

ORIGINAL

Decision No. 41260

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of COLFAX TELEPHONE EXCHANGE, an Individual Proprietorship, for an Order Recognizing Present Ownership, and for Authorization of Increased Rates and Charges for Telephone Service.

Application No. 28810

C. A. Gibbs and F. V. Rhodes, for Applicant; F. V. Rhodes, Secretary, for California Independent Telephone Association.

O P I N I O N

In this application, Gladys M. Gibbs, operating as the Colfax Telephone Exchange, asks for an order authorizing the change of ownership and title to Applicant's telephone exchange properties from Carl G. Bell to Gladys Mae Bell, now Gladys M. Gibbs, and also for an order authorizing increases of approximately \$2,730 annually in the exchange rates and charges applicable in the Colfax exchange in Placer County.

A public hearing was held in Colfax on February 5, 1948, at which time Applicant amended the application to include a request that a minimum of two trunk lines be required in connection with any PBX service and that the present charge of ten cents per PBX switchboard drop be replaced by a charge of fifty cents per PBX station. Applicant also clarified the application with regard to service connection charges and move and change charges, and stated that she desired to file schedules for these services as shown in Exhibits 5 and 6 introduced at the hearing.

Applicant operates one exchange only, serving the town of Colfax and surrounding territory. Connection for toll telephone service is made with the facilities of The Pacific Telephone and Telegraph Company at the Colfax switchboard. As of June 30, 1947, 214 stations were being served from the Colfax exchange, of which 202 were company owned, and 12 were subscriber owned. Witness for Applicant testified that there were a total of 63 held orders for service, of which nine were

for business service, and 54 were for residence service. Orders classified in Categories Nos. 3 to 9 of Applicant's Rule and Regulation No. 8, Priority of Establishment and Supersedure of Service, are being held for service at the present time.

Applicant's Exhibit 4 sets forth total telephone plant in service of approximately \$12,400 and a depreciation reserve of approximately \$2,650 as of December 31, 1947. Witness for Applicant testified that these figures were inaccurate because of past failure to follow proper accounting practices, and that an inventory and appraisal, as well as a study of the depreciation reserve requirement, would be necessary before the inaccuracies could be corrected. In 1947 an accountant was employed to set up a system of accounts for Applicant, and the \$3,750 of plant additions shown for 1947 in Exhibit 4 are correctly recorded.

Revenues for 1946 as reported in Exhibit 1 were approximately \$14,000, and revenues for 1947 as reported in Exhibit 2 were approximately \$15,400. Of the latter 36.3% was derived from local service, 61.3% from toll service, and 2.4% from miscellaneous services.

Exhibit D, filed with the application, shows an actual net revenue of \$1,637.29 for 1946, an estimated net revenue loss of \$146.32 for 1947, and an estimated loss of \$806.59 for 1948 at present rates. The estimated net revenue for 1948, based on the proposed rates as shown therein, indicates a loss of \$173.74. Exhibit 2, introduced in evidence at the hearing, showed the net revenue loss for 1947 to be \$85.66.

Witness for Applicant testified that estimated revenues, expenses, and plant for 1948 shown in Exhibit D of the application are reasonable, with the exception of the amount shown in Account 241, Poles, Conduit, Cable, and Wire. Revised estimates show this account to total approximately \$12,790 at the end of the year, due to new pole line construction to serve the Eden Valley area and also an area between Colfax and Weimar. Witness stated that the major portions of the materials required for these projects were on hand or had been shipped by the manufacturer, but that the completion dates for the two projects, namely August 1, 1948 and October 1, 1948, were tentative due to the fact that Applicant employs no regular

construction crew and Mr. Gibbs must supervise all construction work in addition to performing or supervising regular maintenance work in the exchange. The record shows that no appreciable effort has been made to obtain qualified telephone construction men. It also shows that the line to Eden Valley was promised within six months at a meeting with interested parties held in May, 1947.

The 1948 estimate includes (a) Office Salaries, Account 665, \$4,000 per year for salaries of Mr. and Mrs. Gibbs; (b) Maintenance of Plant and Equipment, Account 600, \$200 per month for time spent by Mr. Gibbs; and (c) Operators' Wages, Account 624, \$50 per month for time spent by Mrs. Gibbs as relief operator. This total salary expense of almost \$600 per month for Mr. and Mrs. Gibbs appears high for a utility with an annual gross revenue of less than \$20,000. A salary expense of \$5,400 per year will be allowed in determining the net revenue resulting from the rates authorized herein.

Three subscribers appeared at the hearing to request an improvement in the service and an extension of service to the Eden Valley area. A petition signed by 25 residents of Eden Valley was introduced, in which they requested "the installation and adequate maintenance of, preferably, a twenty-four hour dial telephone service at reasonable installation cost and monthly rates which are to be satisfactory to the respective individuals to this petition." In addition to the signatures on the petition, each petitioner had attached a letter, the general substance of which was to the effect that there was a definite need for 24-hour service in Eden Valley and that in many cases applications for telephone service had been on file with the Applicant for a number of years with nothing but promises received.

A letter signed by a business subscriber, which expressed approval of the proposed 24-hour service and increase in rates for the Colfax Telephone Exchange, and stated that the increase in rates would be more than justified by the additional service, was read at the hearing.

Due to the admitted inaccuracy of the recorded plant figures and depreciation reserve, no final determination has been made at this time covering rate bases for the year 1947 and estimated year 1948. The record shows that the provision of

24-hour telephone service will create additional operator expense of approximately \$2,200 per year. The rates adopted herein are calculated to provide only sufficient revenue to cover this additional operator expense. A comparison for the principal classes and grades of service at the present rates, the rates requested by Applicant as shown in Exhibit C and the rates adopted herein, is shown in the following table:

Item	Rate per Month - Desk Set Station					
	Business Service			Residence Service		
	Present	Requested	Adopted	Present	Requested	Adopted
Individual line	2.75	4.00	4.00	2.25	3.00	3.00
Four-party line	2.25	3.50	3.00	1.75	2.50	2.25
Ten-party line (Suburban)	2.25	3.25	3.50	1.75	2.75	2.75
Extension station	1.25	1.50	1.25	1.25	1.25	1.00
Farmer line						
Min. line charge	2.50	5.00	1.50	2.50	5.00	1.50
" sta. charge	.50	1.00	.75	.50	1.00	.50

Wall Set Station - Above rates less \$0.25.

The record shows that Applicant has signed a contract for printing its own directory, which will have a separate classified section, and it is estimated that additional revenue of \$50 per year will be realized therefrom. While not a part of the record in this proceeding, correspondence on file with the Commission indicates that Applicant will receive between \$45 and \$50 per month additional revenue as a result of increased toll rates filed by The Pacific Telephone and Telegraph Company in 1947.

The estimated net revenue for 1948 to be realized under operation at the rates authorized herein is as follows:

Local Service Revenue	\$ 9,230
Toll Service Revenue	11,220
Miscellaneous Revenue	235
Uncollectibles	(175)
Total Operating Revenues	20,510
Maintenance Expense	5,475
Operators' Wages	8,345
Office Salaries	2,400
Other Operating Expenses	1,725
Subtotal	17,945
Operating Taxes	450
Depreciation Expense	626
Total Operating Expense	19,021
Net Revenue	1,489

In authorizing the above increases, the Commission expects Applicant to furnish 24-hour service, and the Order herein will so provide. The Commission

further expects Applicant to proceed with due diligence in furnishing telephone service to persons having service applications on file and to construct without further delay the outside plant for which the materials are presently on hand. The order herein will require the filing of monthly construction progress reports.

With respect to the ownership of the exchange properties the record is clear that Carl G. Bell acquired the Colfax Telephone Exchange in 1926 and that on May 3, 1938 he executed a deed of the properties to Gladys Mac Bell, his wife. Subsequently thereto, Carl G. Bell died and his wife succeeded to the possession and operation of the properties and has continued to operate them up to the present time. Under these conditions an order under Section 51 of the Public Utilities Act does not appear appropriate. Upon the basis of the information before us we find that Gladys M. Gibbs has been operating the Colfax Telephone Exchange as a public utility and should continue such operation.

ORDER

Gladys M. Gibbs having applied for an order authorizing increases in exchange 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 to file and publish the service connection charge and the move and change charge schedules filed as Exhibits 5 and 6, respectively, at the hearing.
3. Applicant is ordered to provide 24-hour telephone service in the Colfax exchange on and after April 1, 1948.
4. Applicant is ordered to file monthly reports with the Commission starting with April, 1948 showing revenues, expenses, plant additions and retirements by accounts and progress reports on

construction of facilities to serve the Eden Valley and Weimar areas until said projects are completed.

5. Applicant is ordered to file monthly reports showing the stations installed and disconnected during the month and the number of held orders, segregated as to business and residence applications at the end of the month.
6. Applicant is authorized after not less than five (5) days' notice to the Commission and 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, California, this 2nd day of March, 1948.

R. T. Johnson  
Justus F. Coleman  
Robert J. Powell  
Harold K. Hale  
Samuel L. Potter  
Commissioners.

EXHIBIT A  
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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 Colfax 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 . .	\$4.00	\$3.00
Each Four-Party " " " . .	3.00	2.25
Each Extension Station . . . . .	1.25	1.00
Each Wall Set Station - Above rates less \$0.25 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-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  
Page 2 of 5

Schedule No. A-2

SUBURBAN SERVICE

APPLICABILITY

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

TERRITORY

Within the suburban area of the Colfax 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 Primary Station . . . . .	\$3.50	\$2.75
Each Wall Set Station - Above rates less \$0.25 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.



EXHIBIT A  
Page 3 of 5

Schedule No. A-3

MILEAGE RATES

APPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

Within the exchange area of the Colfax 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 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 and 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 station 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  
Page 5 of 5

Schedule No. A-4

FARMER LINE SERVICE

APPLICABILITY

Applicable to farmer line service.

TERRITORY

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

RATES

	Rate per Month	
	<u>Business Service</u>	<u>Residence Service</u>
Each Primary Station . . . . .	\$0.75	\$0.50
Minimum Charge . . . . .	1.50	1.50

SPECIAL CONDITIONS

1. No discount is allowed from the above rates. Charges will be billed monthly in advance.
2. The above rates comprehend service without additional charge to all stations receiving service from the Colfax exchange.
3. The company will furnish, own, and maintain all lines and facilities used to furnish farmer line service to a point of connection with the privately-owned farmer lines at the base rate area boundary.
4. Farmer line service is furnished only outside the base rate area and a farmer line station shall not be located within the base rate area. The subscriber will provide, own, and maintain all lines and facilities beyond the boundary of the base rate area.
5. If a subscriber to farmer line service fails to pay a bill rendered for service within the period set forth in Rule and Regulation No. 11, the company may deny exchange and toll telephone service to that subscriber.
6. The company has the right to cease rendering telephone service to a subscriber or subscribers served by means of a privately-owned line by disconnection of such privately-owned line if a fault on the privately-owned line is causing interruption to service furnished other subscribers not served by such privately-owned line and may refuse to reconnect such line until the fault shall have been repaired and the line placed in good operating condition.