

Decision No. 41258

ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
THE WESTERN TELEPHONE COMPANY for  
authority to establish rates for new  
services; and increase rates for  
other services in its Weaverville  
territory.

Application No. 28226

W. G. Snyder and F. V. Rhodes for applicant;  
F. V. Rhodes, Secretary, for California  
Independent Telephone Association.

O P I N I O N

An application was filed on October 27, 1947 by W. Gilman Snyder, doing business as The Western Telephone Company, requesting increases in the amount of approximately \$5,700 annually in the exchange and toll rates and charges applicable in the Weaverville exchange in Trinity County.

A public hearing was held in Weaverville on February 4, 1948, at which time Applicant amended certain of the rates in the application and revised the estimate of certain operating expenses for 1948. The following proposed rates, shown in Exhibit B, were withdrawn; namely farmer line, PBX switchboards and stations, installation and service connection charges, move and change charges, and actual cost for line extension.

Applicant through its witness testified that it desired to withdraw the presently filed farmer line service schedule because no such service was being furnished or had ever been furnished. The stations which have been considered farmer line do not properly fall in that classification because they are all U.S. Forest Service stations located outside of the exchange area. They will be served under contract with the U.S. Forest Service hereafter. No PBX switchboards are being furnished or have been furnished, PEX trunk service being the only facility furnished under this schedule in the past. The trunks serve

a PEX switchboard owned and operated by the U.S. Forest Service at its office in Weaverville. Applicant presented at the hearing, as Exhibits 1 and 2, the service connection charge schedule and move and change charge schedule which it proposes to file as a part of its tariff schedules, and at the same time requested that the existing schedule covering line extension charges remain in effect.

Applicant operates two magneto exchanges, one serving the town of Volcano and surrounding territory in Amador County and the other, to which this application pertains, serving the town of Weaverville and surrounding territory in Trinity County. Both exchanges provide 24-hour service, and serve a large number of toll stations on lines owned and operated by the Applicant. Connection for toll telephone service to and from points outside the area served by Applicant in Trinity County is made with facilities of The Pacific Telephone and Telegraph Company at the Weaverville switchboard, direct rates applying thereto. As of September 30, 1947, there were 271 stations being served from the Weaverville exchange, 231 being company owned and 40 being owned by the U.S. Forest Service. Of the 231 company-owned stations, 55 were toll stations. The record shows that a new common battery switchboard is being installed in the central office, and that a considerable increase in plant investment is scheduled for 1948. The installation of the new switchboard is expected to be completed by March 1, 1948, at which time facilities will be available for providing the grades of party-line service for which the subscribers have expressed a desire.

Witness for Applicant testified that labor and material costs had increased substantially during the past few years and that on April 1, 1948, the salaries paid to the plant and traffic employees and office manager were to be raised approximately 30% over the salaries effective on January 1, 1948. Applicant has also put into effect since January 1, 1948 a vacation program under which regular employees will be granted vacations with pay, is paying time and one-half for work performed by the operators on Sundays and holidays, and has signed a contract with a directory company for publishing a Weaverville directory. Witness likewise, stated that the effect of the increased salaries was included in the 1948

estimated expenses shown in the application but that the amounts shown below should be added to the 1948 revenue and expense estimates to reflect charges which have occurred since January 1, 1948.

Account No.:	Item	Increased Because Of				
		Directory:	Repairs:	Warehouse:	Advertising:	due to:
		Revenue	Storm	Expense	Overtime	Rental
520	Miscellaneous Revenue	\$50				
600,607,612	Maintenance Expense		\$1,260	\$170		
624	Operators Wages			183	516	
665,674	Gen. Off. Sal. & Exp.			200		
675	Other Oper. Expense					300

Witness for Applicant testified that an unusually damaging snowstorm was experienced early in January, causing the extra expense shown. The record shows that storms of this severity are somewhat infrequent, but may occur in the future, indicating that all the expense should not be included as a normal year expense, but prorated over several years.

Witness further testified that no charge has been made prior to 1948 for the warehouse and poleyard facilities, which are owned by Mr. Snyder. These facilities were inspected by the Commission engineers during a field investigation, and the rental charge introduced by the Applicant appears somewhat high.

Both Applicant and the Commission's staff through witnesses introduced testimony and exhibits for the estimated year 1948 showing estimated rates of return based on present and proposed tariffs. In addition the Commission's staff in Exhibit 7 showed the rate of return for the actual year 1947. The following tabulation sets forth a comparison of the figures of applicant and the staff appearing in the record:

Item	1947		1948 Estimated		
	Actual	P.U.C.	Present Rates	Co's. Proposed Rates	P.U.C. Est.
Total Oper. Revenue	21,117	22,908	25,100	29,772	29,250
Oper. Exps., Excl. Deprec. & Taxes.	17,556	25,135	24,175	25,135	24,175
Depreciation (straight line)	1,125	2,000	1,500	2,000	1,500
Taxes	910	800	788	800	1,364
Total Oper. Exp.	19,591	27,935	26,463	27,935	27,039
Net Operating Revenue	1,526	(5,027)	(1,363)	1,837	2,211
Avg. Rate Base	18,838	28,121	26,081	28,121	26,081
Rate of Return	8.1%	(17.9)%	(5.2)%	6.2%	8.5%

(Red Figure)

Note: The 1948 figures include the additional expense, on an annual basis, resulting from the 30% salary increase, but do not include the directory advertising revenue, the increased maintenance costs, the increased direct labor costs resulting from Sunday, holiday, and vacation pay, or the warehouse rental expense, all of which were previously discussed.

A comparison of the present rates and the rates requested by Applicant for the principal classes and grades of service, as set forth in Exhibit B, is shown below:

Grade of Service	:Rate per Month-Desk or Hand Set Station*:			
	: Business Service :		: Residence Service:	
	: Present	:Requested:	: Present	:Requested:
Individual line	\$3.50	\$5.00	\$3.00	\$4.25
Two-party line	-	4.50	-	3.75
Four-party line	-	4.00	-	3.00
Ten-party line (suburban)	3.50	4.00	3.00	3.50

\*Present rates for service with a wall set are \$0.50 less than for a desk or hand set. Requested rates for service with a wall set are the same as those for a desk or hand set.

Increases are also requested in the rates for extension stations, PEK trunks, supplemental equipment, certain toll messages, the toll guarantee per station, and toll service-station service. All the increases requested are authorized in the following Order, except the increases in extension station rates, supplemental equipment rates, collect charges on toll calls, and travel expense on line extensions and new installations. The exception just referred to produces a negligible effect in gross revenue and will maintain a desirable conformity between the Weaverville tariffs and tariffs of other California telephone companies.

No subscribers appeared at the hearing to express views favoring or opposing the increases requested by Applicant.

After giving careful consideration to all of the items appearing in the record, we are of the opinion that the application of tariffs revised in accordance with the following Order, when applied to the normalized year 1948, will result in a return of approximately 4%.

In authorizing the following increases, the Commission expects Applicant to proceed with due diligence to complete the plant construction and improvement program scheduled for 1948.

#### O R D E R

W. Gilman Snyder having applied for an order authorizing increases in exchange rates, toll rates and charges, in the Weaverville exchange, 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, in accordance with General Order No. 96, the schedules of rates and conditions set forth in Exhibit A attached hereto.
2. 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.
3. Applicant is authorized to cancel and withdraw its presently filed Schedule No. A-5, Farmer Line Service.
4. Applicant is ordered to file quarterly reports showing revenues and expenses by accounts, as well as plant additions and removals by accounts starting with the second quarter of 1948.
5. Applicant is authorized after not less than five (5) days' notice to the Commission and to the public to make said rates effective on and after April 1, 1948 for bills covering service furnished on and after April 1, 1948.

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

Dated at San Francisco, this 2<sup>nd</sup> day of March, 1948.

R. J. [Signature]  
Justus J. Coe  
Joseph [Signature]  
Harold [Signature]  
Henrietta [Signature]  
Commissioners.

EXHIBIT A  
Page 1 of 8

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 Weaverville 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 Individual Line Primary Station	\$5.00	\$4.25
Each Two-Party " " "	4.50	3.75
Each Four-Party " " "	4.00	3.00
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-3.
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-3.

EXHIBIT A  
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Schedule No. A-2

PRIVATE BRANCH EXCHANGE SERVICE

APPLICABILITY

Applicable to commercial private branch exchange flat rate service.

TERRITORY

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

RATE

	<u>Rate per Month</u>
Trunk Rate:	
Each private branch exchange trunk line, two-way	\$7.00

SPECIAL CONDITIONS

1. Service under this schedule will be provided outside the base rate area and within the exchange area at the above rates and mileage rates.

EXHIBIT A  
Page 3 of 8

Schedule No. A-3

MILEAGE RATES

APPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

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

RATES

Each One-Quarter Mile  
or Fraction Thereof  
Airline Measurement

RATE PER MONTH

(1) Primary Service:		
Each individual line primary station . . . .	\$ 0.50	
Each two-party line primary station . . . .	.35	
Each four-party line primary station . . . .	.25	
Each private branch exchange trunk line . .	.50	
Each battery supply circuit. . . . .	.50	
Each ringing supply circuit. . . . .	.50	
(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	

SPECIAL CONDITIONS

1. The mileage rates under Rate (1) above are based on the airline distance measured between the subscriber's primary station or private branch exchange switchboard 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.

(Continued)



EXHIBIT A  
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Schedule No. A-3

MILEAGE RATES  
(Continued)

SPECIAL CONDITIONS (Continued)

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

3. 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.

4. 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.

5. 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.

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

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

EXHIBIT A  
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Schedule No. A-4

SUBURBAN SERVICE

APPLICABILITY

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

TERRITORY

Within the suburban area of the Weaverville 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	\$ 3.50
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-3.

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Schedule No. B-1

TOLL SERVICE

APPLICABILITY

Applicable to toll telephone service between stations of the system.

TERRITORY

Entire territory served.

RATES

(1) Mileage and corresponding rates for different classes of service between any two toll points:

<u>Airline Mileage</u>		<u>Station-to-Station Rate</u>		<u>Person-to-Person Rate</u>			<u>Report Charge</u>
<u>More Than</u>	<u>Not More Than</u>	<u>First Three Minutes</u>	<u>Overtime</u>	<u>First Three Minutes</u>	<u>Ea. Add'l. Minute</u> <u>First 3 After 3</u>		
0	12	\$0.10	\$0.05(2)	\$0.20	\$0.05	\$0.05	\$0.05
12	18	.20	.05(1)	.30	.10	.05	.10
18	24	.30	.10(1)	.40	.10	.10	.10
24	32	.40	.10(1)	.55	.15	.10	.10
32	40	.55	.15(1)	.75	.25	.15	.15
40	48	.65	.20(1)	.90	.30	.20	.20
48	56	.75	.25(1)	1.05	.35	.25	.20

(2) Toll guarantee for each toll station . . . . . \$5.00 per month

SPECIAL CONDITIONS

1. The above station-to-station overtime rate \$0.05(2) indicates that the charge is five cents for each additional two minutes or fraction thereof. The other rates are shown on the same basis.

2. The distances measured for the purpose of applying the above rates are the airline distances between toll points on this Company's system as determined from the filed Map of System.

3. Service between points on the Company's lines and points reached over the lines of The Pacific Telephone and Telegraph Company is furnished at through rates (direct rates) of The Pacific Telephone and Telegraph Company.

4. Charges for station-to-station and person-to-person calls may be reversed (i.e., charged to the called telephone) at the paid station-to-station and person-to-person rates respectively indicated above, provided the charges are accepted at the called station, except that on station-to-station calls where the initial

(Continued)

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Schedule No. B-1

TOLL SERVICE  
(Continued)

SPECIAL CONDITIONS (Continued)

period rate is less than \$0.20 regular person-to-person rates apply if the charges are reversed and where the initial period rate is \$0.20 there is a special collect rate of \$0.25 for an initial period of three minutes and \$0.05 for each additional minute or fraction thereof. When the charges are not accepted at the called station and the calling party is unwilling to pay the charges for completing the call, the regular person-to-person report charge will be charged to the calling party.

5. The Company will establish toll stations connected to its toll lines at its discretion. The equipment provided may be coin-box, or other, at the option of the Company.

6. All toll stations will be subject to a guarantee of revenue from message toll telephone service equal to the amount shown in Section (2) above. The Company may waive the guarantee at its option when it appears that the toll station is used to serve only general and transient users.

7. Under the application of the minimum guarantee shown in Section (2) above, the subscriber must guarantee each month from each station toll revenue not less than the amount shown, for toll service which is entirely over the lines of this Company, and exclusive of any tolls which may be derived for service where the lines of the Company may be connected to the lines of connecting companies. When the applicable revenue is less than the guarantee the subscriber will be required to make up the deficit. When the applicable revenue is greater than the guarantee, no allowance will be made the subscriber in any other month.

8. A toll station will be provided equipment for one primary station. Supplemental equipment will be provided at the discretion of the Company at rates for such equipment equal to those established in the exchange where the toll line connects to the Company's switchboard.

9. Where the subscriber initiates a request for toll station service, all equipment provided will be installed at the same rates for installation as those within the exchange where the toll line connects to the Company's switchboard.

10. Where the subscriber requests a move or change of equipment, such move or change will be made at the same rates as within the connecting exchange.

11. Any necessary line extensions will be made in accord with the Company's rule and regulation covering this item.

EXHIBIT A  
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Schedule No. B-2

TOLL SERVICE-STATION SERVICE

APPLICABILITY

Applicable to toll service-station service at the toll stations listed.

TERRITORY

Entire territory served.

RATES

	<u>Charge</u>
(1) Each business or residence station, rate per year. . . . .	\$9.00
(2) Interconnection of toll service-station lines terminating at same toll station or toll switchboard, each message . .	.10
(3) Messages between toll service-stations and the toll station, or toll switchboard to which they are connected, each message . . . . .	.10

SPECIAL CONDITIONS

Same as presently filed.