

ORIGINAL

Decision No. 41147

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of  
COLUSA COUNTY TELEPHONE COMPANY,  
for an order authorizing an in-  
crease in rates and charges.

Application No. 28686

Brobeck, Phleger & Harrison by James F. Moore, Jr.,  
for Applicant; J. J. Deuel by Edson Abel for the  
California Farm Bureau Federation.

INTERIM OPINION

In this application filed August 29, 1947, Colusa County Telephone Company requests authority to make effective a general increase in rates and charges for telephone service furnished by it. Pending final determination of this proceeding, an interim order authorizing the immediate establishment of the proposed rates and charges set forth in Exhibit C is requested. The company estimates that the application of these rates and charges would produce additional revenue of approximately \$19,000 per year.

A public hearing was held in Colusa on October 30, 1947, at which time the company introduced evidence relative to the need for additional revenue to meet increased costs and attract new capital required for plant expansion. At this hearing, the request for an interim emergency increase in rates was taken under submission and the hearing was adjourned to a date to be announced for the introduction of the Commission's studies and such additional studies as the company was preparing.

Colusa County Telephone Company is a corporation organized and existing under the laws of the State of California. The company furnishes exchange and toll telephone service throughout Colusa County by means of seven

exchanges and connecting toll lines. The company's recorded investment in property, plant, and equipment at December 31, 1946 was \$428,760.06, exclusive of franchises. The recorded operating revenue for 1946 was \$108,468.78, and for the first six months of 1947, it was \$59,644.96. Of the total revenue received during 1946, 43.4% was from local service, 53.4% was from toll service, and the balance of 3.2% was from miscellaneous services.

The company furnishes message toll and telegraph service between its exchanges over its own lines and maintains connection with facilities of The Pacific Telephone and Telegraph Company at Colusa for the handling of traffic between Colusa Company points and points reached by the Pacific Company. "Other line" charges apply in connection with traffic interchanged with the Pacific Company originating or terminating at exchanges of the Colusa Company other than the Colusa exchange.

While not a part of the record in this proceeding, tariffs filed with the Commission, to be effective January 21, 1948, provide for the application of direct rates for message toll and telegraph service between points on the company's system and points reached over lines of the Pacific Company. The application of direct rates results in estimated savings to subscribers of \$6,048 annually. It is estimated that after a revised settlement with the Pacific Company, the Colusa Company will receive a net increase of approximately \$950 a year in toll revenue.

The company entered into a new wage agreement with its employees granting a wage increase effective September 1, and the Commission has been advised that a further increase effective December 1, 1947 has been granted. It is estimated that these wage awards will increase the company's annual wage costs for operation and construction approximately \$7,000 per year. Of this figure, the amount chargeable to operating expense is estimated at \$5,700.

The company in Exhibit B of the application sets forth the annual operating results for 1946 and the estimated results for 1947 and 1948 under

present rates. In Exhibit D of the application, the estimated results for 1948 under the company's proposed rates are shown. In both exhibits, a hypothetical depreciation reserve of 30% of the depreciable capital is used and the rate of return is shown on the average depreciated plant. The results are summarized below:

Item	Present Rates			Proposed
	Actual	Estimated		Rates
	1946	1947	1948	Estimated 1948
Revenues	\$108,469	\$121,931	\$132,934	\$151,551
Expenses	104,971	117,768	132,474	147,160
Net Revenue	3,498	4,162	460	4,391
Depr. Rate Base	306,972	332,479	360,696	361,279
Rate of Return	1.13%	1.25%	0.13%	1.22%

The estimates for 1948 at present rates do not include the salary increase which became effective December 1, 1947. The estimate for 1948 at the proposed rates does provide for such an increase.

The company's recorded depreciation reserve at the end of 1946 was \$294,791.76 or 72.2% of the depreciable plant. Witnesses for the company testified that they believe the depreciation reserve to be in error, and that prior to the final submission of this matter, studies will be made for the purpose of determining the depreciation reserve requirement. Any adjustments in the depreciation reserve are subject to the Commission's jurisdiction.

The company estimates that approximately \$80,000 of additional plant investment will be required to improve the service and provide telephones to the waiting applicants which numbered more than 200 on September 30, 1947. The majority of the increases will be in the central office equipment, pole line, and aerial cable plant accounts. The witness for the company testified that only a portion of the required central office equipment would be installed by the end of 1948 and due to inability of manufacturers to furnish cable none of the cable plant could be installed unless some suitable war surplus cable could be purchased.

An analysis of the record indicates that the earning position of the company may be more favorable than is shown by the company's estimates. The rate increase, resulting in some \$12,400 of additional revenue, found justified

in the Order that follows, provides earnings that should afford substantial relief in the immediate future.

The basic rates for business service are increased in amounts up to \$1.50 per month and for residence service up to \$0.50 per month. Increases in service connection charges are authorized to provide a charge of \$6.00 for the installation of a business station, \$5.00 for a residence station, and \$2.50 for an extension station and for a move or change. Extension station rates are increased to \$1.25 for business service and \$1.00 for hotel guest room service. Increases are authorized in rates for hotel PEX switchboards and trunks, and business intercommunicating service trunks and on premise stations with switching device.

It should be understood that inasmuch as this is an interim order, the whole matter will be gone into more fully at a subsequent hearing, at which time the different parties will be afforded the opportunity to present additional evidence as well as to cross-examine more fully on that which already has been presented. Accordingly, all figures herein used may be considered tentative and subject to review in the final order at the time the matter is submitted for decision.

Based upon the present showing of a low level of earnings and the necessity of raising additional capital in order to carry out the company's construction and improvement program, it appears that some interim relief in the way of increased rates is justified, and should be made effective as soon as possible. Therefore, the public interest requires that this decision become effective ten (10) days from the date hereof, and the company will be authorized to file its tariffs reflecting the increase in rates granted herein, said tariffs to be made effective upon one (1) day's notice to the Commission and to the public.

INTERIM ORDER

Request having been made by the Colusa County Telephone Company for an interim order authorizing increases in telephone rates and charges, the

Commission hereby finds as a fact that the increases in telephone rates and charges hereinafter authorized are justified on an interim basis pending further Commission order, therefore,

IT IS HEREBY ORDERED that the company is authorized to file and publish in accordance with General Order No. 96 the rates set forth in Exhibit A, attached hereto, and, after not less than one (1) day's notice to the Commission and to the public, make said rates effective on and after February 1, 1948, covering service furnished on and after February 1, 1948.

IT IS HEREBY FURTHER ORDERED that in all other respects the request for interim rates is hereby denied without prejudice.

IT IS HEREBY FURTHER ORDERED that Application No. 28686 be continued for the purpose of holding further hearings and receiving such further evidence as may be deemed appropriate before final determination of said application is made.

This Order shall become effective ten (10) days after the date hereof.

Dated at San Francisco Co, California, this 19th day of January, 1948.

R. J. [Signature]  
James J. [Signature]  
[Signature]  
[Signature]  
[Signature]  
 Commissioners

EXHIBIT A

Page 1 of 2

Class and Grade of Service	Rate per Month	
	Arbuckle, Grimes,	
	Maxwell, Princeton,	
	Williams and	
	Colusa	Leesville
	Exchange	Exchanges
<b>1. <u>Business - Flat Rate Service:</u></b>		
Desk or Hand Set Station:		
Each individual line primary station	\$5.25	\$4.25
Each two-party line primary station	4.25	3.75
Each four-party line primary station	-	3.50
Each suburban ten-party line primary station	3.75	3.50
Each extension station	1.25	1.25
<b>2. <u>Residence - Flat Rate Service:</u></b>		
Desk or Hand Set Station:		
Each individual line primary station	\$3.50	\$3.00
Each two-party line primary station	3.00	2.75
Each four-party line primary station	2.50	2.25
Each suburban ten-party line primary station	2.75	2.75
Each business or residence primary wall set station - desk or hand set station rate less \$0.25 per month.		
Each business or residence extension wall set station - same as desk or hand set station rate.		
<b>3. <u>Hotel PRX - Flat Rate Service:</u></b>		
Each switchboard position, with battery ringing circuits 6 swbd. telephone equipment for 15 lines	\$6.00	\$6.00
Each both-way trunk line	7.25	6.25
Each desk set station in guestroom	1.00	1.00
Each wall set station in guestroom	.75	.75
<b>4. <u>Intercommunicating Business Flat Rate Service:</u></b>		
Receiving Station, Wall or Desk Station with switching device:		
Each 10-line switching device	\$2.50	\$2.50
Each 20-line switching device	2.75	2.75
Each 30-line switching device	3.00	3.00
Each Wall or Desk Station with switching device on premises in which receiving station is located:		
Each 10-line switching device	1.75	1.75
Each 20-line switching device	2.00	2.00
Each 30-line switching device	2.25	2.25
Each Wall or Desk Station, with switching device outside premises in which receiving station is located but not exceeding 300' from receiving station:		
Each 10-line switching device	2.50	2.50
Each 20-line switching device	2.75	2.75
Each 30-line switching device	3.00	3.00
Each both-way trunk line	7.25	6.25

EXHIBIT A  
Page 2 of 2

		Rate per Month	
		Arbuckle, Grimes,	
		Maxwell, Princeton,	
		Williams and	
	Colusa	Leesville	
Class and Grade of Service	Exchange	Exchanges	

5. Mileage Rates:

Off-premises Extension Mileage -  
Business and PEX:

For extension stations outside the premises in which the primary station or PEX swbd. is located, the following rate is effective, based upon the airline distance measured between the terminals of the line involved, in addition to the regular extension or PEX station rate:

First one-quarter mile or fraction thereof	\$2.00	\$2.00
Each additional quarter mile or fraction thereof	1.00	1.00

6. Farmer Line Service:

Each business station	\$0.75	\$0.75
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7. Service Connection Charges:

	Charge	Charge
Business (Main)	\$6.00	\$6.00
Residence (Main)	5.00	5.00
Extensions	2.50	2.50
Instrument in place	2.50	2.50

8. Moves and Changes:

On the same premises	\$2.50	\$2.50
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