

Decision No. 42157**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
 Harry H. Baker, operating as RAYMOND
 TELEPHONE COMPANY, for an order auth-
 orizing increased rates for service.

Application No. 29709

Harry H. Baker and F. V. Rhodes for applicant;
F. V. Rhodes for California Independent Tele-
 phone Association; and J. J. Deuel for Cali-
 fornia Farm Bureau Federation.

POTTER, COMMISSIONER:

O P I N I O N

Harry H. Baker, operating as Raymond Telephone Company, hereinafter also referred to as the applicant, seeks authority to increase rates for telephone service coincident with the establishment of 24-hour service.

A public hearing was held in this matter at Raymond, Madera County, on October 14, 1948.

The applicant is engaged in a general telephone and telegraph business in Raymond and vicinity in Madera and Mariposa Counties, California. The territory, consisting of 450 square miles served by the applicant, is divided into four rate zones: Raymond, Ben Hur, Coarse Gold, and Ahwahnee. Local exchange service is furnished within each of the four zones while toll service is furnished between each zone and between the zones and Madera over toll facilities owned and operated by the applicant. At Madera, connection is made with the lines of The Pacific Telephone and Telegraph Company. A magneto-type telephone switchboard is operated in the town of Raymond from which telephone lines radiate to the various points served by the applicant. As of July 1, 1948, the applicant had 203 stations connected to his system.

Telephone service throughout the area is furnished 16 hours daily from 6 a.m. to 10 p.m. Emergency service, which is defined as calls for a doctor or undertaker, or any call on account of sickness, accident, or fire, is available at all hours.

Harry H. Baker, as a witness, testified that many subscribers have requested that the service be furnished on a 24-hour daily basis. The applicant testified that he is unable to bear the entire increased cost of providing the additional service. Accordingly, he requests authority to increase exchange rates for business service \$1 per month and for residence service fifty cents per month coincident with the establishment of 24-hour service.

At the hearing, the applicant also requested authority to cancel his Schedule No. A-18, Vacation Rate Service; to file rates for extension stations with bells on suburban lines in the Raymond zone and rates for extension stations without bells on multi-party lines in the Ahwahnee, Ben Hur, and Coarse Gold zones; and to revise charges for service connections and for moves and changes, as set forth in Exhibits 4 and 5, respectively. There are no subscribers to vacation rate service at the present time.

The applicant estimates that the lengthening of the hours of service would result in added operator expense of \$2,400 per year and that added revenue of \$1,608 per year would result under the requested increased rates from the present 203 subscribers..

The applicant reported for the year 1947, average plant of \$29,721.84; revenues of \$22,587.27; operating expenses, including depreciation and taxes, of \$20,891.42; and net operating revenues of \$1,695.85. In Exhibit C, attached to the application, the applicant shows an estimated rate of return of three and nine-tenths per cent for the year 1948 under present rates and limited hours of service and estimated rate of return of nine-tenths per cent for the year 1949 under the proposed rates and 24-hour service. While it appears that

the applicant's revenue estimates are conservative and more favorable earnings may be realized than the applicant indicates, the increase in rates requested is some \$800 less than the estimated cost of providing the increased hours of service.

The evidence shows the applicant is billing incorrectly some 28 stations as wall sets which should be billed under the tariff schedules as hand sets.

The applicant is holding 19 orders for party-line service, 17 residence, and two business. While it is indicated that considerable construction would be required in order to furnish service to many of the individuals waiting for service, every reasonable effort should be made by the applicant to furnish the service.

In the Ahwahnee, Ben Hur, and Coarse Gold zones, no limit is placed on the number of parties connected to multi-party lines. Exhibit 8 shows there are several multi-party lines to which are connected more than ten stations per line. One of these lines has 20 stations connected. While the testimony shows these lines are located in rough areas and are many miles in length, it appears the applicant should review his serving arrangements and construction plans, looking toward the possible reduction of the number of parties on the heavily loaded lines to not more than ten per line.

The applicant has a rate of ten cents per message applicable to nonsubscriber use of service between points in any one zone. The applicant applies this charge only in connection with nonsubscriber usage within the Raymond zone owing to the difficulty of distinguishing between subscribers and nonsubscribers. The applicant testified that he is willing to file rates for regular public pay station service at a rate of five cents per exchange message which would apply to subscribers and to nonsubscribers when they place calls from public pay stations and to discontinue the present nonsubscriber charge.

With respect to the rates, it appears that a differential of twenty-five cents per month should apply between business and residence

extension stations. The vacation rate schedule, which the applicant proposes to cancel, is a type of service offered generally by other telephone companies operating in this state. In view of the seasonal characteristic of the service in the Raymond territory, it appears that the vacation rate schedule offering should be continued. These changes will have no material effect on the revenues of the applicant.

The applicant presented in Exhibit 3 a petition signed by 130 subscribers requesting 24-hour service and indicating their willingness to pay increased rates of \$1 per month for business service and fifty cents per month for residence service. The testimony shows that the applicant contacted 135 of the 194 subscribers then receiving service and only five objected to the proposal.

The evidence shows that while notice of the hearing was mailed to each subscriber to the applicant's service, no one appeared in opposition to the granting of the application.

In view of the indicated public requirement for continuous telephone service and the evidence that such service could not reasonably be expected to be furnished without an increase in rates, it is apparent that the application should be granted but with certain changes as discussed above.

The following form of order is recommended:

O R D E R

Harry H. Baker having applied to the Public Utilities Commission of the State of California for authority to increase rates for telephone service coincident with an increase in the hours of service at Raymond and vicinity, a public hearing having been held, and the matter having been submitted for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates herein authorized are justified; therefore,

IT IS HEREBY ORDERED that Harry H. Baker is authorized to file, in accordance with General Order No. 96, the rates for telephone service set forth in Exhibit A attached hereto and as discussed in the preceding opinion, and after not less than thirty (30) days' notice to the Commission and to the public, to make said rates effective coincident with the establishment of 24-hour service, for service furnished after that date, but not later than March 31, 1949.

The effective date of this order is twenty (20) days after the date hereof.

The foregoing opinion and order are hereby approved and ordered filed as the opinion and order of the Public Utilities Commission of the State of California.

Dated at San Francisco, California, this 26th day of October, 1948.

R. E. [Signature]
Justice J. C. [Signature]
W. H. [Signature]
Harold P. [Signature]
Samuel [Signature]
Commissioners.

EXHIBIT A

<u>Item</u>	<u>Desk or Hand Set Stations</u>	
	<u>Rate per Month</u>	
	<u>Residence</u>	<u>Business</u>
	<u>Service</u>	<u>Service</u>
<u>Schedule No. A-1, Flat Rate Exchange</u>		
<u>Service, Raymond zone</u>		
Each individual line primary station	\$3.50	\$4.50
Each two-party line primary station	3.00	4.00
Each four-party line primary station	2.50	3.50
Each extension station	1.00	1.25
Each wall set station - Above rates less 25 cents per month.		
<u>Schedule No. A-5, Suburban Service,</u>		
<u>Raymond zone</u>		
Each ten-party line primary station	2.75	4.00
Each extension station with bell	1.00	1.25
Each wall set station - Above rates less 25 cents per month.		
Add Condition "Extension stations at the above rates will be installed on the same premises as the primary station. Only one extension station with bell will be furnished in connection with each primary station."		
<u>Schedule No. A-5 (a), Multi-Party Service,</u>		
<u>Ahwahnee, Ben Hur, and Coarse Gold zones</u>		
Each multi-party line primary station	2.25	3.75
Each extension station without bell	1.00	1.25
Each wall set station - Above rates less 25 cents per month.		
Add Condition "Extension stations at the above rates will be installed on the same premises as the primary station."		
<u>Schedule No. A-7, Public Telephone Service,</u>		
<u>All Zones</u>		
Each exchange message - \$0.05		
<u>Conditions</u>		
1. The above rate applies to message between two points in any one zone when placed from a public pay station telephone.		
2. Public telephones will be installed by the applicant, at his discretion, in public locations within the exchange area to meet general and transient requirements.		
3. Telephone numbers of public telephones will not be listed in the telephone directory.		
4. Toll telephone service charges from public telephones will be in accordance with filed tariffs.		
<u>Schedule No. A-11, Pay Station Service</u>		
This schedule is authorized to be cancelled.		
<u>Service Connection Charges</u>		
Rates and conditions, as shown in Exhibit 4, are authorized to be filed.		
<u>Move and Change Charges</u>		
Rates and conditions, as shown in Exhibit 5, are authorized to be filed.		
<u>Preliminary Statement</u>		
The preliminary statement should be revised to show that service will be furnished 24 hours daily.		