

Decision No. 44507

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of INTERSTATE TELEGRAPH COMPANY, a corporation, for authority to establish a Base Rate Area at Ridgecrest, Kern County, California, in the Applicant's Inyokern Exchange Area; and to reclassify all subscribers in said Inyokern Exchange Area from Applicant's lower levels of exchange telephone service rates to higher levels of exchange telephone service rates, coincidental with establishment of the proposed Ridgecrest Base Rate Area and the furnishing of exchange telephone service to present and potential subscribers for service therein.

ORIGINAL

Application No. 31363

H. M. Hammack for applicant; J. J. Deuel  
for California Farm Bureau Federation;  
C. Curlee for Ridgecrest Chamber of Commerce;  
Erma Peirson for A. H. Peckham, Publisher  
Ridgecrest Times Herald.

O P I N I O N

Interstate Telegraph Company, a corporation, by the above-entitled application filed May 4, 1950, requests authority to establish a base rate area at Ridgecrest, Kern County in the applicant's Inyokern exchange, and to increase the rates for exchange service in the exchange area. Applicant's Exhibits 1, 2, and 3 show proposed changes in the exchange maps and Exhibits 4 and 5 contain applicant's proposed revised tariff sheets. A public hearing on this application was held before Examiner Edwards on June 27, 1950, at Ridgecrest, California.

Since March 25, 1944, the applicant has been operating a telephone central office at Inyokern, Kern County, which provides exchange and toll telephone and telegraph service to the general public

in the Inyokern exchange area, including the towns of Inyokern and Ridgecrest and surrounding areas. The applicant also provides PBX trunk telephone service through its Inyokern exchange to the United States Naval Ordnance Test Station, located adjacent to the town of Ridgecrest and approximately 9 miles east of Inyokern. As of April 1, 1950, the applicant served 249 company-owned stations in the Inyokern exchange and was holding 259 unfilled applications for service in the exchange. This system is connected with 3,825 PBX telephone stations, owned and operated by the United States Navy Department, within the navy base.

Of the 508 total connected and applied for stations for Inyokern exchange telephone service, 396 or 79.2% are located in and adjacent to the town of Ridgecrest. The present exchange telephone service furnished by the applicant in Ridgecrest is principally suburban service, with 20 subscribers having primary grades of exchange telephone service at the presently filed rates for such service plus mileage charges from the Inyokern base rate area.

The record shows that the present telephone facilities and serving arrangements in the town of Ridgecrest are inadequate to meet the increasing requirements for service.

To meet these requirements for service in and adjacent to Ridgecrest, the applicant proposes to establish a second base rate area in the Inyokern exchange, to include the town of Ridgecrest, as shown by Exhibits 1 and 3. The applicant further proposes to provide additional outside and inside telephone plant and equipment at Ridgecrest, including a 200-line dial automatic switchboard. The testimony shows that upon completion of the installation of the additional plant and equipment, the applicant will be enabled to furnish

improved service in and adjacent to Ridgecrest, but additional central office equipment may be required in the near future to meet anticipated growth.

The total capital investment required for the additional facilities at Ridgecrest is estimated by the applicant in the amount of \$131,935.69 segregated as follows:

<u>Item</u>	<u>Amount</u>
Lot and building	\$ 21,900.00
Central office	48,574.90
Outside plant	48,510.79
Station equipment	<u>12,950.00</u>
Total	131,935.69

The applicant proposes to finance the new building, plant and equipment from funds in its treasury.

In connection with the provision of additional facilities and service in the Inyokern exchange, the applicant seeks authority to increase rates for exchange service in said Inyokern exchange to the higher level of rates which apply in the larger exchanges served by the applicant. The specific changes in rates requested

are set forth in Exhibits 4 and 5 and, for the principal classifications of service, may be summarized as follows:

<u>Classification</u>	<u>Flat Rate Per Month</u>			
	<u>Residence</u>		<u>Business</u>	
	<u>Present</u>	<u>Proposed<sup>1/</sup></u>	<u>Present</u>	<u>Proposed<sup>1/</sup></u>
Individual line	\$3.75	\$4.75	\$5.00	\$6.00
Two-party line	3.25	4.25	4.25	5.25
Four-party line	2.50	3.50	3.75	4.75
Ten-party line 0-4½ Mi.	2.50	3.50	3.75	4.75
Ten-party line 4½-14½ Mi.	3.25	4.25	4.25	5.25
Ten-party line 14½-24½ Mi.	3.75	4.75	4.75	5.75
Each PBX Trunk	5.50	7.00	7.50	9.00
Extension Station	1.00	1.00	1.50	1.50

There will be no increases or decreases in charges for toll telephone, telegraph, and private line services in the Inyokern exchange resulting from this application.

On March 20, 1950, the applicant moved its commercial operations from its Inyokern office to a new building constructed in Ridgecrest. The applicant proposed to continue to operate its Inyokern office as a toll center and unattended dial automatic exchange office.

The effect on charges to the subscribers resulting from the establishment of a second base rate area in the Inyokern exchange

<sup>1/</sup> On April 4, 1950, Interstate Telegraph Company filed Application No. 31247 with the California Public Utilities Commission seeking authority to place into effect a higher level of rates applicable throughout its California service territory, including the Inyokern exchange. Public hearings were held on Application No. 31247 on June 28 and 29, 1950, at Bishop, California, and June 30 at Barstow. On the latter date the matter was submitted for decision. The higher exchange rates sought by Interstate Telegraph Company in its Application No. 31247 for the Inyokern exchange are shown in the following tabulation for the principal classifications, but are not passed upon in this present proceeding. (A-31363)

<u>Classification</u>	<u>Flat Rate Per Month</u>	
	<u>Residence</u>	<u>Business</u>
Individual line	\$5.65	\$7.15
Two-party line	5.05	6.25
Four-party line	4.15	5.65
Two-party suburban 0-4½ Mi.	4.15	5.65
Ten-party suburban 4½-14½ Mi.	5.05	6.25
Ten-party suburban 14½-24½ Mi.	5.65	6.85
Each PBX trunk	8.35	10.70
Extension Station	1.20	1.80

and the application of the higher level of rates for exchange telephone service has been estimated by the applicant to be a net annual increase of \$39 as set forth in detail in Exhibit 6 and summarized below:

<u>Item</u>	<u>Number of Subscribers Affected</u>	<u>Annual Amount</u>
a. Gross increases to subscribers due to higher exchange rate levels	150	\$1,812
b. Gross decreases to subscribers due to reduction in and elimination of mileage charges with establishment of Ridgecrest base rate area	20	<u>1,773</u>
c. Net increases to subscribers		39

In view of the proposed increase in capital expenditures necessary to improve service in this exchange, applicant requests that the reduction in revenue resulting from the elimination of mileage charges be offset by a higher level of exchange rates. Applicant's proposed higher rate level accomplishes this objective with only a relatively small increase and at the same time is no higher than the level of rates in other large exchanges on the system.

No objection to the granting of this application was manifested at the hearing, but on the other hand the president of the Ridgecrest Chamber of Commerce urged that the applicant's request be authorized. He described the present inadequate service at Ridgecrest, which the company is prepared to remedy by the placing in operation of the Ridgecrest central office within 30 days after Commission authorization is received.

It is concluded that applicant's plans for establishment of a second base rate area at Ridgecrest in the Inyokern exchange are reasonable and are in the public interest. While additional capital and resulting higher fixed charges and operating expenses are involved, which are not being fully compensated for by applicant's proposed increase, there is nevertheless immediate prospect for additional

compensating business. Under the circumstances, applicant's request will be granted, and in view of the immediate need for additional telephone service, authority will be granted on less than the statutory period.

O R D E R

Interstate Telegraph Company, having applied to this Commission for an order authorizing changes in telephone service and /decreases and increases in rates and charges, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges which will result from a granting of the application are justified; therefore,

IT IS HEREBY ORDERED that the Interstate Telegraph Company is authorized to file, after the effective date of this order and on or before September 1, 1950, in conformity with General Order No. 96, maps of the exchange and base rate areas, a preliminary statement, and rates and conditions as set forth in Exhibits 1, 2, 3, 4, and 5, and, on not less than five (5) days' notice to this Commission and to the public, and coincident with the establishment of the central

office at Ridgecrest, to make effective said maps, rates and conditions for service furnished in the Inyokern exchange on and after the effective date of said filing.

The effective date of this order shall be ten (10) days after the date hereof.

Dated at San Francisco, California, this 11<sup>th</sup> day of July, 1950.

R. F. [unclear]  
Justus F. Calver  
Wesley Powell  
Harold A. Kilo  
Kenneth Potter  
Commissioners.