

JA

Decision No. 44551

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA WATER & TELEPHONE COMPANY
to increase telephone rates.

Application No. 28693

Bacigalupi, Elkus and Salinger, by Claude N. Rosenberg, for applicant; J. J. Deuel and Edson Abel for the California Farm Bureau Federation; F. V. Rhodes for the California Independent Telephone Association; Neville R. Lewis for the City of San Fernando; Paul F. Garber and Wilbur D. Garber for the City of Monrovia; Thomas A. Reynolds and T. Guy Cornyn for the City of Sierra Madre; Roger Arnebergh, K. Charles Bean, Robert Russell, and T. M. Chubb for the City of Los Angeles.

SECOND INTERIM OPINION

The interim order in this proceeding, Decision No. 40991, (47 Cal. P.U.C. 563) recited the initial filing of this application by California Water & Telephone Company on September 4, 1947, the filing of a supplemental application on October 20, 1947, requesting an interim emergency increase in the amount of approximately \$250,000 annually, and the presentation of evidence by applicant and cross-examination of applicant's witnesses, at hearings held in Los Angeles on October 30 and 31, 1947, and the issuance of the interim order authorizing rate increases of \$105,000 a year on November 25, effective December 20, 1947.

The applicant, on May 16, 1950, filed an amendment to its application seeking an increase of \$401,700 in addition to interim increase of \$105,000. Hearings were held May 24 and 25, at Los Angeles, at which time applicant presented additional evidence on rate of return, earnings, and proposed rate changes, completing its presentation and the proceeding was adjourned to June 22 and 23, at

San Francisco for purposes of further cross-examination of applicant's witnesses and presentation of evidence by members of the Commission staff and other interested parties. At the latter hearings, the staff introduced certain evidence relative to operating revenues and expenses. However, the staff requested additional time to complete the preparation of evidence relative to the reserve and expense for depreciation. Applicant requested a further interim emergency increase in rates on June 23. This request was taken under submission on that date and the proceeding in all other respects was recessed for additional investigation. Further hearings were scheduled for October 25, 1950 in Los Angeles.

Earning forecasts placed in evidence by the Commission staff, indicated an estimated rate of return of 5.56% for 1950. That study was based on the presently effective rates adjusted to reflect a full year of dial operation in the Monrovia exchange. The revenue and operating expense estimates are those of the staff. Applicant's estimated depreciation expense, adjusted for a full year of dial operation in Monrovia, was used for the purpose of the interim showing. The estimate of depreciated capital base, using the average book depreciation reserve, was prepared by the staff:

The Commission staff has recommended that a study of applicant's depreciation practices should be made in order to determine proper depreciation rates. As a part of such study, an estimated reserve requirement should be developed to test the adequacy of the book depreciation reserve before permanent rates are established.

Pending submission of such additional evidence, no general increase in rates will be authorized. However, the record justifies adjusting and equalizing applicant's rate structure at this time for certain specialized equipment and services.

The interim rates authorized herein make no change in basic rates for business and residence individual and party line service,

including suburban service, except in the Loma Linda exchange. The increases in rates authorized herein, are set forth on Exhibit A attached hereto. Such increases in miscellaneous exchange rates are no higher than applicant proposes and, in a number of instances, are lower.

The installation charges and monthly rates requested for private branch exchange switchboards are generally the same as those which have been recently authorized for such equipment for other telephone companies in California. In view of the substantial costs involved in connection with private branch exchange installations, the charges and rates requested will be authorized.

Air-line mileage rates for off-premises stations will be authorized in lieu of the present mileage rates which are based on route distances. The elimination of the "college area" in the Loma Linda exchange will be authorized and normal rate treatment will be applicable to off-premises stations in that area.

Increases are also authorized in rates and charges for supplemental equipment, joint user service, key system service, and interexchange receiving service.

Applicant has requested authorization to consolidate the Loma Linda and Redlands exchanges. A witness for the applicant testified that requests had been received from Loma Linda customers for the elimination of toll charges between Loma Linda and Redlands and that the consolidation of the two exchanges would result in more economical and flexible use of plant. The consolidation of the two exchanges will be authorized and the present level of Redlands base

rates will be authorized to be made effective in the Loma Linda base rate area.^{1/}

The rate revisions authorized herein are estimated to result in an annual revenue increase of some \$31,000. In all other respects, applicant's request for interim relief is hereby denied. The determination of permanent rates will be made after receipt of additional evidence to be introduced at subsequent hearings.

SECOND INTERIM ORDER

California Water & Telephone Company having requested on June 23, 1950, an interim order authorizing increases in rates and charges, public hearings having been held and it appearing to the Commission that certain increases in telephone rates and charges are proper on an interim basis,

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 this order, in conformity with the Commission's 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 to the public, to make such rates effective by billing periods on and after September 11, 1950, excepting that increases in installation

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<u>Classification</u>	<u>Flat Rate per Month</u>	
	<u>Loma Linda</u>	<u>Redlands</u>
Residence Individual Line	\$3.00	\$3.75
Residence Four-party Line	2.00	2.25
Business Individual Line	4.00	5.00
Business Two-party Line	3.50	4.50

charges shall be effective on applications received by applicant on and after September 11, 1950.

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

Dated at San Francisco, California, this 15th day of August, 1950.

R. Z. [Signature]
Justus J. Casper
James P. Powell
Harold P. Hill
Fernando P. Pottier
Commissioners.

RATES

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

Schedule No. A-4
Mileage Rates

Proposed rates and conditions set forth on Exhibit No. 43, Pages 5 to 7, inclusive, are authorized.

Schedule No. A-7
Private Branch Exchange Service

Proposed installation charges and monthly rates as set forth on Exhibit No. 43, Page 10, are authorized.

Cancel present Condition 7.

Schedule No. A-9
Key System Service

Proposed rates and conditions set forth on Exhibit No. 43, Pages 13 and 14, are authorized.

Schedule No. A-14
Directory Listings

	<u>Rate per Month</u>
Each joint user service in connection with business service:	
Individual or party line flat rate service	\$1.50
Semipublic service	1.00
Private branch exchange service	2.00

Schedule No. A-15
Supplemental Equipment Service

The proposed installation charges, monthly rates, and conditions set forth on Exhibit No. 43, Pages 18 to 24, inclusive, are authorized to be made effective except as follows:

- a. No change is authorized in the monthly rate for portable telephone for use with jack installations (Ex. No. 43, p. 19).
- b. Cancel installation charge for additional receivers (Ex. No. 43, p. 20).
- c. Revise note under installation charge for two-line monophone instruments to read:
 - * Service connection charge applicable to each line terminated on the two-line monophone.
- d. The proposed Special Condition 6 is not authorized to be made effective.

Schedule No. A-20
Interexchange Receiving Service

Proposed rates and conditions set forth on Exhibit No. 43, Page 27, are authorized.

Redlands - Loma Linda Exchanges

The present Loma Linda Exchange map is authorized to be cancelled.

The proposed Loma Linda base rate area boundary, as set forth on Exhibit No. 52, is authorized to be filed.

The proposed Redlands Exchange boundary, as set forth in Exhibit No. 53, is authorized to be filed.

Rates presently applicable in the Loma Linda Exchange are authorized to be cancelled.

Rates presently applicable in the Redlands Exchange, where applicable within a base rate area, are authorized to be made effective in the Loma Linda base rate area, except as follows:

- a. Rates for two-party residence and four-party business service are not authorized.
- b. Rates for commercial and hotel private branch exchange stations are authorized at \$1 per month for a desk or hand set station and \$0.75 per month for a wall set station.

Toll rates between Loma Linda and Redlands are authorized to be cancelled.