telephone and telegraph business because of her advanced age, her lack of finances, and her inability to secure labor properly to maintain, operate or improve the communication system, or to provide adequate and efficient service to the public.

Interstate Company for more than thirty years has been engaged in the telephone and telegraph utility business in California and Nevada, and employs a considerable force of telephone engineers, operators, construction and maintenance employes. Purchaser, Interstate Company, desires to acquire the Bridgeport properties and to improve them as it has done with the properties which it now operates in Inyo, Kern, Mono, and San Bernardino Counties in California.

At the hearing, Mr. W. G. Wade, Manager of Interstate Company, outlined the improvements in service which are contemplated if the sale and transfer is authorized. Immediately following the transfer, Interstate Company proposes to extend the hours of service from the present limited twelve hours daily to twenty-four hours daily; to construct a new pole line from Mill Creek to Conway Summit; to metallicize the section of the Leevining-Bridgeport toll circuit from Mono Inn to Conway Summit; to construct in the Town of Bridgeport a distribution system equipped with twenty-five telephones and a common battery switchboard, subject to authorization by the War Production Board for the materials; and to maintain and repair the toll lines which are not rebuilt at this time in as good operating condition as possible under wartime restrictions. The long range program of Interstate Company includes the construction of an unattended dial

central office in Bridgeport, and the reconstruction of the toll lines toward Leevining, Coleville and Rosaschi Ranch. The gross additions and betterments for the immediate and long range program of improvements outlined by Mr. Wade are estimated at \$36,000.

A copy of the agreement of sale and purchase is on file in this proceeding as Exhibit 2. This said Exhibit 2 also lists the properties to be sold by Nellie A. Bryant to Interstate Company. The purchase price of the Bridgeport properties is \$8,000 to be paid in cash in full on the first day of the calendar month next succeeding the date that all required authorizations for the sale are secured from the Railroad Commission of the State of California, the Public Service Commission of the State of Nevada, and the Federal Communications Commission, respectively.

Mr. L. B. Reed, Assistant Auditor of Interstate Company, testified as to the historical reproduction cost and depreciated book value, as of August 1, 1944, of the Bridgeport Company's properties to be sold, as follows:

Historical reproduction cost	\$10,852.20
Less depreciation reserve as of August 1, 1944	<u>4,079.24</u>
Depreciated book value as of August 1, 1944 of property to be sold	\$ 6,772.96

The historical reproduction cost estimate is set forth in Exhibit 3 filed in this proceeding and is based on unit costs developed by Commission engineers in 1929 in Case 2761 (34 CRC 174), applied to Interstate Company's inventory of the Bridgeport properties as of May 1, 1944.

Also included in the purchase price of \$8,000 is a parcel of real property, the value of which is estimated to be \$300 to be used in the future as a location for a central office building, and a supply and pole yard.

The testimony shows that it is not possible to determine from such records as are available the original cost of the telephone properties.

The Interstate Company proposes to record the properties on its books in the manner provided in the Uniform System of Accounts prescribed for Class A

and Class B telephone companies.

In connection with the sale and purchase, Interstate Company seeks authority to change the Bridgeport exchange area boundary in accordance with Exhibit 6 to meet the Company's standard transmission practices in furnishing exchange services in suburban areas. Interstate Company further seeks authority to extend its Leevining exchange area boundary in accordance with Exhibit 7, to include certain unassigned territory to the east and west of the present boundary where future telephone development may materialize and to include certain territory to the north, which territory is being transferred from the present Bridgeport exchange to the Leevining exchange. It is also Interstate Company's desire to revise the primary rate area boundaries of Leevining and Bridgeport exchanges from circles one mile in diameter to rectangular-shaped areas in accordance with Exhibits 6 and 7, respectively, to assist in the administration of the tariff schedules and to conform with standard rate making practices.

Mr. F. Freeland, Commercial Engineer of Interstate Company, testified that the proposed revisions in the primary rate area boundaries would not effect any changes in charges to present subscribers, and that only three present subscribers, namely, California Division of Highways at Conway Summit, Mono Inn, and Tioga Lodge would be affected by the revisions in exchange boundaries. Exhibit 8, filed in this proceeding contains copies of three letters, one from each of the above-mentioned subscribers, addressed to Interstate Company, expressing the desire of each subscriber to be excluded from the Bridgeport exchange area and to be included in the Leevining exchange area.

Interstate Company also seeks authority to make effective the same rates, rules, and regulations for exchange service within the Bridgeport exchange, coincident with the sale and transfer, that are now effective within its Leevining exchange, as well as a number of its other exchanges in California, and to extend its toll telephone and telegraph rates to apply within the Bridgeport area. Exhibit 9 contains the proposed exchange and toll tariff

schedules applicable within the Bridgeport exchange area. The testimony reveals that the present rates, rules, and regulations applicable within the Bridgeport exchange area are nonstandard, and produce inadequate revenue to provide and maintain a satisfactory grade of telephone and telegraph service in the area.

A comparison of the present and the proposed Bridgeport exchange rates, as set forth in the record, is as follows:

<u>Grade of Service</u>	<u>Rate Per Month - Wall Set Station</u>			
	<u>Business</u>		<u>Residence</u>	
	<u>Present</u>	<u>Proposed*</u>	<u>Present</u>	<u>Proposed*</u>
Individual Line	\$2.50	\$3.75	\$2.00	\$2.75
Four-Party Line	2.00	3.10	1.50	1.65
Suburban (Ten-Party) Line				
Less than 1½ miles from primary rate area	4.00	2.50	4.00	2.00
1½ - 4½ miles from primary rate area	4.00	3.00	4.00	2.50
4½ - 9½ miles from primary rate area	4.00	3.25	4.00	2.75
9½ - 14½ miles from primary rate area	4.00	3.75	4.00	3.25
14½ - 19½ miles from primary rate area	4.00	4.25	4.00	3.75
19½ - 24½ miles from primary rate area	4.00	4.75	4.00	4.25

* Net rate after \$0.50 discount for prompt payment of bill.

Only one subscriber, the County of Mono, now receives service within the primary rate area of Bridgeport exchange. This service consists of four business four-party line stations.

Nine subscribers now receive service in the suburban area of Bridgeport exchange over combination exchange and toll lines extending out of the town of Bridgeport. Interstate Company proposes to serve three of these subscribers on an exchange basis from Leevining as discussed previously; one of the nine subscribers, the U. S. Forest Service, will continue to receive free service in accordance with certain Special Use Permits issued by the Forest Supervisor of Mono National Forest to Bridgeport Company; and the remaining five subscribers will be served on a toll station basis.

A minimum guarantee of \$5 a month is proposed for toll station service. Such a guarantee is generally applied by Interstate Company throughout its service area in California and by certain other telephone utilities operating in the state.

At such time as the various governmental orders and restrictions

relative to the use of telephone equipment and materials are removed, Mr. Freeland testified that Interstate Company would undertake to furnish exchange service in accordance with its proposed rates applicable in the Bridgeport exchange.

Typical examples of the present and proposed toll telephone charges over certain routes are as follows:

Route Between <u>Bridgeport and:</u>	<u>Comparison of Present and Proposed Toll Charges</u>					
	<u>Station-to-Station</u>		<u>Person-to-Person</u>			
	<u>Day</u>		<u>Night and Sunday</u>		<u>Day, Night and Sunday</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Bishop	\$1.15	\$.70	\$.90	\$.25	\$1.25	\$.85
Bridgeport Dam	.50*	.15	.50*	.15	.50*	.20
Bridgeport Ranger Station	.50*	.15	.50*	.15	.50*	.20
Coleville	.50*	.35	.50*	.25	.50*	.45
Division of Highways, Conways	.50*	.15	.50*	.15	.50*	.20
Division of Highways, Sonora Jct.	.50*	.20	.50*	.20	.50*	.25
Fales Hot Springs	.50*	.20	.50*	.20	.50*	.25
Loevining	.65*	.25	.65*	.25	.65*	.30
Sonnesyns	.50*	.25	.50*	.25	.50*	.30
Wheeler Ranger Station	.50*	.20	.50*	.20	.50*	.25

* Indicates a flat rate charge. All other charges are for an initial period of three minutes.

The record in this proceeding shows that under Interstate Company's proposed rates and service arrangements for Bridgeport, it is estimated present subscribers will experience, on an annual basis, gross increases in charges of \$85, gross decreases of \$377, or net decreases in charges of \$292.

The record further shows that Interstate Company addressed letters to each of the present subscribers who would be affected by the proposed changes in rates and service arrangements, outlining the proposed revisions in charges. Copies of these letters with written comments from the subscribers are filed in this proceeding as Exhibit 11. The proposed rates were accepted by all but three subscribers, namely, Walker River Irrigation District of Yerington, Nevada; Sonnesyns Lodge; and the U. S. National Forest Service. The latter subscriber will continue to receive free service pursuant to certain Special Use Permits mentioned herein.

The other two subscribers objected to the proposed minimum toll

guarantee of \$5 a month for toll station service. However, the record shows that a copy of the notification of the hearing in this matter was mailed to each of these two subscribers and that neither was present nor represented by counsel at the hearing.

It is of record that Bridgeport Company has for several years past and is now operating at a loss. Mr. Wade testified that under the proposed rates for service, operations at Bridgeport would continue at a loss in the immediate future, but that in his opinion with improved and more modern service, the territory could be developed over a period of years into a profitable operation.

District Attorney Walter R. Evans, on behalf of the Board of Supervisors for the County of Mono, urged the favorable and early consideration by the Railroad Commission of the change in ownership and other requests of applicants so the improvements in telephone and telegraph service outlined by Mr. Wade may be placed into effect in and around Bridgeport this year before the heavy winter storms set in.

No objections were made at the hearing in this proceeding to the sale and transfer, or to the proposed boundary revisions and proposed rate and service changes.

Subject to the Commission's approval of the sale and transfer of said properties, as requested, Interstate Company seeks a certificate that the public convenience and necessity requires said company to operate as a public utility supplying telephone and telegraph service to the public in that part of Mono County, State of California, now served and held out to be served by the Bridgeport Company. The record in this proceeding shows that the Bridgeport Company began operations prior to 1900 and has continued up to the present to furnish telephone and telegraph service in the Bridgeport area. Purchaser, Interstate Company, in accordance with the Agreement of Sale (Exhibit 2), if such sale is authorized by the Commission, will acquire all rights, privileges, and permits of Bridgeport Company to construct, maintain, and operate telephone

and telegraph lines in said area. In view of these facts, we are of the opinion that a certificate of public convenience and necessity is not required by purchaser.

We are of the opinion that the requests contained in this application as modified by the foregoing opinion are in the public interest and should be granted. The action taken herein shall not be construed to be a finding of value for any purpose other than the proceeding herein involved.

O R D E R

Nellie A. Bryant, having made application to sell her telephone and telegraph properties, Interstate Telegraph Company, having made application to purchase said properties and to make revisions in service areas and tariff schedules, 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 the sale and transfer of said properties as requested and the proposed changes in serving areas, service, and rate arrangements are in the public interest and justified, wherefore

IT IS HEREBY ORDERED as follows:

1. That Nellie A. Bryant be, and she hereby is, authorized to sell and transfer on or before May 1, 1945, her telephone and telegraph properties referred to in this application to Interstate Telegraph Company, and that Interstate Telegraph Company be, and it hereby is, authorized to purchase, acquire, and operate said telephone and telegraph properties, said sale and transfer to be in accordance with the terms of the agreement of sale and purchase filed in this proceeding as Exhibit 2.

2. That Nellie A. Bryant be, and she hereby is, authorized to discontinue and abandon her operations and service as a telephone and telegraph public utility in the State of California, effective as of the date of transfer of said properties.

3. That Nellie A. Bryant shall file with the Railroad Commission not later than the day immediately preceding the transfer of said telephone and telegraph properties, in accordance with General Order No. 96, an Advice Letter cancelling the filed tariff schedules of Bridgeport Telephone and Telegraph Company, effective as of the date of transfer of said properties.

4. That Interstate Telegraph Company shall, within sixty (60) days after the transfer of the properties under the authority herein granted, file with the Railroad Commission:

- (a) A copy of each instrument of conveyance under which it acquires and holds title to said properties.
- (b) A copy of the book entries reflecting the purchase of said properties.

5. That Interstate Telegraph Company shall file with the Railroad Commission not later than the day immediately preceding the transfer of said properties, in accordance with General Order No. 96, the following:

- (a) Copies of the map set forth in Exhibit 6 filed in this proceeding, showing the proposed Bridgeport exchange and primary rate area boundaries.
- (b) Copies of the map set forth in Exhibit 7 filed in this proceeding, showing the proposed Leevining exchange and primary rate area boundaries.
- (c) Copies of the tariff schedules set forth in Exhibit 9 filed in this proceeding.

6. That Interstate Telegraph Company be, and it hereby is, authorized to make effective, within the proposed Bridgeport exchange area, on the date of the transfer of said properties, its filed tariff schedules listed in Exhibit "A" attached to this Order and hereby made a part hereof.

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 31st day
of October, 1944.

Richard Lachar
Justin J. Casner
Francis D. Havenner
Emilio D. ...
Joseph Powell

Commissioners

EXHIBIT "A"

LIST OF INTERSTATE TELEGRAPH COMPANY'S TARIFF SCHEDULES

TO BE MADE APPLICABLE WITHIN THE PROPOSED BRIDGEPORT

EXCHANGE EFFECTIVE ON THE DATE OF TRANSFER

EXHIBIT "A"

LIST OF INTERSTATE TELEGRAPH COMPANY'S TARIFF SCHEDULES
TO BE MADE APPLICABLE WITHIN THE PROPOSED BRIDGEPORT
EXCHANGE EFFECTIVE ON THE DATE OF TRANSFER

<u>Schedule</u>	<u>Title</u>
Exchange Service Schedule No. A-4	Mileage Rates
Exchange Service Schedule No. A-6	Commercial and Residence Manual and Dial Private Branch Exchange Service
Exchange Service Schedule No. A-12	Private Line Service
Exchange Service Schedule No. A-13	Public Pay Station Service
Exchange Service Schedule No. A-14	Directory Listings
Exchange Service Schedule No. A-15	Supplemental Equipment Service
Toll Service Schedule No. B-1	Toll Telephone Service
Toll Service Schedule No. B-2	Leased Line Service (#12 BWG iron wire circuits)
Toll Service Schedule No. B-2	Leased Line Service (#12NBS gauge copper wire circuits)
Telegraph Service Schedule No. C-1	General Commercial and Domestic Messages
Telegraph Service Schedule No. C-2	Press Dispatches
Telegraph Service Schedule No. C-3	Money Transfer Service
Exchange Service Schedule No. D-1	Directory Advertising Service
Schedule No. E-1	Exchange, Toll and Telegraph Service for Employees
Definitions	
Rule and Regulation Nos. 1 to 35 inclusive, A-1, and C-(1) to C-(3) inclusive	
Standard Forms	