

ORIGINAL

Decision No. 40795

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)
 EVANS TELEPHONE COMPANY, a Co-part-)
 nership, for an order authorizing)
 increases and changes in rates for)
 exchange telephone service.)

Application No. 28463

William Logan for applicants; R. D. Crowe for
Dos Palos Telephone Company, Inc.; Bert M. Carver
 for Farmers Telephone Line 5-11 of the Evans
 Telephone Company; J. J. Deuel by Edson Abel for
 the California Farm Bureau Federation; F. V. Rhodes
 for applicants and for the California Independent
 Telephone Association.

OPINION

An application was filed on May 23, 1947, by Estella C. Evans, John H. Evans, and Virginia Evans Williams, operating as the Evans Telephone Company, requesting increases in the amount of approximately \$8,600 annually in the exchange rates and charges applicable in the Patterson exchange, located in Stanislaus and Santa Clara Counties,

Public hearings were held in Patterson on June 11, 1947 and in San Francisco on September 25, 1947. At the hearing on September 25, applicants amended the application by filing exhibits setting forth new schedules covering farmer line service, directory advertising service, service connection charges, and move and change charges. Also, permission was requested to file public telephone and semipublic coin-box service schedules.

Applicants operate one exchange only, serving the town of Patterson and surrounding territory. Connection for toll telephone service is made with facilities of The Pacific Telephone and Telegraph Company at the Patterson switchboard. As of June 30, 1947, 815 stations were served from the Patterson exchange, of which 789 were company owned and 26 were subscriber owned, and there were 76 hold applications for service.

Applicants reported, as of December 31, 1946, total telephone plant in service of approximately \$72,100. For the year 1946, reported revenues were approximately \$32,750, of which 55% was derived from local service, 44% from toll service, and the balance of 1% from miscellaneous services. Witness for applicants testified that labor and material costs had increased substantially during the past two years.

The evidence as to earnings presented by applicants and the Commission's staff is tabulated below and relates to the results for the years 1946, 1947, and 1948.

RATE OF RETURN

Item	1947 Estimated				1948 Estimated		
	1946 Recorded	Present Rates	Proposed Rates	Sched. No. 3*	Present Rates	Proposed Rates	Sched. No. 3*
Applicants	4.74%	(3.75)%	7.02%	- %	(6.41)%	4.79%	- %
Commission's staff	8.36	(2.18)	11.33	6.59	(4.10)	9.34	4.67

(Red Figures)

*From Exhibit 7, prepared by the Commission's staff.

The principal differences between the rates of return calculated for 1946 and 1947 by the applicants and the Commission's staff are due to the items of depreciation expense and depreciation reserve. Exhibit F, attached to the application, shows a composite depreciation rate of 4.34% derived by applying percentages to the various classes of depreciable plant, which percentages are stated to be similar and comparable to those used by other companies. Applicants' books show a depreciation reserve equal to approximately 80% of its depreciable capital, but the application states that this figure is incorrect and was brought about through erroneous depreciation accounting during past years. In the application, a judgment figure for depreciation reserve equal to 30% of depreciable plant was used.

A field investigation of applicants' properties was made by the Commission's staff and the estimated depreciation reserves and depreciation expenses were developed from certain known facts supplemented by a physical inspection of applicants' property. It was possible to derive the age of certain portions of the plant from an inspection of applicants' records, whereas life expectancy was based upon engineering judgment premised upon a physical inspection of the property and a

consideration of the various factors which would affect the service life of the units of property. Exhibit 7, introduced by the staff, shows a depreciation reserve equal to approximately 50% of the depreciable plant, and a composite depreciation rate of 3.9% for the average year 1947. The scheduled construction program of applicants does not indicate any major retirements of property in the near future and the depreciated rate bases and depreciation expenses shown in Exhibit 7 will be used herein for determining the reasonableness of rates.

The estimated results of operation for 1948 from which were calculated the rate of return figures shown on the preceding page are summarized below.

Item	Estimated Year 1948					
	Applicants		Commission		Applicants	Trial
	Present	Proposed	Present	Proposed	Schedule	No. 3
	Rates	Rates	Rates	Rates	Adopted	Adopted
Total Revenues	\$44,590	\$54,721	\$44,195	\$53,525	\$50,075	\$51,450
Oper. Exps., excl. deprec. and taxes	43,127	43,127	41,185	41,185	41,185	41,550
Depreciation (straight-line)	3,607	3,607	2,950	2,950	2,950	2,950
Taxes	2,307	4,659	2,480	3,882	3,182	3,540
Total Operating Exps.	49,041	51,393	46,615	48,017	47,317	48,040
Net Operating Revenues	(4,451)	3,328	(2,420)	5,508	2,758	3,410
Rate Base (depreciated)	69,519	69,519	59,000	59,000	59,000	59,000
Rate of Return	(6.41)%	4.79%	(4.10)%	9.34%	4.67%	5.78%

(Red Figures)

The last column shows the revenues, expenses, and rate base herein adopted, after careful consideration of the evidence, for the purpose of determining the reasonableness of rates to be charged for service.

A comparison, for the principal classes and grades of service, of the present rates, the rates requested by applicants as shown in Exhibit B, and the rates estimated by the staff to provide the revenues adopted herein is shown on the following page.

Item	Rate per Month - Desk Set Station					
	Business Service			Residence Service		
	Present	Requested	Adopted	Present	Requested	Adopted
Individual line	\$2.50 ^a	\$4.50 ^b	\$4.25 ^c	\$2.00 ^a	\$3.00 ^b	\$2.75 ^c
Two-party line	2.25 ^a	4.00 ^b	3.75 ^c	-	-	-
Four-party line	-	-	-	1.75 ^b	2.50 ^b	2.25 ^c
Ten-party line (Sub.)	2.75 ^b	3.75 ^b	3.50 ^c	2.25 ^b	3.00 ^b	2.60 ^c
Extension station	1.00 ^a	1.50 ^b	1.25 ^c	1.00 ^a	1.25 ^b	1.00 ^c
Farmer line	1.25	1.25	1.25	.50	1.00	.75

- a - Hand set, \$0.25 additional; wall set, same as desk set.
- b - Hand set, same as desk set; wall set, \$0.25 less.
- c - Hand set, same as desk set; wall set, \$0.10 less.

Increases are also requested in rates for supplemental equipment, directory advertising, service connection charges, and move and change charges.

The present base rate area is a circle of one-half mile radius having as its center the center of the town plaza. At the hearing on June 11, 1947, applicants introduced Exhibit 1 showing a proposed base rate area revised to include the city limits of Patterson and two built-up sections located outside the city limits. A portion of the present base rate area, in which three subscribers are located, is outside the revised boundary shown in Exhibit 1, and applicants agreed at the hearing on September 25, 1947 to move the easterly boundary approximately 250 feet farther east so as to include these subscribers.

The evidence shows that seven subscribers appeared at the hearing in this matter on June 11, 1947. All of them expressed some degree of dissatisfaction with the service, the principal criticism being in connection with toll service. None of the seven subscribers were opposed to the increase in rates and three subscribers expressed themselves as favoring an increase if improved service would result. While not a part of the record in this proceeding, the Commission has been advised that applicants have recently completed the installation of a third position of switchboard and have added an additional operator, which should tend to improve service conditions.

Applicants provide common battery service on individual and party lines and magneto service on suburban lines. Immediate consideration should be given to the development of a program for progressively converting the magneto lines to common battery lines in order to provide an improved service.

Applicants have made no definite plans for converting to dial operation, but have considered such conversion. In view of the improved service provided by dial equipment and the anticipated early conversion of nearby exchanges to dial operation, a study to determine the feasibility of converting the Patterson exchange to dial operation should be initiated without delay.

In authorizing the increases herein ordered, the Commission expects applicants to proceed with due diligence in (1) furnishing service to those persons waiting for service, (2) developing a program for converting the magneto lines to common battery operation, and (3) determining the feasibility of converting the exchange to dial operation.

O R D E R

Estella C. Evans, John H. Evans, and Virginia Evans Williams, having applied for an order authorizing increases in exchange rates and charges, public hearings having been held, and the matter having been submitted for decision, the Public Utilities Commission of the State of California hereby finds as a fact that the increases in rates herein authorized are justified, therefore,

IT IS HEREBY ORDERED as follows:

1. Applicants are authorized to file and publish the schedules and rule and regulation set forth in Exhibit A attached hereto.
2. Applicants are authorized and directed to file and publish a map showing the base rate area boundary revised in accordance with Exhibit 1 filed at the hearing, but with the easterly boundary located approximately 250 feet farther east.
3. Applicants are authorized to file and publish the Farmer Line Service Schedule filed as Exhibit 2 at the hearing, revised to show a rate per month of \$0.75 for each farmer line residence station.
4. Applicants are authorized to file and publish the Service Connection Charges Schedule, the Move and Change Charges Schedule, and the Classified Telephone Directory Advertising Schedule introduced as Exhibits 3, 4, and 5, respectively, at the hearing, with changes in the first page of the Directory Advertising Schedule as amended in the record.

5. Applicants are authorized, after not less than one (1) days' notice to the Commission and to the public to make said rates effective on and after November 1, 1947, for bills covering service furnished on and after November 1, 1947.

This Order shall become effective twenty (20) days after date hereof.

Dated at San Francisco, California, this 10th day
of October, 1947.

Harold P. Kuls

Justus J. Gager

John H. Russell

A. J. Johnson

Commissioners.

Evans Telephone Company
Patterson, California

Cal. P.U.C. Sheet No. _____

Cancelling _____

Cal. P.U.C. Sheet No. _____

Schedule No. A-1

FLAT RATE EXCHANGE SERVICE

APPLICABILITY

Applicable to individual and party line business and residence flat rate service.

TERRITORY

Within the base rate area of the Patterson exchange as said area is defined on the map filed as part of the tariff schedules.

RATES

	<u>Desk or Hand Set Station</u>	
	<u>Rate per Month</u>	
	<u>Business</u>	<u>Residence</u>
	<u>Service</u>	<u>Service</u>
Each Individual Line Primary Station . . .	\$4.25	\$2.75
Each Two-Party " " " . . .	3.75	-
Each Four-Party " " " . . .	-	2.25
Each Extension Station	1.25	1.00
Each Wall Set Station - Above rates less 10¢ per month.		

SPECIAL CONDITIONS

1. Service under this schedule will be provided outside the base rate area but within the boundaries of the exchange area at the sum of above rates and mileage rates as set forth in Schedule No. A-2.

2. Extension stations at the above rates are installed on the premises on which the primary station is located. Extension stations located outside such premises will be provided at the sum of above rates and mileage rates as set forth in Schedule No. A-2.

(To be inserted by utility)

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Title

Resolution No. _____

Evans Telephone Company
Patterson, California

Cal. P.U.C. Shoot No. _____

Cancelling _____ Cal. P.U.C. Sheet No. _____

Schedule No. A-3

SUBURBAN SERVICE

APPLICABILITY

Applicable to suburban (10-party) local exchange service.

TERRITORY

Within the suburban area of the Patterson exchange as said area is defined on the map filed as part of the tariff schedules.

RATES

	<u>Desk or Hand Set Station</u>	
	<u>Rate per Month</u>	
	<u>Business Service</u>	<u>Residence Service</u>
Each Primary Station	\$ 3.50	\$ 2.60
Each Wall Set Station - Above rates less 10¢ per month.		

SPECIAL CONDITIONS

1. Service under this schedule is furnished outside the base rate area and within the exchange area. In no case will the total number of primary stations connected to one circuit exceed ten (10) stations.

(To be inserted by utility)

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Evans Telephone Company
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Cal. P.U.C. Sheet No. _____

Schedule No. A-5

SUPPLEMENTAL EQUIPMENT

APPLICABILITY

Applicable to supplemental equipment furnished by the Company.

TERRITORY

Within the exchange area of the Patterson exchange as said area is defined on the map filed as part of the tariff schedules.

RATES

	<u>Installation Charge</u>	<u>Rate Per Month</u>
(1) Bells		
Extension Bell, Small	\$ 1.25	\$ 0.25
Extension Bell, Gong	1.25	.50
(2) Keys		
Cam lever key, 2-way (Installed in addition to a station)	1.50	.25
Cam lever key, 3-way (Installed in addition to a station)	2.00	.50
Cam lever key, installed in lieu of a station	*	*
*When a key is installed in lieu of a telephone instrument, the regular primary or extension wall set station rate, including service connection charge will apply, and no additional charge is made for the key.		
(3) Buzzer Circuits		
Each buzzer circuit, including push button, buzzer, battery, and 50 ft. of wiring	1.50	.25
Each additional push button50	-
Each additional buzzer50	-
Each additional 50 ft. or less of wire	1.00	-
(4) Cords:		
Two, three or four conductor cords:		
Each ten-foot cord	1.00	-
Each fifteen-foot cord	1.50	-
Each twenty-five foot cord	2.50	-
Each cord of length other than standard, ten, fifteen, and twenty-five foot, but not longer than twenty-five feet, the charge for the next longer cord plus 1.00		-
(5) Jack and Plug Installations		
Two, three or four contact jacks:		
First jack of each service order	5.00	-
Each add'l jack of same service order	3.00	-

(Continued)

(To be inserted by utility)

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Effective _____

Resolution No. _____

Schedule No. A-9

PUBLIC TELEPHONE SERVICE

APPLICABILITY

Applicable to service from the Company's non-listed public telephone stations.

TERRITORY

Within the exchange area of the Patterson exchange as said area is defined on the map filed as part of the tariff schedules.

RATES

	<u>Rate</u>
(1) Each Exchange Message	\$0.05

SPECIAL CONDITIONS

1. Public telephones will be installed by the Company, at its discretion, in public locations, to meet the general and transient telephone requirements.

(To be inserted by utility)

Issued by

(To be inserted by Cal. P.U.C.)

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Evans Telephone Company
Patterson, California

Cal. P.U.C. Sheet No. _____

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Cal. P.U.C. Sheet No. _____

Schedule No. A-10

SEMPUBLIC SERVICE - INDIVIDUAL LINE

APPLICABILITY

Applicable to semipublic coin-box service.

TERRITORY

Within the base rate area of the Patterson exchange as said area is defined on the map filed as part of the tariff schedules.

RATES

	Each Exchange Message	Minimum Charge Per Day
(1) Each Individual Line Coin-Box Station	\$0.05	\$0.15

SPECIAL CONDITIONS

1. Service under this schedule will be furnished upon applicant's request in stores, shops, restaurants, theaters, automobile courts, automobile trailer courts, or other semipublic locations where there is a collective use of the service by a number of guests, members, employees, or occupants or where there is the requirement for a combination of transient and subscriber usage, and in apartment houses, rooming houses, and hotels where there is a collective use of the service by a number of guests, employees, or occupants or where there is a requirement for a combination of transient and subscriber usage.

2. Service under this schedule will be provided outside the base rate area and within the exchange area at the sum of above rates and mileage rates as set forth in Schedule No. A-2.

3. Collections for exchange messages only will apply against the minimum charge. The minimum charge for a collection period will be the minimum charge per day multiplied by the number of days, including Sundays and holidays, since the contents of the coin collector were last removed. Collections will be made as nearly as practicable at monthly intervals.

(To be inserted by utility)

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Evans Telephone Company
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RULE AND REGULATION

No. 27

SUBSCRIBERS' PRIVATE SERVICE NOT FOR PUBLIC USE

Telephone service, other than "Public" and "Semipublic" service, is furnished for the use of the subscriber, his family, and persons residing in his home, or his employees or representatives, except as service may be extended to "Joint Users."

Flat rate service is not installed on premises of a public or semipublic character in a location where the telephone would be accessible for use by the patrons of the subscriber or the public in general.

If it is found that the subscriber is permitting public use of service furnished him for his private use, the Company will thereafter provide "Public" or "Semipublic" service, except where the subscriber consents to the facilities being so located as to be inaccessible to the public or permits no further public use after the matter has been called to his attention. No charge will be made for the relocation of a telephone instrument under such circumstances.

If it is found that the subscriber is sharing the use of business service with an individual, other than an employee, member or officer of the subscriber's concern, or another concern not of record as a joint user, the Company will thereafter require the subscriber to take "Joint User" service except where the subscriber permits no further joint use of the service after the matter has been called to his attention or where the joint user vacates the subscriber's premises or becomes a subscriber to business service in the same exchange.

(To be inserted by utility)

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