

ORIGINAL

Decision No. 44135

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Associated Telephone Company, Ltd.,
a corporation, for authority to
increase certain rates and charges
applicable to telephone service.

Application No. 30339

Marshall K. Taylor, Donald C. Power, and O'Melveny & Myers by Harry L. Dunn and Sidney H. Wall for applicant; K. Charles Bean, T. M. Chubb, and Roger Arnebergh, for the City of Los Angeles; J. J. Duvel and Edson Abel for the California Farm Bureau Federation; Henry M. Busch for the cities of Ontario and Upland; William J. Donahue for Aerojet Engineering Corporation; Joel E. Ogle for the County of Orange; Emmett J. Ward for the Director of the State Department of Finance, State of California; Irving M. Smith and Joseph B. Lamb for the City of Long Beach; H. R. Griffin for the City of San Bernardino; Carroll Weberg for the Bellflower Chamber of Commerce; Frank V. Rhodes for the California Independent Telephone Association; Royal M. Sorensen for the City of Santa Monica; Henry E. Jordan for the Bureau of Franchises and Public Utilities of Long Beach; and R. Joel Andrus, in propria persona.

O P I N I O N

By the above-entitled application, filed May 24, 1949, and amended August 22, 1949, the Associated Telephone Company, Ltd. sought authority to increase certain telephone rates and charges in the amount of \$2,493,680 annually. The applicant is a California corporation engaged in furnishing telephone exchange and toll service to approximately 390,000 telephone stations in 34 exchanges located in the counties of Los Angeles, Orange, San Bernardino, Santa Barbara, Ventura, Tulare, Kern, and Fresno.

Public hearings were held on September 15 and 16, 1949, in Los Angeles, before Commissioner Huls and Examiner Howard; and

on October 3, 1949, before Examiner Chiesa. On October 3, the applicant's motion for an interim increase was taken under submission, and the hearing was adjourned to a date to be set. An interim rate increase totaling \$1,100,000 on an annual basis was authorized by Decision No. 43423 issued October 18, 1949. The toll rates and installation charges authorized were effective November 16, 1949, and the exchange rates were effective by billing periods beginning as of that date.

On December 23, 1949, applicant filed an amendment to the amended application for the purpose of (1) bringing within the application the Oxnard, Santa Paula, Thousand Oaks, Fowler, Lindsay, and Reedley exchanges, acquired by the applicant since the filing of the first amended application, and (2) revising the estimate of toll revenues set forth in said first amended application which had been testified to during the course of the hearings held in September, 1949. On February 21, 1950, the applicant filed another amendment, titled the third amended application, requesting further increases in rates to provide annual operating revenues of approximately \$3,742,000, in addition to the \$1,100,000 authorized in the interim order.

Public hearings on the third amended application were held on March 8, 9, and 10, 1950, in Los Angeles, before Commissioner Huls and Examiner Howard. During the course of these hearings, evidence was introduced by witnesses for the applicant, the Commission staff, and other interested parties. After completion of the direct presentations by the parties, applicant agreed to submit the matter, subject to filing of briefs within 10 days, in lieu of further hearings for the purpose of cross-examination. This suggestion met with approval of the other interested parties present, and the matter was submitted subject to the filing of briefs.

In reviewing the evidence, we shall not repeat that which was set forth in the interim opinion and order (Decision No. 43423, dated October 18, 1949) in this present proceeding, and this opinion and order should be read as though said decision were incorporated herein, modified to the extent warranted by the additional evidence now before the Commission.

By reason of the continued rapid population growth and increase in demand for telephone service in the territory served, the upward trend in applicant's plant and facilities experienced during the past several years is continuing. The evidence shows that the applicant's investment in telephone plant in service increased from \$33,093,337 on January 1, 1947, to \$73,418,219 on January 1, 1950, or 122%. During the same period, applicant's telephone stations increased from 215,939 to 387,546, or 79%. Over 95% of the telephone stations served by the applicant are dial. The applicant's construction program during 1950 is estimated to result in a net increase of approximately \$18,891,000, or 26% in the investment in telephone plant. The primary purposes of this large plant expansion program are to provide sufficient facilities to furnish service to applicants waiting for telephone service, of which there were 18,980 on January 1, 1950, and to make available higher grades of service for present subscribers who desire to be upgraded or are being furnished a lower grade of service on a deviation basis.

Earnings.

The following table presents a comparison of the applicant's and the Commission staff's estimates for the year 1950 under the rates presently in effect, and shows also the results under proposed rates

as estimated by the applicant. The results are related to an original cost rate base less depreciation reserve.

Item	1950 Estimates - Present Rates				Company
	Company	Staff	Difference	Staff	1950
	Estimate	Estimate	Exceeds	Company	Estimate
	(Ex. D-2)	(Ex. 53)	Amount	Per Cent	Proposed
					Rates
Operating Revs.	\$20,181,668	\$20,463,000	\$ 281,332	1.4%	\$23,923,276
Operating Exps.	10,777,800	10,800,000	22,200	0.2	10,777,800
Depreciation Exp.	3,562,607	3,275,000	(287,607)	(8.1)	3,562,607
Taxes	3,515,474	3,374,000	(141,474)	(4.0)	5,062,078
Total Operating Expenses	17,855,881	17,449,000	(406,881)	(2.3)	19,402,485
Net Revenue	2,325,787	3,014,000	688,213	29.6	4,520,791
Rate Base	69,550,633	69,575,000	24,367	0.0	69,550,633
Rate of Return	3.34%	4.33%	0.99%		6.50%

(Red Figure)

Witnesses for the applicant testified that further review since filing the application indicated the possibility that minor adjustments might be justified in certain revenue and expense amounts included in Exhibit D-2. These minor adjustments would have a negligible effect on the level of earnings.

The difference between the applicant's and the staff's estimates for the calendar year 1950 at present rates is due principally to (1) the use by the staff of an estimated average station figure of 411,000, compared to the 409,161 used by the applicant, (2) the staff's estimates of expenses for 1950 being based on 12 months' experience in 1949, compared to nine months' experience used by the applicant, (3) the staff's normalizing directory advertising revenues and expense savings due to dial conversions for the full year 1950, whereas the applicant included them as of the date they were to become effective, (4) a difference in the basis of estimating ad valorem taxes, (5) the staff's use of lower depreciation rates than those used by the applicant, and (6) the staff's adjustments to the recorded investment in telephone plant and to the recorded depreciation reserve to reflect actual cost of certain war surplus materials purchased by the applicant.

The staff's estimate of station growth for 1950 is the same as applicant's estimate. The difference in estimated average stations for the year resulted from the fact that the applicant added the estimated growth in 1950 to the stations estimated to be in service at the end of 1949, based on data available as of September 30, 1949, whereas the staff added the estimated growth to the actual stations at the end of 1949.

Revenues

The difference between the applicant's and the staff's estimates of local service revenues is due to the difference in estimated average stations. The staff's estimate of \$14,777,000 appears to be reasonable.

The net difference in toll service revenues, after making allowance for the higher average station figure used by the staff, is about \$61,000, or 1.2%. The staff's figure was based on a projection through 1950 of a smooth curve fitted to the monthly toll revenues for the last half of 1948 and all of 1949, whereas the applicant's figure was based to a large extent on a judgment decision that toll revenues per station would decline to the level experienced in 1943. After careful consideration of the evidence, we conclude that \$5,000,000 is a reasonable estimate of toll service revenues for 1950.

Miscellaneous revenues estimated by the staff are higher than those estimated by the company because the directory advertising increases authorized by the Commission in 1949, which will become effective on different dates throughout 1950, were included by the staff on an annual basis. We believe the staff's treatment to be proper for such revenues.

Operating Expenses

Maintenance and commercial expenses estimated by the staff are higher than those estimated by the applicant because of the difference in estimated average stations. Traffic expenses estimated by the staff normalized savings which will be realized following dial conversions scheduled for 1950.

Differences in the staff's and applicant's estimates of general office salaries and expenses and other operating expenses are minor in character and amount.

The applicant, in its brief, pointed out an inconsistency in the staff's estimate of expenses, relative to those which will become effective or will be eliminated during the year. In calculating the rate of return to be realized from the rates authorized herein, the savings from dial conversion are reflected on a full-year basis and, consistent therewith, adjustments have been made in operating rents, rate base, depreciation expense, and taxes.

Depreciation Expense

Depreciation rates used by the applicant and those used by the staff in calculating the depreciation expense were determined on a straight-line basis. Service lives and salvage factors were estimated by both the applicant and the staff in developing the depreciation rates for the individual accounts. The composite depreciation rate, excluding Ac. 264, Vehicles and Other Work Equipment, estimated for the year 1950 by the applicant is 4.80%, whereas that estimated by the staff is 4.38%. The evidence reveals that the applicant does not have data readily available for the derivation of mortality statistics from which depreciation lives and salvage factors can be determined. The evidence further shows that the staff witness adopted the

depreciation rates shown at Page 24 of Exhibit 53 after consultation and detailed discussion with other engineers of the Commission staff. The staff has available the lives and salvage factors used for other California telephone operations in the same general areas as those of the applicant, for which mortality statistics have been maintained. For the purpose of this proceeding, the staff's estimates of depreciation expense will be adopted.

No finding will be made herein as to the correctness of the applicant's depreciation accounting. As indicated by the record in this proceeding, the applicant has never made a comprehensive study as to the adequacy of its depreciation reserve or its depreciation rates, even though the reserve at the end of 1949 amounted to approximately \$16,674,000 and estimated accruals to the reserve in 1950 are over \$3,250,000. The record also indicates that at present the applicant lacks sufficient ^{data} ~~information~~ to make such studies. The applicant should take immediate steps to correct this situation, so that the necessary statistical data will be available, not only for the future, but also for past experience as well, to the extent that it can be developed from applicant's existing records.

The testimony of a staff witness indicated that the company has recorded on its books of account more than the actual cost of certain materials purchased from war surplus stocks. Inasmuch as this is not in accordance with the uniform system of accounts, the company should take steps immediately to prevent the continuation of such procedures and to correct its records so as to show only the actual cost of such materials.

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Taxes

The following table summarizes the 1950 tax estimates of applicant and the Commission staff, and shows that the principal differences are in ad valorem taxes and in taxes on income.

Type of Tax	Applicant:	Staff	Difference	
	(Ex. E-2)	(Ex. 53)	Amount	Per Cent
Ad valorem	\$1,900,437	\$1,618,200	\$(282,237)	(14.9)%
Other local	290,192	295,500	5,308	1.8
Social security	417,423	395,000	(22,423)	(5.4)
State corp. franchise	93,156	108,700	15,544	16.7
Federal income	814,266	956,400	142,134	17.5
Total	3,515,474	3,373,800	(141,674)	(4.0)

(Red Figure)

Of the \$282,237 difference in ad valorem tax estimates, approximately \$63,500 is due to differences in the estimates of assessed valuation and applicable tax rates. As to these differences, the staff's estimates appear reasonable. The remainder, approximately \$218,700, is due to the fact that applicant's estimate represents 1950-1951 fiscal year taxes, while the staff's estimate, which follows applicant's accrual procedure, comprises one-half of the 1949-1950 taxes plus one-half of estimated 1950-1951 taxes.

While the majority of California utilities follow the practice of accruing the ad valorem taxes for a given fiscal year during that fiscal year, several companies accrue the tax during the preceding calendar year. Where this is done, the effect of such practice, not only upon tax accruals but also upon working cash capital requirements, has been recognized.

Applicant states that the staff's adherence to the book accrual basis for ad valorem taxes in the present proceeding is inconsistent with its use of a current-basis estimate for state corporation franchise tax. The magnitude of taxes on income is affected by any changes in revenues or expenses, including changes in a utility's rates for service. For this reason, the Commission has uniformly placed the state corporation franchise tax on a current

basis in earnings estimates. Ad valorem taxes are not affected by such factors; hence, estimates have been based in each case upon the company's accrual procedure. In this instance, due to the very large construction program and an increase in tax rates, the applicant is faced with an estimated increase of over 30% in ad valorem taxes in a single year. Giving consideration to this unusual circumstance, an amount of \$1,740,000 will be adopted for ad valorem taxes for the year 1950.

In computing estimated taxes on income, the applicant has deducted \$103,542 of past service pension costs, being a portion of amounts charged by it to operating expense in prior years and representing the amount currently deductible for tax purposes. To be consistent with a policy of excluding past service pension charges from operating expenses, the staff did not make this deduction. In view of the circumstances surrounding the provision for applicant's past service pension obligations, it is believed that equity justifies making the deduction in this instance.

Rate Base

There is little controversy as to the rate base, the company and staff estimates for 1950 differing by only \$24,367. Inasmuch as we have included the expense savings from dial conversions on a full-year basis, the rate base should likewise reflect on a full-year basis the additional plant investment incident to such dial conversions. Applying this adjustment, estimated at \$460,000, to the staff's rate base of \$69,575,000 results in a rate base of \$70,035,000 which is hereby adopted.

Summary of Present Earnings

Giving effect to the adjustments hereinabove discussed, the estimated results of operations for the year 1950 under present rates are as follows:

Revenues	\$20,409,000
Operating Expenses	10,839,000
Depreciation Expense	3,290,000
Taxes	3,416,000
Total Operating Expenses	<u>17,545,000</u>
Net Revenue	2,864,000
Rate Base	70,035,000
Rate of Return	4.09%

Financing of Properties

In general, applicant has financed its net investment in its properties through the issue of first mortgage bonds, preferred stock and common stock and through the use of earnings. The record contains testimony and exhibits showing the terms under which it has disposed of its outstanding securities, the effective interest rates, the earnings and dividends on the common stock and the interest and dividend requirements. The following tabulation shows the amount of each class of security outstanding at the close of 1949 and as estimated by applicant at the close of 1950:

	<u>1949</u>	<u>1950</u>
Bonds	\$33,618,000	\$41,618,000
Preferred stock	13,854,820	17,354,820
Common stock	<u>14,160,755</u>	<u>17,660,755</u>
Total	61,633,575	76,633,575

A member of the Commission staff estimated the effective interest rate applicable to the presently outstanding bonds at 3.01% and to the preferred stock at 4.70%, with a weighted average for the two classes of securities of 3.51%. With respect to the common stock, which is divided into shares of the par value of \$20 each, the record shows that during the last five years the earnings per share, based on

the number of shares outstanding at the close of the year, and the dividends paid, have been as follows:

	<u>Earnings</u>	<u>Dividends</u>	
		<u>Amount</u>	<u>Per Cent</u>
1945	\$1.47	\$1.32	6.6%
1946	2.39	2.00	10.0
1947	1.77	1.80	9.0
1948	1.84	1.60	8.0
1949	1.12	1.60	8.0

A witness called on behalf of applicant testified that applicant required annual net earnings of \$4,806,355 to pay interest and dividends on the stock and bonds estimated to be outstanding at the close of 1950, including an allowance of \$2.66 a share on the common stock which he asserted is necessary to enable applicant to sell additional shares. However, in arriving at his conclusions it appears, from Exhibit 9 dated September 15, 1949, that he estimated the issue during 1949 of \$6,000,000 of bonds on a 3½% basis, \$2,000,000 of preferred stock and \$5,000,000 of common stock, whereas the actual issues during the year, according to a later exhibit (No. 53) included \$9,000,000 of bonds on a 2.9% basis, \$2,037,200 of preferred stock (exclusive of shares issued in payment for properties) on a basis of slightly less than 5%, and \$2,483,680 of common stock. In the witness's calculations, no allowance was made for interest during construction, which, based upon applicant's estimate, would increase the net income available for dividends by \$120,000 or approximately 15 cents a share on the average number of shares estimated to be outstanding during 1950. In connection with the common stock it should be noted that while all the presently outstanding shares are held by General Telephone Company, the witness for applicant based his figure of \$2.66, as the required earnings, on the assumption that the market price of shares of applicant's stock should be 7.5 times the earnings per share and that a public offering of common shares at par (\$20 a share)

would be at a price approximately equivalent to 7.5 times the reported required earnings of \$2.66. There is nothing in the record, however, to indicate that applicant is contemplating the public offering of its shares of common stock. Therefore, this reasoning is not applicable to this company's financing.

The record does show that applicant is faced with substantial construction expenditures during 1950 and that it is considering the issue during the year of \$8,000,000 of bonds, \$3,500,000 of preferred stock and \$3,500,000 of common stock. It is in the public interest for applicant to proceed with its program of plant expansion and it is clear that to enable it to do so, its earnings must be sufficient to preserve and maintain its credit and to permit it to sell additional securities under reasonable terms. At the same time, it should be noted that the estimated required earnings of \$2.66 a share of common stock are substantially in excess of earnings experienced in prior years, and that the estimated total requirement of \$4,806,355, on an annual basis, if realized, would in fact produce earnings per share in excess of \$2.66. The estimated requirement is also subject to reduction due to the difference between the security issues assumed by the applicant's witness and the securities actually issued in the latter part of 1949.

Amount of Rate Increase

A review of the record indicates that the Commission is not warranted in approving applicant's request to increase its rates to provide additional annual operating revenues of \$3,742,000. It clearly appears, however, that some increase is proper and is required to produce for applicant a reasonable return on its investment. It is concluded that increases aggregating \$2,200,000 on an annual basis should be authorized.

An increase of \$2,200,000 in annual operating revenue, if it were in effect for the entire year 1950, would produce an estimated

return of 5.9% on the rate base of \$70,035,000. However, the increases will be in effect for only a portion of 1950. Also, the record indicates that applicant's rate of return has been declining due to its large construction program and the present high level of construction costs, and this decline is expected to continue. The decline in applicant's rate of return which might otherwise be anticipated during the year 1950, because of the reasons above stated, is somewhat lessened by the inclusion in the rate base of an additional \$460,000 to reflect, on a full-year basis, the additional plant investment due to the dial conversions. On the basis of the evidence submitted, we find that the rate increases to be authorized will yield applicant a reasonable rate of return.

Distribution of Rate Increase

The increases in rates which the applicant proposes are set forth in detail in Exhibit C-2 attached to the third amended application. These increases cover generally the same services for which increases were requested in the first amended application, except that no further increase in toll telephone rates is proposed. The proposed local service rates for each exchange are based on the number of stations served, and the proposed extended service rates for Los Angeles extended area exchanges are based on station availability. The earnings shown in the application are for all exchanges combined, but Exhibit 43, introduced by the applicant at the request of the staff, sets forth the results of operation by exchanges for the year 1949. The applicant claimed that the information contained in Exhibit 43 was irrelevant and factually unreliable in certain respects. However, it is evident that an indication of the relative earning positions of the exchanges by geographical areas can be obtained from the exhibit. The results, after adjustments to reflect the full-year effect of the interim increases which became effective in November, 1949, show that the earnings for the group of exchanges in Fresno and Tulare Counties and the group of

exchanges in Santa Barbara and Ventura Counties were relatively low, the earnings for the exchanges in the Los Angeles extended area were higher, and the earnings for the remaining group of exchanges located in Los Angeles, Orange, and San Bernardino Counties were the highest.

The basic rates authorized in the following order for the exchanges in the Los Angeles extended area are estimated to produce approximately \$1,214,300 of additional revenue per year. Rates for extended service are increased by varying amounts ranging up to \$1 per month for business and 75 cents per month for residence classifications. Increases in monthly local service rates vary from \$1 to \$3.25 for business and up to \$1 for residence classifications. The rates authorized for miscellaneous services, including increased rates for semipublic service, extension stations, PBX switchboards, directory listings, joint-user service, installations and other nonrecurring charges are estimated to produce approximately \$144,000 of additional revenue per year. The enlargement of the base rate areas will reduce revenue approximately \$91,300 annually.

The basic rates authorized for the exchanges in Santa Barbara and Ventura Counties are estimated to produce approximately \$430,700 of additional annual revenue. Increases in monthly rates for business services range from 25 cents to \$3 and for residence services range up to \$1.50. The rates authorized for miscellaneous services are estimated to produce approximately \$45,500 of additional revenue per year and enlargement of the base rate areas will reduce revenue approximately \$15,200 per year.

The basic rates authorized in the following order for exchanges in San Bernardino and Orange Counties and the Lake Hughes, Lancaster, and Pomona exchanges in Los Angeles County are estimated to produce approximately \$424,000 of additional revenue per year. Monthly increases ranging from 45 cents to \$3 for business services and up to

\$1.25 for residence services are authorized. The rates authorized for miscellaneous services are estimated to produce approximately \$34,700 of additional revenue per year, and the enlargement of the base rate areas will reduce revenues approximately \$23,700 on an annual basis.

The following order provides for increases in basic rates for the exchanges in Fresno and Tulare Counties, estimated to produce approximately \$32,600 in additional revenue per year. The authorized rates for business and residence services are increased by varying amounts ranging from 75 cents to \$1.25 and from 25 cents to 75 cents, respectively. Increases in rates authorized for miscellaneous services are estimated to produce approximately \$4,400 of additional revenue on an annual basis.

A witness for the California Farm Bureau Federation presented Exhibit 27 showing a suggested schedule of business and residence farmer line rates for various sized exchanges. The rates proposed by the applicant are generally higher than those shown in Exhibit 27, and the rates for residence service do not vary with the size of the exchange. The rates authorized herein for farmer line service are in general accord with the schedule suggested by the California Farm Bureau Federation's witness.

The applicant requested permission to close the schedule providing a rate differential for wall set station service in its six recently acquired exchanges, the local service schedules in the exchanges in the Los Angeles extended area, the schedule for business individual line message rate extended service in the Santa Monica and West Los Angeles exchanges, and to withdraw by December 31, 1954, the offering of two-party residence and four-party business service outside of the Los Angeles extended area.

The closing of the wall set differential schedule in the six recently acquired exchanges will be authorized. The closing of the local service schedules for exchanges in the Los Angeles extended area exchanges will be authorized, except for hotel private branch exchange trunks, suburban service, and foreign exchange service. Extended hotel private branch exchange service presently is offered only in the Santa Monica and West Los Angeles exchanges, and applicant should offer extended hotel private branch exchange service in all its Los Angeles extended area exchanges in order to provide consistent rate treatment. At such time as the applicant files rates for extended hotel private branch exchange service, the closing of the local hotel private branch exchange schedules will be authorized.

The representative of the City of Santa Monica objected to the closing of the business individual line message rate extended schedule, and the Commission is of the opinion that such a measure would not be desirable. Message rate business service provides the business user with a service for which the charge varies in relation to usage and provides a service which may be obtained by the smaller users at a minimum rate. If this service is not available, the level of business flat rates in the larger exchanges may reach a point where the small business user is penalized. Appropriate allowance has been made in the revenue estimates to cover the provision of message rate service to all customers who desire such service in West Los Angeles and Santa Monica. The applicant should give consideration to providing extended message rate business and commercial private branch exchange service in all of its exchanges located in the Los Angeles extended area.

Q.3.7. ~~The withdrawal of the rate for two-party residence service~~
 will be authorized, but the rate for four-party business service will be continued. After facilities are available for furnishing service

to all applicants for business service on a current basis, the applicant may make appropriate request.

At the hearings there was criticism of the magnitude of certain increases requested by the applicant. Representatives of the cities of Long Beach and Santa Monica indicated that some increase probably was justified, and the representative of the City of Los Angeles offered no objection to some increase so long as the applicant's exchanges located in the Los Angeles extended area were not required to subsidize operations in other exchanges of the applicant.

The rates herein authorized, estimated to produce an annual increase in operating revenue of \$2,200,000, have been developed generally in accordance with the principle that the charges for telephone service applicable in any one area shall not place an unreasonable burden on the balance of the company's customers.

O R D E R

Associated Telephone Company, Ltd. having applied to this Commission for an order authorizing increases in rates, public hearings 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

1. Applicant is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with the Commission's General Order No. 96, the schedules of rates shown in Exhibit A attached hereto, and, on not less than five (5) days' notice to the Commission and the public, to make said rates effective for bills covering service furnished on and after June 1, 1950.

RATES

The presently effective rates, charges and conditions are changed only as specifically set forth in this exhibit.

Service in Los Angeles Extended Area.Extended Service Rates - Each Primary Station

Exchange or District Area	Residence Flat Rate Service Monthly Rate			Business Service Monthly Rate Msg. Rate* Flat Rate			Semipublic Coin Box Individual Line	
	1-Pty	2-Pty	4-Pty	1-Pty	1-Pty	2-Pty	Min. Chg. Per Day	Monthly Rate ^b
Covina	\$3.75	\$3.00	\$2.75	-	7.50	\$5.75	\$0.22	\$1.25
Downey-Topaz D.A.	4.00	3.00	2.60	\$4.50(75)	-	7.00	.22	1.25
Downey-Torrey D.A.	4.00	3.00	2.60	-	9.25	7.00	.22	1.25
Long Beach	4.00	3.00	2.60	-	9.25	7.00	.22	1.25
Malibu	3.75	3.00	2.60	-	7.50	5.75	.22 ^a	1.25 ^a
Redondo-B.R.A.	3.75	3.00	2.75	-	7.50	5.75	.22	1.25
Redondo-S.R.A.	5.25	4.05	3.50	-	9.00	6.80	.27	1.25
Santa Monica	4.00	3.00	2.75	4.50(75)	9.25	7.00	.22 ^b	1.25 ^b
West Los Angeles	4.00	3.00	2.75	4.50(75)	9.25	7.00	.22	1.25
Whittier	3.75	3.00	2.75	-	7.50	5.75	.22	1.25

Local Service Rates - Each Primary Station

Exchange	Residence Flat Rate Service Monthly Rate			Business Flat Rate Service Monthly Rate			Semipublic Coin Box Individual Line	
	1-Pty	2-Pty	4-Pty	1-Pty	2-Pty	4-Pty	Min. Chg. Per Day	Monthly Rate
Covina	\$3.50	\$2.75	\$2.25	\$6.50	\$5.00	-	-	-
Downey	3.50	-	2.25	6.50	5.00	\$4.75	\$0.20 ^c	\$0.75 ^c
Long Beach	3.75	-	2.25	7.50	6.00	-	.21	1.00
Malibu	3.50	-	2.25	5.50	4.50	-	.19 ^d	.75 ^d
Redondo-B.R.A.	3.50	2.75	2.25	6.50	5.00	4.75	-	-
Redondo-S.R.A.	5.00	3.80	3.00	8.00	6.05	5.50	-	-
Santa Monica-B.R.A.	3.75	2.75	2.25	7.50	6.00	5.75	-	-
Santa Monica-S.R.A.	5.75	-	3.25	9.50	7.40	6.75	.27	1.00
West Los Angeles	3.75	2.75	2.25	7.00	5.50	5.25	-	-
Whittier	3.50	-	2.25	6.50	5.00	4.75	.20	.75

D.A. - District Area.

B.R.A. - Base Rate Area.

S.R.A. - Special Rate Area.

* - Each message over allowance - 3¹/₂¢.

^b - In addition to the daily guarantee.

^a - Malibu district area only.

^b - Except service from Topanga Canyon central office.

^c - Torrey district area only.

^d - Zuma district area only.

Extended semipublic coin box service is authorized to be made effective in Downey-Torrey district area, Long Beach, and Whittier on or before January 1, 1952. The local semipublic coin box rates authorized herein are continued in effect in Downey-Torrey district area, Long Beach, and Whittier until extended semipublic coin box service is made available, at which time the local rates are authorized to be cancelled.

RATES (Continued)Service in the Los Angeles Extended Area

Add the following conditions to Schedule No. A-1, Individual and Party Line Service:

The rates and conditions set forth in this schedule for local service in the company's exchanges in the Los Angeles extended area, except for service from the Topanga Canyon central office, apply only to services established or applied for prior to June 1, 1950, furnished to the same subscriber, either on the same premises or as moved to a different address of the same subscriber within the same exchange, provided there is no change in the class of service. Regrades of services, additions to the service, and supersedures of service are permitted under this condition.

Rates for four-party business service in Downey and Whittier, as set forth in Schedule No. A-1-a, are authorized to be cancelled.

Suburban Line and Business Extended 10-Party RatesEach Primary Station

<u>Exchange</u>	<u>Suburban Line</u>		<u>Business Extended</u>
	<u>Monthly Rate</u>		<u>10-Party Line</u>
	<u>Residence-Business</u>		<u>Monthly Rate*</u>
Covina	\$2.75	\$4.50	\$5.25
Downey	-	4.50 ^a	6.00
Long Beach	3.00	5.00	6.00
Malibu	2.75	4.25	5.25
Redondo ^b	2.75	4.50	5.25
Santa Monica ^c	3.25	5.00	6.00
Whittier	2.75	4.50	5.25

a - Applicable only to services furnished in accordance with the last paragraph on Page 11 of this exhibit.

b - Suburban area and special rate area.

c - Furnished only within the Topanga Canyon area.

* - Add new Schedule No. A-1(a) and provide the following special conditions:

1. Rates for extended service comprehend service, without additional charge, as set forth in Exchange Service Schedule No. A-28, which indicates the local service areas.
2. Service under this schedule may be furnished from any central office within the exchange or district area at the discretion of the company.
3. Extended service under this schedule and local service from the same exchange will not be furnished concurrently to the same subscriber on the same premises.
4. Service under this schedule is available in the portions of the base rate areas added subsequent to June 1, 1946 and may be furnished to existing customers and new applicants until facilities are available to furnish a normal grade of business extended service as set forth in Schedule No. A-1.

RATES (Continued)Service in Santa Barbara and Ventura County ExchangesEach Primary Station

Group	Station Range Co. Stas. 12-31-49	Residence Flat Rate Service Monthly Rate			Business Flat Rate Service Monthly Rate			Semipublic Min. Monthly Chg. Rate	
		1-Pty	2-Pty*	4-Pty	1 Pty	2 Pty	4-Pty	Per Day	¢
A	0- 500	\$3.50	\$3.00	\$2.50	\$5.25	\$4.25	\$4.00 ^a	\$0.18	\$0.75
B	501- 4,000	3.75	3.25	2.50	5.50	4.50	-	.19	.75
C	4,001- 8,000	4.00	3.25	2.50	6.00	4.75	4.50 ^b	.20	.75
D	25,001-50,000	4.25	3.50	2.50	7.00	5.50	-	.22	1.00

Special Rate Areas

Oxnard (Camarillo)	6.00	-	3.50	8.00	6.15	5.50	.26	.75
Santa Maria (Orcutt)	6.00	-	3.50	8.00	6.15	-	.26	.75

Group	Station Range Company Stas. 12-31-49	Suburban Line Monthly Rate		Farmer Line Monthly Rate		Min. Charge Per Line
		Residence	Business	Residence	Business	
A	0- 500	\$3.00	\$4.00	\$0.60 ^{cd}	\$1.20 ^{cd}	\$3.00
B	501- 4,000	3.00	4.25	.70 ^c	1.40	3.50
C	4,001- 8,000	3.00	4.50	.80	1.60	4.00
D	25,001-50,000	3.00	4.75	1.15	2.25	5.75

* - Not offered in Los Alamos, Santa Ynez and Thousand Oaks.

¢ - In addition to the daily guarantee.

a - Applicable only in Thousand Oaks.

b - Applicable only in Oxnard-Hueneme base rate area.

c - Also authorized for farmer line service in Caviota and Las Cruces.

d - Thousand Oaks: Residence - \$0.75, Business - \$1.50.

e - Santa Paula - \$0.75

Rate Grouping

<u>Exchange</u>	<u>Group</u>	<u>Exchange</u>	<u>Group</u>
Carpinteria	B	Santa Barbara	D
Guadalupe	A	Santa Maria	C
Lompoc	B	Santa Paula	B
Los Alamos	A	Santa Ynez	B
Oxnard	C	Thousand Oaks	A

Service in Fresno and Tulare County ExchangesEach Primary Station

	Residence Flat Rate Service Monthly Rate			Business Flat Rate Service Monthly Rate		Semipublic Min. Monthly Chg. Rate	
	1-Pty	2-Pty	4-Pty	1 Pty	2-Pty	Per Day	¢
Fowler, Lindsay, Roedloy	\$3.75	\$3.25	\$2.50	\$5.50	\$4.50	\$0.19	\$0.75
Lindsay (Strathmore SRA)	5.75	-	3.50	7.50	5.90	.25	.75

¢ - In addition to the daily guarantee.

Service in Fresno and Tulare County ExchangesEach Primary Station

	<u>Suburban Line</u>		<u>Farmer Line</u>		<u>Min. Charge</u> <u>per Line</u>
	<u>Monthly Rate</u>	<u>Monthly Rate</u>	<u>Monthly Rate</u>	<u>Monthly Rate</u>	
	<u>Residence</u>	<u>Business</u>	<u>Residence</u>	<u>Business</u>	
Fowler, Lindsay, Reedley	\$3.00	\$4.25	\$0.70 ^a	\$1.40 ^a	\$3.50
Lindsay (Strathmore S.R.A.)	3.00	4.25	.70	1.40	3.50

a - Not offered in Fowler.

Service in Los Angeles, Orange and San Bernardino County ExchangesEach Primary Station

<u>Group</u>	<u>Station</u> <u>Range</u> <u>Co.Stas.</u>	<u>Residence Flat</u>			<u>Business Flat</u>			<u>Semipublic</u>	
		<u>Rate Service</u>			<u>Rate Service</u>			<u>Min.</u>	<u>Monthly</u>
		<u>Monthly Rate</u>			<u>Monthly Rate</u>			<u>Chg.</u>	<u>Rate</u>
	<u>12-31-49</u>	<u>1-Pty</u>	<u>2-Pty</u>	<u>4-Pty</u>	<u>1-Pty</u>	<u>2-Pty</u>	<u>4-Pty</u>	<u>Per Day</u>	<u>¢</u>
A	0- 500	\$3.25*	-	\$2.00*	\$5.00*	\$4.00*	\$3.75*	\$0.17*	\$0.75*
B	501- 4,000	3.25	\$2.75#	2.00 ^a	5.25	4.25	4.00	.18	.75
C	4,001- 8,000	3.25	-	2.00	5.75	4.50	-	.19	.75
D	8,001-12,000	3.50	2.75	2.00	6.00	4.75	-	.20	.75
E	12,001-25,000	3.50	-	2.00	6.25	4.75	4.50	.20	.75
F	25,001-50,000	3.75	-	2.25	6.75	5.00	-	.21	1.00

<u>Group</u>	<u>Station Range</u> <u>Company Stas.</u>	<u>Suburban Line</u>		<u>Farmer Line</u>		<u>Min.Chg.</u>
		<u>Monthly Rate</u>	<u>Monthly Rate</u>	<u>Monthly Rate</u>	<u>Monthly Rate</u>	
	<u>12-31-49</u>	<u>Residence</u>	<u>Business</u>	<u>Residence</u>	<u>Business</u>	<u>Per Line</u>
A	0- 500	\$2.50	\$3.75	\$0.75 ^b	\$1.20 ^b	\$3.00
B	501- 4,000	2.50 ^a	4.00	-	-	-
C	4,001- 8,000	2.50	4.00	-	-	-
D	8,001- 12,000	2.75	4.25	.90	1.80	4.50
E	12,001- 25,000	2.50	4.25	1.00	2.00	5.00
F	25,001- 50,000	2.75	4.50	-	-	-

¢ - In addition to the daily guarantee.

* - Etiwanda only.

- Lancaster only.

a - Arrowhead, Crestline and Lancaster: residence four-party - \$2.25;
suburban residence - \$2.75.

b - Lake Hughes only.

Rate Grouping

<u>Exchange</u>	<u>Group</u>	<u>Exchange</u>	<u>Group</u>
Arrowhead	B	Lancaster	B
Crestline	B	Ontario	D
Etiwanda	A	Pomona	E
Huntington Beach	B	San Bernardino	F
Laguna Beach	C	Westminster	B
Lake Hughes	A		

EXHIBIT A

Service in Exchanges Outside of the Los Angeles Extended Area

Add the following condition to Schedule No. A-1, Individual and Party Line Service:

The rates and conditions set forth in this schedule for residence two-party line service in the company's exchanges outside of the Los Angeles extended area apply only to services established or applied for prior to June 1, 1950, furnished to the same subscriber, either on the same premises or as moved to a different address of the same subscriber within the same exchange, provided there is no change in the class of service. Regrades of services, additions to the service, and supersedures of service are permitted under this condition.

Extension Stations - All Exchanges

Each Extension Station:

Monthly Rate

Individual and Party Line Service

Business Flat Rate	\$1.25
Business Message Rate	1.00
Residence Flat Rate	1.00

Suburban and Ten-Party Service

Each extension station without bell:	
Business	1.25
Residence	1.00

Semipublic Service

Hand set station without coin box or dial	1.25
Wall set station with coin box	1.75*

* Offered only in connection with semipublic service in apartment houses, rooming houses and hotels.

Rates for extension stations with bell on suburban service are authorized to be cancelled.

Schedule No. A-3

Semipublic Service

All Exchanges Except Gaviota, Lake Hughes, and Las Cruces

Revise Special Conditions 2, 5, and 6 as set forth in Exhibit C-2, attached to the third amended application, Page 7.

Schedule No. A-4

Mileage Rates

All Exchanges

Proposed rates and additional provision to existing Special Condition 1, set forth in Exhibit C-2, attached to the third amended application, Page 8, are authorized.

Schedule No. A-5

Suburban Service

All Exchanges Except Gaviota, Las Cruces, and West Los Angeles

Cancel rates for extension stations with bell.

Revise Special Condition 5 to eliminate reference to extension stations with bell.

Add special condition to read:

Extension stations with bell, extension bells, gongs, industrial signals, and relays will be installed in connection with suburban service at regular rates only when equipment is ordered and installed to allow only one ringer or its equivalent to be connected to the line at any one time.

Schedule No. A-6

Commercial Private Branch Exchange Service

All Exchanges Except Gaviota, Lake Hughes, and Las Cruces

Proposed rates and installation charges as set forth on Exhibit C-3 attached to the third amended application, Pages 11 to 13 inclusive, and Page 17 are authorized except as follows:

- (a) Installation charges for cordless switchboards and cord type non-multiple switchboards, in Lindsay, Oxnard, Reedley, and Santa Paula are applicable in connection with applications received on and after June 1, 1950.
- (b) An installation charge of \$1.80 is authorized for 41-80 line switchboards.
- (c) Installation charges for cord type multiple switchboards in Oxnard are applicable in connection with applications received on and after June 1, 1950.

Cancel rates for isolated power plant applicable within the Downey and Whittier exchanges.

Add special condition to read:

The rates and conditions set forth in this schedule for restricted private branch exchange stations in Santa Monica and West Los Angeles apply only to services established or applied for prior to June 1, 1950, furnished to the same subscriber, either on the same premises or as moved to a different address of the same subscriber within the same exchange. Additions to the service, and supersedures of service are permitted under this condition.

Schedules Nos. A-6, A-7, A-8

Private Branch Exchange Trunk Line Service

All Exchanges Except Gaviota, Lake Hughes, and Las Cruces

Schedule No. A-9

Intercommunicating Trunk Line Service

Exchanges Where Offered

Flat Rate Service - Base Rate Areas

Each trunk line: 150% of individual line primary hand set station flat rate rounded to the lower 25 cent multiple except in special rate area.

Flat Rate Service - Special Rate Areas

Each trunk line: Rate in base rate area plus the difference between the rate for business individual line flat rate service in the base rate area and the rate for such service in the special rate area.

Message Rate Service - Downey, Topaz district areas

	<u>Rate per Month</u>
First two trunks	\$4.50
Each additional trunk	2.25

Add the following condition to Schedule No. A-6, Commercial Private Branch Exchange Service and to Schedule No. A-8, Automatic Private Branch Exchange Service:

The rates and conditions set forth in this schedule for local service in the company's exchanges in the Los Angeles extended area, apply only to services established or applied for prior to June 1, 1950, furnished to the same subscriber, either on the same premises or as moved to a different address of the same subscriber within the same exchange, provided there is no change in the class of service. Additions to the service, and supersedes of service are permitted under this condition.

Schedule No. A-7Hotel Private Branch Exchange ServiceAll Exchanges Except Caviota, Lake Hughes, and Las Cruces

Proposed rates and installation charges as set forth in Exhibit C-2, attached to the third amended application, Pages 18, 20, and 21, are authorized except as follows:

- (a) Installation charges for cord type non-multiple switchboards in Lindsay and Reedley are applicable in connection with applications received on and after June 1, 1950.
- (b) An installation charge of \$180 is authorized for 41-80 line switchboards.

Cancel rates for isolated power plant applicable within the Downey and Whittier exchanges.

Schedule No. A-8Automatic Private Branch Exchange ServiceAll Exchanges Except Caviota, Lake Hughes and Las Cruces

<u>Switching Equipment Rate</u>	<u>Installation Charge</u>	<u>Rate per Month</u>
Automatic switching unit equipped for 20 station lines, 4 intercommunicating lines, and five trunks, including attendant's cabinet	\$200.00*	\$35.00

- * Applicable to applications received on or after November 16, 1949, in exchanges where presently offered and to applications received on or after June 1, 1950, in Lindsay.

Existing rates for switching equipment in Lindsay are authorized to be cancelled.

Proposed station rates set forth in Exhibit C-2, attached to the third amended application, Page 26, are authorized.

Cancel rates for isolated power plant applicable within the Downey and Whittier exchanges.

Schedule No. A-9
Intercommunicating System Service -
Exchanges Where Offered

Station Rates:

Proposed rates set forth in Exhibit C-2, attached to the third amended application, Page 28, are authorized.

The rates and conditions set forth in this schedule apply only to services established or applied for prior to November 16, 1949, in exchanges other than Oxnard and Santa Paula, and to services established or applied for prior to June 1, 1950, in Oxnard and Santa Paula, furnished to the same subscriber, either on the same premises or as moved to a different address of the same subscriber within the same exchange. Additions to the service and supersedures of service are permitted under the condition.

Schedule No. A-11
Multiple Line Key Cabinet Service
All Exchanges Except Gaviota, Lake Hughes, and Las Cruces

Proposed rates and charges as set forth in Exhibit C-2, attached to the third amended application, Page 29, are authorized, except that no installation charge or termination agreement shall be applicable to applications received prior to June 1, 1950, in Lindsay.

Schedule No. A-13
Joint User Service
All Exchanges Except Gaviota and Las Cruces

Proposed rates set forth in Exhibit C-2, attached to the third amended application, Page 31, are authorized.

Schedule No. A-14
Directory Listings
All Exchanges

Proposed rates and special conditions set forth in Exhibit C-2 attached to the third amended application, Pages 32 and 33, are authorized.

Cancel special condition which provides "additional business listings shall be included in the classified section only under the classification of the primary service listing."

Schedule No. A-15
Supplemental Equipment
All Exchanges Except Gaviota and Las Cruces

The proposed installation charges, monthly rates, and conditions set forth in Exhibit C-2, attached to the third amended application, Pages 34 to 43 inclusive, are authorized, except as follows:

- (a) The rates for extension bells with switches and loud ringing bells with switches in the Santa Barbara County exchanges are authorized to be cancelled. (P. 34)
- (b) Extension bells, gongs, industrial signals, and relays on suburban lines in the Santa Barbara County exchanges shall be furnished only to applicants for such service or subscribers receiving such service prior to June 1, 1950. The effective rate shall be the suburban business or residence wall station rate authorized to become effective on June 1, 1950. (P.35)
- (c) The installation charge for single and double head receivers is not authorized. (P. 38)

- (d) The proposed special conditions are not authorized. (P.43)
- (e) The installation charges for applications received prior to November 16, 1949, shall be continued in exchanges other than Fowler, Lindsay, Oxnard, Reedley, Santa Paula, and Thousand Oaks.
- (f) The increases in installation charges in the Oxnard, Santa Paula, and Thousand Oaks exchanges shall be effective only on applications received on or after June 1, 1950, and the revisions in installation charges in the Fowler, Lindsay, and Reedley exchanges shall be effective on installations made on or after June 1, 1950.

Schedule No. A-16
Multi-Residence Service
Long Beach Exchange

Rates for Multi-Residence Service are authorized to be cancelled.

Schedule No. A-17
Interexchange Receiving Service
All Exchanges, Except Caviota, Lake Hughes, and Las Cruces

Proposed rates as set forth in Exhibit C-2, attached to the third amended application, Page 45, are authorized.

Schedule No. A-18
Vacation Rate Service
All Exchanges Except Caviota and Las Cruces

Rates and conditions presently filed by Associated Telephone Company, Ltd., for Santa Barbara County exchanges are authorized for Fowler, Lindsay, Reedley, Oxnard, Santa Paula and Thousand Oaks.

Schedule No. A-19
Foreign Exchange Service
Exchanges Where Offered

Primary rates for foreign exchange local and extended service are authorized to be adjusted to the extent required by changes in the basic individual line, party line and PBX trunk rates and to the extent required to be consistent with basic rates on file with this Commission by connecting companies as of June 1, 1950.

Proposed mileage rates set forth in Exhibit C-2, attached to the third amended application, Pages 47 and 48, are authorized except that no change in present mileage rates is authorized where both the foreign exchange and local exchange are within the Los Angeles extended area and for Los Angeles service in Topaz District Area.

Proposed rates for foreign exchange farmer line service set forth on Exhibit C-2, attached to the third amended application, Page 49, are authorized.

Schedule No. A-21
Public Telephone Service
All Exchanges

Extended Public telephone service is authorized to be made effective in Downey-Torrey district area, Long Beach and Whittier coincident with the introduction of extended semipublic coin box service.

Schedule No. A-22
Permanent Connection of Telephone Lines
All Exchanges Except Caviota, Lake Hughes, and Las Cruces

Proposed rates, charges and revision of schedule as set forth in Exhibit C-2, attached to the third amended application, Page 50, are authorized.

Schedule No. A-25

Desk and Wall Set Telephones

All Exchanges

The proposed rates and condition set forth in Exhibit C-2, attached to the third amended application, Page 51, are authorized.

Schedule No. A-29

Move and Change Charges

All Exchanges

The proposed move and change charges for subscriber's telephone sets as set forth in Exhibit C-2, attached to the third amended application, Page 53, are authorized.

The present move and change charges for private branch exchange systems and stations of intercommunicating systems in exchanges other than Fowler, Lindsay, Oxnard, Reedley, Santa Paula, and Thousand Oaks, are authorized to be made effective in Fowler, Lindsay, Oxnard, Reedley, Santa Paula, and Thousand Oaks.

Schedule No. A-30

Service Connection Charges

All Exchanges

The proposed service connection charges as set forth in Exhibit C-2, attached to the third amended application, Pages 54 and 55, except for supersedure are authorized. No change is authorized in the present charge for supersedure.

Schedule No. A-31

Line Extension Charges

All Exchanges

The proposed rates for line extensions as set forth in Exhibit C-2, attached to the third amended application, Page 56, are authorized.

Schedule B-1

Toll Service

Basic toll rates as presently set forth on Revised Cal. P.U.C. Sheet No. 4846-T filed by Associated Telephone Company, Ltd., on November 10, 1949 are authorized for toll service over the Reedley-Kings Canyon National Park toll line.

Schedule B-2

Toll Station Service

Primary Station Rate:

Each semipublic station

Min. Charge

Per Month

\$5.00

Extension Station Rate

Each wall, desk or hand set station

Rate Per Mo.

\$1.25

Schedule C-22

Move and Change Charges - Private Line Service

The proposed rate as set forth in Exhibit C-2, attached to the third amended application, Page 65, is authorized except that no charge is authorized for a change from a wall set or desk set to a hand set.

Special Conditions

Revise special conditions applicable in Fowler, Lindsay, Oxnard, Reedley, Santa Paula, and Thousand Oaks, making such special conditions identical with those applicable in all other exchanges, except that Special Condition 4 on Revised Cal. P.U.C. Sheet 434-T, filed August 13, 1948 by the San Joaquin Associated Telephone Company shall be made applicable to farmer line service in all exchanges instead of Special Condition 6 on Revised Sheet C.R.C. 3225-T, filed February 1, 1941 by Associated Telephone Company, Ltd.

Where schedules are on file covering services furnished only in Fowler, Lindsay, Oxnard, Reedley, Santa Paula, or Thousand Oaks, any special conditions not covered by the special conditions filed for the balance of the applicant's exchanges shall be continued in effect.

Rule and Regulation No. 1 Description of Service

Revise to provide that only one bell per primary service will be connected to a suburban line.

Rule and Regulation No. 18 Limit of Conversation and Use of Party-Line Service

The following rule and regulation is authorized:

"Exchange calls of a subscriber of a party line may be limited to a maximum period of five (5) minutes in all exchanges.

"Party-line service is furnished to two or more services on a line for their cooperative use. Where a subscriber repeatedly exceeds the five-minute limitation on local conversations and thereby interferes with the use of the line by other parties, the company is authorized to disconnect temporarily the service after ten (10) days' notice in writing setting forth the date and time of violations. The company shall reserve the telephone number and facilities to reconnect the telephone. If a subscriber is reconnected after being temporarily disconnected and continues to violate the five-minute limitation on local conversations, the service may be permanently disconnected upon written notice and the subscriber will be required to apply for service as a new applicant in the regular manner."

Deviation Services

Applicant is authorized to apply effective rates to services presently furnished at rates or conditions other than as provided in the filed tariff schedules. No change in serving conditions, unless agreeable to the subscriber, is authorized.

Applicant is authorized to continue furnishing suburban residence service at the four-party residence rate and suburban business service at the suburban business rate in those portions of the suburban areas included in the base rate areas subsequent to June 1, 1946, and to continue furnishing suburban residence service at the rates for the lowest grade of party-line service in those portions of the suburban areas where the rate for the lowest grade of party-line service is less than the rate for suburban service, until facilities are available for furnishing normal grades of service. In addition, in the exchanges located in the Los Angeles extended area, applicant is authorized to furnish ten-party business extended service at the rates set forth in Exhibit A attached hereto and to furnish residence extended service on suburban lines at the four-party residence extended rate in those portions of the suburban areas included in the base rate areas subsequent to June 1, 1946, until facilities are available for furnishing normal grades of extended service.

Consolidation of Tariffs

Applicant is authorized to consolidate its tariffs as set forth in Exhibit C-2, attached to the third amended application, Pages 69 and 70.

2. Applicant shall file with this Commission after the effective date of this order, and as soon as practicable, but not later than September 1, 1950, in conformity with the Commission's General Order No. 96, maps showing the revised base rate areas as set forth in Exhibit G-2 attached to the third amended application.

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

Dated at San Francisco, California, this 2nd day of May, 1950.

R. E. Anderson

Harold P. Kula

Harold P. Kula

Justus F. Craemer
Commissioners.

Commissioner Justus F. Craemer, being necessarily absent, did not participate in the disposition of this proceeding.