

Decision No. 43863

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
 C. H. Ivey operating as MARIPOSA
 TELEPHONE EXCHANGE for an order
 authorizing increases and changes
 in rates and charges for exchange
 telephone and other service.

Application No. 30848

Oscar H. Ivey and Frank V. Rhodes, for
 applicant; Frank V. Rhodes, for California
 Independent Telephone Association; E. N. Dye,
 for California Farm Bureau Federation;
Richard D. Crowe, for Dos Palos Telephone
 Company; Harry Eaker, for Raymond Telephone
 Company; and Fred D. Bradshaw, Member of
 Board of Supervisors, Mariposa County,
 Interested Party.

O P I N I O N

Oscar H. Ivey, doing business as Mariposa Telephone Exchange, by the above-entitled application filed December 13, 1949, requests an order of the Commission authorizing increases and changes in exchange telephone rates in the Mariposa exchange, Mariposa County, California. A copy of the proposed rates is attached to the application and marked Exhibit B. A public hearing on the application was held before Examiner Edwards on February 14, 1950, at Mariposa, California. At this hearing, applicant requested amendment of the application to include installation and move and change charges in connection with private branch exchange service and installation charges and monthly rates for items of supplemental equipment not previously offered or furnished.

The applicant owns and operates a telephone system serving the Mariposa exchange, which includes the unincorporated town of Mariposa and surrounding territory in Mariposa County. The system was

purchased by the present owner in 1945 under authorization of Commission Decision No. 37869 of Application No. 26687, dated May 8, 1945.

The applicant furnishes 24-hour dial telephone service by means of a relay type automatic switchboard, which was placed in service in March, 1949. The switchboard has 200 lines equipped, and 118 are presently in use. Applicant has, since acquiring the exchange in 1945, almost entirely reconstructed the outside plant. Much of the open wire plant within Mariposa has been replaced with cable. Prior to March, 1949, service was provided 16 hours a day by means of a manual magneto switchboard. As of September 30, 1949, 224 stations were being served, of which 194 were company-owned and 30, subscriber-owned. Connection is made at Mariposa with toll facilities of The Pacific Telephone and Telegraph Company; and that company handles toll, information, and assistance calls of Mariposa customers at its Merced office.

The applicant and the Commission staff presented testimony as to the estimated results of operation for 1950 under present and proposed rates. These earning results, together with 1949 actual results of operations under present rates, are summarized as follows:

Item	Revenue	Expense	Net Revenue	Avg. Rate Base (Deprec.)	Rate of Return
<u>Company (Exhibits C and D)</u>					
1949 - Nine months prorated to one year, present rates	\$ 8,595	\$ 9,921	\$ <u>(1,326)</u>	\$37,209	<u>(3.5)</u> %
1950 - Estimated, present rates	10,088	11,247	<u>(1,159)</u>	38,308	<u>(3.0)</u>
1950 - Estimated, proposed rates	14,364	11,948	2,416	38,308	6.3
<u>Commission Staff (Exhibit 7)</u>					
1949 - Actual, present rates	9,293	10,122	<u>(829)</u>	30,442	<u>(2.7)</u>
1950 - Est., pres. rates	11,040	11,100	<u>(60)</u>	35,040	<u>(0.2)</u>
1950 - Est., company-requested rates	13,785	11,480	2,305	35,040	6.6
1950 - Estimated, staff trial rates	13,580	11,430	2,150	35,040	6.1

(Red Figure)

The principal difference between the applicant's and staff's estimates of revenues and expenses results from the fact that the staff's estimate is based on the full year 1949 actual revenues and expenses, while the applicant's estimate was projected from the first nine months of 1949 operations. Also, applicant failed to include all of the actual revenues in the nine months' figure. The rate base as used by applicant included an amount of \$3,039, representing the excess over the book value of plant paid by applicant at the time the property was acquired. This amount was excluded from the staff's rate bases.

A comparison of the present rates, the rates requested by applicant, and the rates authorized in the following order for the principal classes and grades of service are shown as follows:

Item	:Rate per Month - Wall, Desk or Hand Set Station:					
	: Residence Service :			: Business Service :		
	: Present:	: Requested:	: Auth. :	: Present:	: Requested:	: Auth. :
Individual line	\$2:25*	\$3.25	\$3.25	\$2.75*	\$5.00	\$4:75
Two-party line	2.00*	-	-	2.25*	4.00	4.00
Four-party line	1.75*	2.25	2.25	-	-	-
Suburban (ten party)	2:75*	2.75	2.75	3.25*	3.75	3.75
Extension station	1:00	1.00	1:00	1:00	1:25	1:25
Farmer line	6.00#	.60	.50	6.00#	1.00	.75

* Wall set, 25 cents less. (No wall sets in service.)

Rate per year.

The rates authorized are the same as the staff trial rates for the principal classes and grades of service. The applicant requests authorization to discontinue two-party residence service and to provide individual and four-party residence service, and the following order will so provide.

The service connection, installation, and move and change charges and the installation charges and monthly rates for supplemental equipment will be authorized as requested, except that the move and change charges for private branch exchanges will be modified so as to be consistent with the sizes of switchboards offered and a rate of 60 cents per month, instead of \$1, will be authorized for a loud-ringing extension bell.

Mr. Eldon Dye, representing the California Farm Bureau Federation, inquired as to the company's plans for the provision of service to some 40 residents in the Cathay District, located about 13 miles from Mariposa. The applicant stated that he knew of the requirement for service in the Cathay District through contacts and meetings with representatives of that area, and that he was willing to provide service in accordance with his filed line extension rule. It was indicated that further study would be made by the applicant to determine the most practicable method of serving the area.

No one appeared at the hearing in opposition to the rate increase. One witness testified that service had been vastly improved since conversion of the exchange to dial. Another witness testified that prior to dial conversion, there was general dissatisfaction with the service, but at present the consensus indicated service to be very satisfactory.

Based upon the estimated results of operations for the year 1950, it appears that an increase of \$2,500 in gross revenue is required. The order herein will authorize the filing of rates which will produce a rate of return of 6.1% on the rate base shown in the staff's estimate.

O R D E R

O. H. Ivey, doing business as Mariposa Telephone Exchange, having applied to this Commission for an order authorizing increases in rates, 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 and charges authorized herein are justified; therefore,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this Commission, after the effective date of

RATES

The presently effective rates and conditions are changed as set forth in this exhibit.

Schedule No. A-1, Individual and Party Line Service

File as set forth in Exhibit 1-A, substituting the following rates:

Each individual line primary station
 Each two-party line primary station
 Each four-party line primary station
 Each extension station

Wall, Desk or Hand Set Station	
Rate per Month	
Residence Service	Business Service
\$ 3.25	\$ 4.75
-	4.00
2.25	-
1.00	1.25

Conditions as shown in Exhibit 1-A are authorized.

Schedule No. A-3, Suburban Service

File as set forth in Exhibit 1-B

Schedule No. A-4, Farmer Line Service

Revise present annual rate to the following monthly rates:

Each station

Rate per Month	
Residence Service	Business Service
.50	.75

Schedule No. A-6, Move and Change Charges

File as set forth in Exhibit 1-C, substituting the following PBX move and change charges:

PBX switchboards, per position
 Cordless
 30 lines or less
 31 to 50 lines
 51 to 100 lines
 Over 100 lines
 Multiple

Same Room	One Room to Another
\$ 5.00	\$10.00
5.00	10.00
5.00	10.00
7.50	15.00
10.00	25.00
Actual Cost	Actual Cost

Schedule No. A-7, Service Connection Charges

File as set forth in Exhibit 1-D, except delete charges for private branch exchange or inter-communicating system where instrumentalities are not in place.

Schedule No. A-9, Supplemental Equipment

File as set forth in Exhibit 1-E, substituting a rate of 60 cents per month for each loud-ringing extension bell (gong).

Schedule No. A-10, Private Branch Exchange Service

File as set forth in Exhibit 1-F, substituting the following monthly rates:

Each central office trunk line	\$ 7.00
Each station not located in hotel guest room	1.25
Each station located in hotel guest room	1.00

Add the following installation charges:

	<u>Installation</u> <u>Charges</u>
PBX switchboards, per position	
Cordless	\$10.00
30 lines or less	10.00
31 to 50 lines	10.00
51 to 100 lines	15.00
Over 100 lines	25.00
Multiple	Actual Cost

Schedule A-12, Directory Listings

File as set forth in Exhibit 1-G

Rule and Regulation No. 1

File as set forth in Exhibit 1-H

this order, in conformity with General Order No. 96, the schedules of rates shown in Exhibit A attached hereto; and, after not less than five (5) days' notice to the Commission and the public, to make said rates effective for service rendered on and after April 1, 1950.

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

Dated at San Francisco, California, this 28th day of February, 1950.

R. Z. Johnson
Justice J. C. Cramer
Joseph H. Kelle
Harold P. Hule
Frederick P. Potter
Commissioners