

Decision No. 41089

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of California-Oregon Telephone Company for an order permitting it, the said Applicant, to increase its rates and charges as in this Application further detailed.

Application No. 28509

J. S. Middleton, Assistant Secretary and Attorney,
E. R. Hood, President, and D. O. Hood, Secretary,
for Applicant; J. J. Deuel by Edson Abel for the
California Farm Bureau Federation.

O P I N I O N

An application was filed on June 12, 1947, by the California-Oregon Telephone Company requesting increases in the amount of approximately \$7,000 annually in the exchange and toll rates and charges applicable in the Tulelake exchange located in Siskiyou and Modoc Counties.

A public hearing was held in Tulelake on December 18, 1947, at which time the Applicant amended the application to include a request for filing of a public pay station service schedule and revised service connection and move and change charge schedules. Revised estimates of revenues and expenses for 1947 based on ten months' actual operations were introduced as Exhibit 4 by the Applicant.

The Applicant is a wholly owned subsidiary of the Columbia Utilities Company of Oregon, which company operates six telephone exchanges in Oregon. The Applicant operates one exchange only, serving the town of Tulelake and surrounding territory. As of August 15, 1947, 574 stations were being served from the Tulelake exchange, all company-owned, and there were 72 held applications for service. Connection for toll telephone service is made with the lines of the Columbia Utilities Company at the Oregon state line and with the lines of the Public Utilities California Corporation at Perez. The witness for Applicant testified that 65 to 70% of the operators' time is spent on interstate calls.

The Applicant reported, as of December 31, 1946, total telephone plant in service of approximately \$119,300. For the year 1946, reported revenues were approximately \$41,400, of which 38% was derived from local service, 46% from toll service, and the balance of 16% from miscellaneous services. The witness for Applicant testified that labor and material costs had increased substantially during the past two years.

The Columbia Utilities Company is planning to establish a toll center at Merrill, Oregon, to handle the toll traffic from the Tulelake exchange and four Oregon exchanges. It is expected that this toll center will be established within three to five years and the traffic expense at Tulelake is estimated to be reduced approximately 40% by such establishment.

The evidence as to earnings presented by the Applicant and the Commission's staff is tabulated below and relates to the results for the years 1946, 1947, and 1948. The Applicant presented no estimate of the results of operations for 1947 and 1948 under proposed rates. The Applicant's 1947 figures are from Exhibit 4 introduced at the hearing. The 1948 figures are from the application, adjusted to exclude \$3,744 of revenue estimated to be received from the proposed mileage charges and \$1,500 of local station revenue included in error. The evidence presented by the Commission's staff is from Exhibit 8 introduced at the hearing.

Rate of Return

Item	Year 1947 Estimated				Year 1948 Estimated			
	1946 Recorded	Present Rates	Proposed Rates	Sched- ule	1946 Recorded	Present Rates	Proposed Rates	Sched- ule
Applicant	(3.49)%	(3.72)%	-	-	(2.60)%	-	-	-
Comm. Staff	(3.92)%	(11.70)%	(1.17)%	(0.90)%	(7.11)%	3.17%	3.38%	

(Red Figure)

The witness for Applicant stated at the hearing that the revenue of approximately \$3,700 estimated to be derived from mileage charges in 1948 would not be received because of the lack of central office facilities to do the required upgrading, that sufficient central office equipment to provide the required facilities could not be obtained and installed in less than two years,

and that certain additional expenses would be realized in 1948, which were not known at the time the application was filed. These additional expenses consist mainly of higher maximum employee wage rates and increased ad valorem tax rates.

Exhibit 4, introduced by the Applicant, shows that a total of 767 stations are expected to be in service on December 31, 1948. The exhibit also shows that the estimates of operating expenses and revenues for 1947 contained in the application were high when compared to the revenues and expenses actually realized during the first ten months of operation.

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

I t e m	Estimated Year 1948				
	Applicant's		Commission's Staff		
	Present	Proposed	Applicant's	Trial	Sched-
	Rates	Rates	Rates	ule	Adopted
	\$	\$	\$	\$	\$
Total Revenues	46,784	44,325	56,425	56,710	53,450
Oper. Exps., excl. deprec. and taxes	44,326	44,150	44,150	44,150	41,100
Depreciation (straight-line)	3,923	4,845	4,845	4,845	4,845
Taxes	2,142	3,105	3,960	4,025	3,980
Total Operating Expenses	50,391	52,100	52,955	53,020	49,925
Net Operating Revenues	(3,607)	(7,775)	3,470	3,690	3,525
Rate Base (depreciated)	138,879	109,300	109,300	109,300	109,300
Rate of Return	(2.60)%	(7.11)%	3.17%	3.38%	3.23%

(Red Figure)

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 the Applicant, and the rates estimated by the staff to provide the revenues adopted herein is shown below:

I t e m	Rate per Month - Desk or Hand Set Station					
	Business Service			Residence Service		
	Present ^a	Requested ^a	Adopted ^b	Present ^a	Requested ^a	Adopted ^b
Individual line	\$ 3.75	\$ 5.25	\$ 5.25	\$ 3.00	\$ 3.75	\$ 3.50
Two-party line	3.50	5.00	4.25	2.75	3.50	3.00
Four-party line	-	-	-	-	3.00	2.50
Ten-party line (Sub)	2.75	4.25	4.00	2.00	2.75	3.25
Extension station	1.25	1.50	1.25	1.00	1.25	1.00

a. Wall set - 25 cents less.

b. Wall set - same as desk and hand set.

Increases are also requested in rates for certain items of supplemental equipment, service connection charges, and move and change charges.

The Applicant at present has no base rate area, but included a map of a proposed base rate area in the application. The boundaries of this proposed base rate area appear to be properly located and the establishment of the base rate area will be authorized in the following Order.

The rates authorized herein do not provide for the offering of ten-party line service in the base rate area. However, there are 113 ten-party residence and 22 ten-party business services located in the new base rate area and the Order will provide for continuation of these services on a deviation basis until they can be upgraded to normal base rate area services.

The evidence shows that no subscribers appeared at the hearing in this matter to protest the proposed increases.

In authorizing the increases herein ordered, the Commission expects the Applicant to proceed with due diligence to obtain the equipment required to provide normal grades of service.

ORDER

California-Oregon Telephone Company, having applied for an order authorizing increases in exchange rates, toll rates, and charges, a public hearing 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. Applicant is authorized to file and publish the schedules of rates and conditions set forth in Exhibit A attached hereto.
2. Applicant is authorized and directed to file and publish a map showing the base rate area as set forth in the application.
3. Applicant is authorized to file and publish the move and change charge schedule and the service connection charge schedule filed as Exhibits 1 and 2, respectively, at the hearing.

4. Applicant is authorized to file and publish, in accordance with General Order No. 96, the Preliminary Statement, Supplemental Equipment Schedule, and Rule and Regulation No. 1, as set forth in the application.
5. Applicant is authorized to continue ten-party line service in the base rate area until such service can be upgraded to normal service. The rate for ten-party business service shall be applied to such business service until upgraded and the rate for four-party residence service shall be applied to the ten-party residence service. No new ten-party lines shall be established in the base rate area after the effective date of this Order.
6. Applicant is ordered to file semi-annual reports with the Commission listing the ten-party line services remaining within the base rate area starting January 1, 1949.
7. Applicant is authorized, after not less than one (1) day's notice to the Commission and to the public, to make said rates effective on and after February 1, 1948 for bills covering service furnished on and after February 1, 1948.

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

Dated at San Francisco, California, this 6th day of January, 1948.

Harold T. Kule
Justin J. Casner
Frank Powell
R. F. Anderson
Samuel Potter
 Commissioners

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

RATES

	<u>Wall, Desk, or Hand Set Station</u>	
	<u>Rate per Month</u>	
	<u>Business Service</u>	<u>Residence Service</u>
Each Individual Line Primary Station	\$5.25	\$3.50
Each Two-Party " " "	4.25	3.00
Each Four-Party " " "	-	2.50
Each Extension Station	1.25	1.00

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 the above rates and mileage rates as set forth in Schedule No. A-4.

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-4.

EXHIBIT A
Page 2 of 9

SCHEDULE NO. A-3

SUBURBAN SERVICE

APPLICABILITY

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

TERRITORY

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

RATES

	<u>Wall Desk or Hand Set Station</u>	
	<u>Rate per Month</u>	
	<u>Business</u>	<u>Residence</u>
	<u>Service</u>	<u>Service</u>
Each Primary Station	\$ 4.00	\$ 3.25
Each Extension Station (without bell)	1.25	1.00

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.

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-4.

EXHIBIT A
Page 3 of 9

SCHEDULE NO. A-4

MILEAGE RATES

APPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

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

RATES

	<u>Each One-Quarter Mile or Fraction Thereof Airline Measurement</u>
	<u>RATE PER MONTH</u>
(1) Primary Service:	
Each individual line primary station	\$ 0.50
Each two-party line primary station35
Each four-party line primary station25
Each private branch exchange trunk line50
Each battery supply circuit50
Each ringing supply circuit50
(2) Off Subscriber's Premises and Within the Exchange Area:	
Each extension station line or private branch exchange station line:	
(a) Where the terminals are in different buildings on the same continuous property:	
Each one-quarter mile or fraction thereof	\$ 1.00
(b) Where the terminals are on non- continuous property:	
First one-quarter mile or fraction thereof	2.00
Each additional one-quarter mile or fraction thereof	1.00

CONDITIONS

1. No mileage charge applies in those cases where the terminals are in the same building. No mileage charge applies when the distance between terminals is 300 feet or less, airline measurement.

2. The mileage rates under Rate (1) above are based on the airline distance measured between the subscriber's primary station and the nearest point on the boundary of the Base Rate Area and are in addition to the other rates applicable to the service involved.

EXHIBIT A
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SCHEDULE NO. A-4

MILEAGE RATES
(Continued)

CONDITIONS

3. The mileage rates under Rate (2) above are applicable in connection with extension stations and are applicable to the airline distance measured between the terminals of the line involved.

4. No mileage charge is applicable to an extension station from an off-premises extension station located in the same premises as its off-premises station or within 300 feet, airline measurement, therefrom.

5. An off-premises extension station will be installed on other premises of the subscriber to the primary service provided the station is for the use of the subscriber.

6. An off-premises extension station will be installed on other than the subscriber's premises provided the station is for the use of the subscriber.

7. A residence extension station will not be furnished on business premises.

8. In this Schedule, "terminals" mean the stations between which the off-premises line is connected.

EXHIBIT A
Page 5 of 9

SCHEDULE NO. A-7

PRIVATE BRANCH EXCHANGE SERVICE

APPLICABILITY

Applicable to commercial private branch exchange flat rate service.

TERRITORY

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

RATE

Rate per Month

- | | |
|---|----------|
| 1. Switchboard Rate: | |
| Each switchboard position with battery and ringing power supply circuits and switchboard telephone: | |
| Cord type switchboard, non-multiple | \$ 15.00 |
| 2. Trunk Rate: | |
| Each private branch exchange trunk line, two-way | 7.00 |
| Each private branch exchange trunk line, one-way | 4.00 |
| 3. Station Rate: | |
| Each wall, desk, or hand set station | 1.25 |

EXHIBIT A
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SCHEDULE NO. A-9

PUBLIC TELEPHONE SERVICE

APPLICABILITY

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

TERRITORY

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

RATES

Rate

- | | |
|------------------------------------|---------|
| 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.

EXHIBIT A
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SCHEDULE NO. A-18

LINE EXTENSION CHARGES

APPLICABILITY

Applicable to charges for pole line extensions.

TERRITORY

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

SPECIAL CONDITIONS

1. The Company will, at its own expense, make extensions to provide telephone service where the requirements per applicant do not exceed the installation of five (5) pole spans not exceeding 250 feet each, and a corresponding installation of wire, fixtures, and other appurtenances, from the nearest available existing exchange lines. In no instance will the free extension be less than 500 feet.
2. In the event that requirements exceed the above, the Company may require that all construction costs involved in extensions, beyond the five (5) spans provided by the Company, be advanced to the Company by the applicant or applicants.
3. Such advance payments will be refunded by credits to the applicant's monthly billings for service by one-sixtieth of the total cost of such additional extensions, for each continuous month less than sixty that the service is retained by the applicant.
4. In the event that service is disconnected at the request of the subscriber, or by the Company for cause, as provided under its Rules and Regulations, refund credits will cease from the date of such disconnection. If service is re-established within thirty (30) days from date of disconnection, refund credits will be renewed, but not thereafter.
5. Where more than one applicant participates in such advance payments, the total costs of such additional extensions will be pro-rated between the applicants in proportion to the service installed, and refund credits pro-rated accordingly.
6. Refund credits are not transferrable, except as provided under the conditions of Schedule No. A-20 of this tariff.
7. Refund credits are not applicable to charges for temporary service or speculative project installations.
8. All line extensions will be owned by the Company, and the location of such line extensions will be determined by the Company.

SCHEDULE NO. A-18

LINE EXTENSION CHARGES
(Continued)

SPECIAL CONDITIONS (Cont'd.)

9. Contracts, covering periods of not to exceed three years of telephone service, may be required by the Telephone Company as a condition precedent to the establishment of the service when line extensions are necessary.

10. In any instance of line extension requirements which may appear to warrant a departure from the above, either on behalf of the Company or of the applicant involving disputes which cannot be reconciled, the matter may be submitted to the Public Utilities Commission of the State of California for adjustment.

EXHIBIT A
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SCHEDULE NO. B-1

TOLL SERVICEAPPLICABILITY

Applicable to toll telephone service.

TERRITORY

Entire territory served.

RATES

<u>Airline Mileage</u>		<u>Station-to-Station Rate</u>		<u>Person-to-Person Rate</u>	
<u>More Than</u>	<u>Not More Than</u>	<u>First Three Minutes</u>	<u>Overtime</u>	<u>First Three Minutes</u>	<u>Es. Add'l. Minute</u>
0	6	\$ 0.05	\$0.05 (3)	\$ -	\$ -
6	12	.10	.05 (2)	0.20	0.05
12	18	.15	.05 (1)	.25	.05
18	24	.20	.05 (1)	.30	.10
24	32	.25	.05 (1)	.35	.10
32	40	.30	.10 (1)	.40	.10

SPECIAL CONDITIONS

1. The above station-to-station overtime rate \$0.05 (3) indicates that the charge is five cents for each additional three minutes or fraction thereof.
2. The above rates apply at all times, there being no reduction for calls placed at night or on Sundays or Holidays.
3. The rates applicable to toll telephone service between points on the lines of the Company and points on connecting company's lines other than those reached via the lines of The Pacific Telephone and Telegraph Company are the above rates, plus the connecting line rates for messages between the connecting point and the point of destination or origination on the connecting company's lines.
4. The rates applicable to toll telephone service between points on the lines of the company and those reached via the lines of The Pacific Telephone and Telegraph Company are the rates of The Pacific Telephone and Telegraph Company.