

Decision No. 41841

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of Orian F. Campbell, owner of the Kernville Telephone Company for an Order authorizing the sale of his Western Division of the Kernville Telephone Property to Walter Greig.

**ORIGINAL**

Application No. 29090.

In the matter of the application of Orian F. Campbell, Owner of the Kernville Telephone Company for an order authorizing the Sale of his Eastern Division of the Kernville Telephone property to Donovan F. Gouldin.

Application No. 29089.

In the Matter of the Application of the Kernville Telephone Company for order authorizing new rate schedules and classifications of service.

Application No. 29088.

Orian F. Campbell, Walter B. Greig, and Donovan F. Gouldin, for applicant.

O P I N I O N

In Application No. 29090 Orian F. Campbell asks the Commission to make an order authorizing him to sell to Walter Greig, for \$2,500, the Western Division of the Kernville Telephone properties. This division supplies telephone service to the towns of White River, Glennville, Woody, Balance Rock, Jack's Ranch, and surrounding territory in Tulare and Kern Counties.

In Application No. 29089 Orian F. Campbell asks the Commission to make an order authorizing him to sell to Donovan F. Gouldin; for \$20,000, the Eastern Division of the Kernville telephone properties.

This division supplies telephone service to the towns of Kernville, Isabella, Weldon, Onyx, and surrounding territory in Tulare and Kern Counties.

In Application No. 29088 Orian F. Campbell and Donovan F. Gouldin ask the Commission to make an order authorizing new rates and classifications of service for that portion of the property being transferred to Gouldin, estimated to increase annual charges to customers by about \$2,960.

The applications for transfer state that the purchase price for the Western Division is to be paid in cash upon approval of the application by the Commission and the purchase price for the Eastern Division is to be paid in two installments, \$10,000 at the time the contract is signed, and \$10,000 upon approval of the application by the Commission.

Inventories and appraisals of the two divisions, attached as Exhibits B to the applications for transfer, show a value of \$5,481.25 for the Western Division, and \$20,706 for the Eastern Division. The Western Division properties include a ten-line, Western Electric, magneto-type switchboard, central office equipment, telephone station equipment, aerial wire, pole lines with crossarms and miscellaneous equipment, tools, materials and supplies, and a three-room house. The Eastern Division properties include a 100-line Kellogg magneto-type switchboard, central office equipment, telephone station equipment, aerial wire, pole lines with crossarms and miscellaneous equipment, tools, materials and supplies, and a nine-room house.

Mr. Greig has been managing the Western Division since March 1, 1945, and Mr. Gouldin has been managing the Eastern Division since July 15, 1945. No record of the revenues and expenses by divisions has been maintained by Mr. Campbell. The annual reports for 1945, 1946, and 1947, contain the following information for the property as a whole:

	<u>1945</u>	<u>1946</u>	<u>1947</u>
Operating Revenues	\$5,901.83	\$7,490.92	\$7,809.37
Operating Expenses, including taxes and depreciation	<u>6,498.07</u>	<u>7,812.79</u>	<u>8,347.52</u>
Net Revenue	<u>(596.24)</u>	<u>(321.87)</u>	<u>(538.15)</u>

(Red Figure)

Mr. Campbell states that he desires to sell because he has other business interests and cannot give the required time to manage and conduct the telephone business properly. The two divisions are not connected for telephone service except by circuits of The Pacific Telephone and Telegraph Company. Roads directly connecting the divisions become impassable during the winter time.

Mr. Greig has lived in the vicinity of White River for the past 20 years. He has been employed by the U. S. Forestry Service, for whom he did considerable telephone line work so that he knows the problems connected with giving telephone service in mountainous areas. He stated that he is financially able to carry on the operations in the Western Division.

Mr. Couldin is an experienced telephone man, having worked for the Consolidated Telephone Company of Whittier, California, for a period of 18 years, and has also had telephone experience with and has been manager of the Eastern Division. He stated that he is financially able to carry on the operations in the Eastern Division provided he receives some relief through the rate adjustments which are requested in Application No. 29088.

A public hearing was held before Examiner Wessells at Kernville on June 23, 1948, at which time each buyer agreed to adopt the tariff schedules on file and applicable to the division which he was buying, and testified that he was financially able to pay cash for the properties.

Mr. Greig proposes to call his property the White River Telephone Exchange, and Mr. Gouldin proposes to call his property the Kernville Telephone Company. The contracts for the sale of the property provide that Mr. Campbell retain the books and records maintained during his operation of the properties. The Commission is of the opinion that said books and records should become the property of the buyers, and Mr. Campbell agreed to this at the hearing. No one appeared at the hearing to oppose the transfers, or the rate increases for the Eastern Division.

As of May 26, 1948 the Eastern Division of the Kernville telephone property was serving 213 stations. Toll telephone service was available at direct rates through facilities of The Pacific Telephone and Telegraph Company, which connected at Kernville. Twenty-four-hour telephone service was being provided, although the filed hours of service were daily from 8 a.m. to 6 p.m. The rates being charged for wall and desk set multi-party services were 25 and 50 cents higher, respectively, than the filed rates for these services. This level of rates was being charged prior to July 15, 1945, when Mr. Gouldin became manager. Certain services were being furnished for which no rates were on file and exchange rentals were being billed at the end of the month.

At the hearing Mr. Gouldin introduced exhibits showing the base rate area he proposed to establish at Kernville, and the mileage rate schedule that he would file. He agreed to file schedules covering public and semipublic coin-box service, and to cancel the presently effective toll service schedule which has been applied to messages of non-subscribers over certain exchange lines. He requested permission to start billing exchange rentals in advance, as provided in Rule and Regulation No. 10, to eliminate some of the detailed information currently shown on toll bills, and to revise his exchange area map to include certain territory where service was presently being furnished.

Exhibit B of Application No. 29088 shows actual operating results for the first six months of 1947; estimated results for 1947 and 1948 at present rates for service; and estimated results for the first six months of 1947, the 12 months of 1947, and the 12 months of 1948 at the proposed rates for service. Exhibit 4, introduced by a witness for the Commission, shows actual results of operation for 1947 and estimated results for 1948 at the rates being charged by the company, the rates proposed by the company, and trial rates prepared by the staff, assuming said rates to have been in effect for the entire year. The following table shows figures of the applicant and the staff:

Item	Actual 1947 Commission Staff	Estimated 1948			
		Presently Charged Rates Company	Proposed Rates Comm.	Trial Schedule Staff	Trial Schedule Rates
Total Operating Revenue	\$ 7,809	\$ 7,865	\$ 9,775	\$10,465	\$11,300
Oper. Exp., Excl. Depr. and Taxes	7,508	8,500	8,835	8,500	8,835
Depreciation (Straight Line)	603	1,192	692	1,192	692
Taxes	288	125	382	125	712
Total Operating Expense	8,399	9,817	9,909	9,817	10,239
Net Operating Revenue	(590)	(1,952)	(134)	648	1,061
Average Depreciated Rate Base	-	24,995	-	24,995	-
Rate of Return	-	(7.8)%	-	2.6%	-
Operating Ratio	107.5%	-	101.4%	-	90.6%

(Red Figure)

The record shows that no final determination of capital and rate base was made for use in this proceeding due to lack of supporting records for the plant figures, and absence of a depreciation reserve. If the plant investment figures shown in the annual reports, and the estimated depreciation reserve shown in Exhibit 4, are used, the average depreciated rate bases for 1947 and 1948 would be approximately \$13,800 and \$16,000, respectively.

Mr. Gouldin testified that labor costs had risen substantially in recent years, especially operator costs, that his employees are entitled to higher salaries, and that a much higher remuneration than the \$200 per month presently received by himself and wife is justified.

Column 1 of the following table shows results of operation estimated by Mr. Gouldin for the year 1948 under present rates and salaries for management and employees which he considered equitable. Column 2 shows the results of operation estimated by the Commission's staff for a year's operation at the rates adopted herein.

	(Gouldin) Col. 1	(Comm. Staff) Col. 2
Total Operating Revenue	\$ 8,726	\$12,550
Operating Expense Excluding Depr. & Taxes	10,987	10,215
Depreciation (Straight Line)	692	692
Taxes	<u>410</u>	<u>642</u>
Total Operating Expense	12,089	11,549
Net Operating Revenue	(3,363)	1,001
Operating Ratio	<u>130.9%</u>	92.0%

(Red Figure)

A comparison of the presently charged rates, the rates requested by the applicant, and the rates adopted herein for the principal classes and grades of service is shown below:

Grade of Service	: Rate per Month-Wall, Desk, or Hand Set Station :					
	: Business Service :			: Residence Service :		
	Present	Requested	Adopted	Present	Requested	Adopted
Individual Line	\$2.50	\$4.75	\$4.75	\$2.50	\$4.00	\$3.25
Two-Party Line	-	-	4.25	-	-	-
Four-Party Line	-	4.00	3.75	-	3.00	2.25
Ten-Party Line (Suburban)	-	4.00	3.75	-	3.50	2.75
Multi-Party Line (Suburban)	2.00*	3.50*	-	2.00*	3.00*	-
Extension Stations	1.00	1.50	1.25	1.00	1.25	1.00

\*Wall Set Service - \$0.25 less per month.

Increases are also requested in the rates for supplemental equipment, and in the charges for installations, service connections, and moves and changes. These increases will be authorized.

The adopted rates do not provide for the offering of ten-party or multi-party service in the new Kernville base rate area, or multi-party service in the suburban area. Mr. Gouldin testified that it was his intention to reduce the number of stations on suburban lines to ten as soon as possible, and to limit the number of stations on lines in the base rate area to four.

The Order herein will provide for the continuation of multi-party services in the base rate and suburban areas on a deviation basis until Mr. Gouldin can provide the equipment and make the changes necessary to upgrade them to normal services. Mr. Gouldin will be required to submit a program for provision of necessary facilities to furnish normal grades of service and to file periodic reports with the Commission listing the deviations until they are eliminated.

No objection is offered to Mr. Gouldin's request to bill his customers for exchange rentals in advance as provided in his filed rules and regulations; to simplify his toll billing practice to conform to that of other telephone utilities; and to revise his exchange area map to include the unassigned territory in which he is furnishing service.

In authorizing the increases set forth in the following Order, the Commission expects the applicant to proceed with due diligence to reduce the number of subscribers on suburban lines to ten, to metallicize the grounded circuits, and to adhere strictly to the filed rates in the future.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred.

#### O R D E R

Orian F. Campbell and Walter Greig having applied for an order authorizing the sale of the Western Division of the Kernville Telephone property from Mr. Campbell to Mr. Greig, and Orian F. Campbell and Donovan F. Gouldin having applied for an order authorizing the sale of the Eastern Division of the Kernville Telephone property from Mr. Campbell to Mr. Gouldin and also for an order authorizing Mr. Gouldin to put into effect new rates and classifications of service,

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a public hearing having been held, and the matter having been submitted for decision, it being found that the increases in rates herein after authorized are justified, and good cause appearing

IT IS HEREBY ORDERED as follows:

1. Orian F. Campbell may, on or before October 1, 1948, sell the telephone systems referred to in these proceedings to Walter Greig and Donovan F. Gouldin, in accordance with the terms of contracts of sale attached to the applications as Exhibit A, revised to provide that all records shall become the property of the buyers.
2. Walter Greig shall file with the Commission, in accordance with General Order No. 96 and within sixty (60) days after acquisition of the property, the presently filed schedules of rates, rules and regulations for the Western Division, and a certified copy of the bill of sale under which he holds title to said property.
3. Walter Greig shall file with the Commission, within sixty (60) days after acquisition of the Western Division of the Kernville Telephone Company, a copy of each journal entry used to record on his books the acquisition of such property.
4. Donovan F. Gouldin is authorized to file with the Commission, in accordance with General Order No. 96, and after acquisition of the property, the schedules of rates attached hereto as Exhibit A, together with a base rate area map consistent with Exhibit No. 1 in these proceedings.
5. Donovan F. Gouldin shall file with the Commission within sixty (60) days after the acquisition of the property a certified copy of the deed and bill of sale under which he holds title to said property, and a set of rules and regulations governing relations with his subscribers.
6. Donovan F. Gouldin shall file with the Commission within sixty (60) days after acquisition of the Eastern Division of the Kernville Telephone Company, a copy of each journal entry used to record on his books the acquisition of such property.
7. Donovan F. Gouldin is authorized to furnish multi-party line service in the base rate and suburban areas until normal service can be provided. The rates for four-party line business and residence service, in the interim, shall be applied respectively to multi-party business and residence services in the base rate area, and, in the interim, rates of \$3 and \$2.50 shall be applied to multi-party business and residence services, respectively, in the suburban area. No new multi-party line services shall be established after the effective date of this Order, and multi-party line services shall be discontinued as soon as normal grades of service are available.



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8. Donovan F. Gouldin is authorized, after not less than three (3) days' notice to the Commission and to the public, to make effective the rates shown in Exhibit A to this Order.

This Order shall become effective fifteen (15) days after the date hereof.

Dated at San Francisco, California, this 13<sup>th</sup> day of July, 1948.

Justus F. Cooney  
Robert J. Powell  
Harold H. Kille  
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 Kernville 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 . . . . .	\$4.75	\$3.25
Each Two-Party Line Primary Station. . . . .	4.25	-
Each Four-Party " " " " . . . . .	3.75	2.25
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 the above rates and mileage rates as set forth in Schedule No. A-3.

EXHIBIT A  
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Schedule No. A-2

SUBURBAN SERVICE

APPLICABILITY

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

TERRITORY

Within the suburban area of the Kernville 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	\$3.75	\$2.75
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.

Schedule No. A-3

MILEAGE RATES

APPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

Within the exchange area of the Kernville 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
(2) Off Subscriber's Premises and Within the Exchange Area:	
Each Extension 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 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.

2. 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. No mileage charge applies in those

(Continued)

MILEAGE RATES  
(Continued)

SPECIAL CONDITIONS (Continued)

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.

SCHEDULE NO. A-4

SEMPUBLIC SERVICE - INDIVIDUAL LINE

APPLICABILITY

Applicable to semipublic coin-box service.

TERRITORY

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

RATES

	<u>Each Exchange Message</u>	<u>Minimum Charge Per Day</u>
(1) Each Individual Line Coin-Box Station	\$0.05	\$0.17

SPECIAL CONDITIONS

1. Service under this schedule will be furnished upon applicant's request in stores, shops, restaurants, theaters, automobile courts, automobile trailer courts, or other semipublic locations where there is a collective use of the service by a number of guests, members, employees, or occupants or where there is the requirement for a combination of transient and subscriber usage, and in apartment houses, rooming houses, and hotels where there is a collective use of the service by a number of guests, employees, or occupants or where there is a requirement for a combination of transient and subscriber usage.

2. Service under this schedule will be provided outside the base rate area and within the exchange area at the sum of above rates and mileage rates as set forth in Schedule No. A-2.

3. Collections for exchange messages only will apply against the minimum charge. The minimum charge for a collection period will be the minimum charge per day multiplied by the number of days, including Sundays and holidays, since the contents of the coin collector were last removed. Collections will be made as nearly as practicable at monthly intervals.

SCHEDULE NO. A-5

PUBLIC TELEPHONE SERVICE

APPLICABILITY

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

TERRITORY

Within the exchange area of the Kernville 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.

Schedule No. A-6

SUPPLEMENTAL EQUIPMENT

APPLICABILITY

Applicable to supplemental equipment furnished by the Company.

TERRITORY

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

RATES

	<u>Installation Charge</u>	<u>Rate Per Month</u>
(1) Bells		
Extension Bell, Small . . . . .	\$ 1.25	\$ 0.25
Extension Bell, Gong . . . . .	1.50	.50
(2) Keys		
Cam Lever Key, 2-Way (Installed in addition to a station) . . . . .	1.25	.25

If a key is installed in lieu of a station, the service connection charge and monthly wall set station rate applicable to such station will apply, and no additional charge will be made for the key.



Schedule No. A-7

MOVE AND CHANGE CHARGES

APPLICABILITY

Applicable to charges for moves and changes of telephone equipment, apparatus and wiring on the subscriber's premises performed by the Company at the request of the subscriber.

TERRITORY

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

RATES

Charge

(1) Subscriber's Telephone Sets:

Moving from one location to another on the same premises, each set	\$2.50
Change between hand set, desk set, or wall set, each set	2.50

SPECIAL CONDITIONS

1. Charges for moves and changes are intended to cover in part the expense incurred by the Company in meeting the requirements of subscribers relative to inside moves, rearrangements or changes of telephone equipment, apparatus or wiring on the same premises.

2. A change of location from one premises to another will not be treated as a move but as a disconnect and a new installation.

3. Charges for moves and changes will apply when equipment or apparatus is transferred from one location to another on the same premises where there is no interruption of service other than that incident to the work performed.

4. A temporary disconnection or rearrangement of a subscriber's telephone facilities or equipment to permit redecorating or remodeling of the premises will be considered as a move and the Move and Change charges will apply.

5. Move and change charges do not apply under the following conditions:

- a. When moves, rearrangements or changes are initiated by the Telephone Company.

(Continued)

Schedule No. A-7

MOVE AND CHANGE CHARGES  
(Continued)

SPECIAL CONDITIONS (Continued)

When a replacement of a subscriber's telephone set is required in connection with such moves, rearrangements or changes, a change at the request of the subscriber from desk set to wall or hand set, wall set to desk or hand set, or hand set to wall or desk set will be made without additional charge.

- b. When a move, rearrangement or change is required on account of a change in class, type or grade of service, or on account of a change between manual and dial service.

When a replacement of a subscriber's telephone set is required in connection with such moves, rearrangements or changes, a change at the request of the subscriber from desk set to wall or hand set, wall set to desk or hand set, or hand set to wall or desk set will be made without additional charge.

- c. When a change of instrument is made at the time of an inside move, only one move and change charge is applicable.
- d. To public (non-guarantee) telephones installed on the initiative of the Telephone Company.
- e. To moves necessary to conform with the requirements of Rule and Regulation No. 18.

6. Charges for moves and changes are not to exceed the sum of the charges which would apply to a new installation of the same service and facilities.

7. Charges for moving or changing of equipment or wiring other than that included under "RATES" above, will be an amount equal to the actual cost of labor and material involved.

Schedule No. A-8

SERVICE CONNECTION CHARGES

APPLICABILITY

Applicable to service connection charges for all exchange service and facilities.

TERRITORY

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

RATES

	<u>Charge</u>
(1) New and Additional Service:	
Business Service:	
Each individual line and party-line primary station	\$ 6.00
Each extension station	2.50
Residence Service:	
Each individual line and party-line primary station	5.00
Each extension station	2.50
(2) Service Where Instrumentalities are Already in Place on Subscriber's Premises and No Charge in Type or Location is Involved:	
Business and residence subscriber's exchange service and facilities, all types, one or more units	2.50

SPECIAL CONDITIONS

1. Service connection charges are intended to cover, in part, certain operating expenses incident to the establishment of telephone service and the connection of the service with the telephone system.

Service connection charges are payable at the time application for the particular service is made, and are in addition to the charges under other schedules of rates.

2. A change in location and type of facilities made at the subscriber's request at the time service is established, when instrumentalities are in place, will be made at the service connection charge applicable for new service or at the service connection charge applicable to the instrumentalities in place plus the move and change charge applicable to the item of in-place instrumentalities moved or changed, whichever is the lower.

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SERVICE CONNECTION CHARGES  
(Continued)

SPECIAL CONDITIONS (Continued)

3. Service connection charges apply where there is a complete change in ownership or management of a business concern, or where responsibility for payment of the telephone bills is changed.

4. Service connection charges do not apply under the following conditions:

a. Business Service:

1. When the service is assumed by a receiver or trustee, executor or administrator of an estate.
2. When the name of a business concern is changed without a change in responsibility for payment of the telephone bills.
3. To a station or stations remaining in place when another station connected to the same individual line, party line or private branch exchange station line service is moved from one premises to another.

b. Residence Service:

1. When service is assumed by a member of the former subscriber's family located in the same premises.
2. When there is no change in the individuality of the recipient.
3. When the subscriber's name has been changed by marriage or court order.
4. When an employer has arranged for service in the residence of an employee and the latter assumes the responsibility for payment for the service personally or when the responsibility for payment of the charges for the service of the employee is assumed by the employer.
5. When the service is assumed by a receiver or trustee, executor or administrator of the estate of the former subscriber.
6. To a station or stations remaining in place when another station connected to the same individual line, party line or private branch exchange station line service is moved from one premises to another.
7. When an individual or party line extension station is ordered to be installed at the same time as the associated residence primary station.

LINE EXTENSION CHARGES

APPLICABILITY

Applicable to charges for line extensions.

TERRITORY

Within the Kernville exchange area as said area is defined on the map filed as part of the tariff schedule.

RATES

The company will provide at its own expense all reasonable extensions necessary to serve applicants in accordance with its lawful rates and in accordance with its established construction standards.

Any extension which in the company's judgment is unreasonable or should not be made at sole cost to the company may be refused subject to appeal to the Public Utilities Commission of the State of California.

SPECIAL CONDITIONS

1. Line extension charges apply in connection with pole line facilities and "buried wire" added to existing plant by the company in extending its facilities to furnish an applicant with service. Line extension charges do not apply to extensions of line circuits where no additional pole or "buried wire" facilities are furnished or to additional pole or "buried wire" facilities furnished along the route of the company's existing plant.

2. For rules and regulations applicable to line extensions see Rule and Regulation No. 15.

PERMANENT CONNECTION OF TELEPHONE LINES

AT SUBSCRIBERS' REQUEST

APPLICABILITY

Applicable to the permanent connection of two or more telephone lines at the request of the subscriber.

TERRITORY

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

RATES

Rate per Month

- |                                    |        |
|------------------------------------|--------|
| (1) Each business primary station  | \$4.75 |
| (2) Each residence primary station | 3.25   |

CONDITIONS

1. All Stations connected must be applied for by the same subscriber of record, and shall be for the use of such subscriber in his premises.
2. Under the above rates signaling, in accordance with the company's standards, for the several stations will be performed as requested by the subscriber.
3. In no case will more than four (4) stations be permanently connected under this schedule.
4. In cases where actual or obvious use indicates that the station for which connection to a business primary station is requested is a business extension station, this schedule does not apply, but the regular business extension rate with mileage, if any, does apply.