

ORIGINAL

Decision No. 41626

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

In the Matter of the Application of  
 La Rue Smith, operating as WILLOW CREEK  
 TELEPHONE COMPANY, for an order authoriz-  
 ing increased rates for suburban 10-party  
 line service.

Application No. 29183

La Rue Smith and F. V. Rhodes,  
for Applicant; F. V. Rhodes,  
Secretary, for California  
Independent Telephone Associa-  
tion; J. J. Deuel, for California  
Farm Bureau Federation.

O P I N I O N

La Rue Smith, doing business as the Willow Creek Telephone Company, the Applicant in this proceeding, requests authority to increase the rates for ten-party suburban business and residence service in the amount of approximately \$340 annually, and states that, as far as can be determined, the present rates for ten-party suburban service were established prior to the year 1915.

A public hearing was held before Examiner Wessells in Paso Robles on May 13, 1948.

The Applicant operates two public utility telephone systems in the suburban area of the Paso Robles exchange of The Pacific Telephone and Telegraph Company. The system to which this application pertains is located southwest of Paso Robles and is known as the Willow Creek Telephone Company. The other system is located east of Paso Robles, and is known as the Paso Robles and Shandon Telephone Company.

No switchboard is owned or operated by the Applicant, all switching being performed by The Pacific Company from its Paso Robles

central office. The Applicant provides telephone instruments, poles, and wire facilities, from the point of connection with facilities of The Pacific Company at the base rate area boundary of the Paso Robles exchange.

As of May 13, 1948, 67 stations were being served, 58 being suburban stations, seven being one-, two-, or four-party stations and two being extension stations. Two applications for telephone service were being held pending arrival of telephone instruments which had been ordered and were expected within a month.

The Applicant states that because of increased costs of operations, the present rates are too low to carry on the business properly and make provisions for better and more adequate service. Exhibit B, attached to the application, shows a net operating revenue of \$17.07 for 1947. This exhibit also shows, as of December 31, 1947, a plant investment of \$4,579.14, based on Applicant's inventory and appraisal, and a reserve for accrued depreciation of \$655.

For the years 1943 to 1947 the operating results, as shown in the Applicant's annual reports to the Commission, are tabulated below:

<u>Year</u>	<u>Oper. Rev.</u>	<u>Oper. Exp.</u>	<u>Net Rev.</u>	<u>Oper. Ratio*</u>
1943	\$ 790.45	\$ 718.23	\$72.22	90.9%
1944	846.20	828.15	18.05	97.9
1945	933.47	914.45	19.02	98.1
1946	1,017.30	1,015.53	1.77	99.8
1947	1,488.06	1,470.99	17.07	98.8

\*Ratio of operating expense to operating revenue.

The present monthly rates, including The Pacific Company's switching charge of \$1 for business service and \$0.60 for residence service, are \$2.45 for business service and \$2.05 for residence service. The Applicant proposes to increase these rates \$1 and \$0.50 per

month, respectively, making the business service rate \$3.45 and the residence service rate \$2.55. The Pacific Company's present rates for suburban service in the Paso Robles exchange are \$4 for business service and \$3 for residence service. The Applicant's and Pacific Company's tariffs each specify that the total number of primary stations connected to one circuit shall not exceed ten.

The Applicant has personally contacted 46 of its 55 suburban subscribers, and explained the proposed increases in rates. Forty-five of the subscribers, all residence, signed a statement indicating willingness to pay the increased rates. One subscriber objected, and nine subscribers, for various reasons, could not be contacted. The statement, with list of signers, is attached to the Application as Exhibit A. No subscribers appeared at the hearing to protest the proposed increases.

The increased rates will increase total charges to subscribers \$342 on an annual basis. The Applicant estimates that this increase plus new and additional services during the year will increase the total annual revenue about \$400. Estimated results of operation for 1948 under present and proposed rates, as set forth in Exhibit B, are shown below:

	<u>Pres. Rates</u>	<u>Prop. Rates</u>
Revenues	\$1,800	\$2,200
Expenses	<u>1,900</u>	<u>1,900</u>
Net Revenue	( <u>100</u> )	300
Operating Ratio	105.5%	86.4%

(Red figure)

In authorizing the increases herein ordered the Commission expects the Applicant to proceed with due diligence in providing service to the waiting applicants.

EXHIBIT A

Schedule No A-5

SUBURBAN SERVICE

APPLICABILITY

Applicable to flat rate suburban party line exchange service of not more than ten (10) primary stations per circuit.

TERRITORY

Within the service area of Willow Creek Telephone Company as said area is defined on a map filed as part of its tariff schedules.

RATES

	Rate per Month	
	Desk or Hand Set Station*	
	Business Service	Residence Service
(1) This Company's Rate:		
Each Ten-Party Line Primary Station....	\$2.45	\$1.95
Each Extension Station.....	1.00	1.00

\*Each wall set station - above rates less \$0.25 per month.

(2) Farmer Line Switching Rate:

This rate is the "Farmer Line" rate on file with the California Public Utilities Commission by The Pacific Telephone and Telegraph Company. This rate will automatically change at the same effective date when The Pacific Company's rates as on file with the California Public Utilities Commission are changed.

(3) Total Rate:

The total rate to the subscriber is the sum of the two rates shown under Rates (1) and (2) above and varies with the number of stations on a line in accordance with the minimum requirements of The Pacific Company's schedule and as to whether or not the stations on a line are business stations, residence stations, and extension stations.

CONDITIONS

1. Under this schedule, the Company owns and maintains all telephone lines and equipment, including telephone instruments:

2. In no case will the total number of primary stations connected to one circuit exceed ten (10) stations.

3. Extension stations without bells at the above rates are installed only on the premises on which the primary station is located.

O R D E R

The Applicant, La Rue Smith, having applied for an Order authorizing increased rates for suburban ten-party line service, 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 ORDERED as follows:

1. Applicant is authorized to file and publish in accordance with G. O. No. 96 the schedule of rates and conditions set forth in Exhibit A attached hereto.
2. Applicant is authorized after not less than ten (10) days' notice to the Commission and to the public, to make said rates effective on and after July 1, 1948 for bills covering service furnished on and after July 1, 1948.

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

Dated at San Francisco, California, this 25<sup>th</sup> day of May, 1948.

R. B. Anderson  
Justus J. Casner  
Orville H. Howell  
Harold A. Kula  
Kenneth Pott  
Commissioners.