

Decision No.

45071

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of The Western Telephone Company for authority to establish rates for new services; to establish continuous service in its Laytonville and Covelo Exchanges; to increase rates for certain services; and to issue 8600 shares of its Cumulative Preferred Stock, \$25.00 Par Value.

Application No. 32114
(Amended)

W. Gilman Snyder, H. Echevarria, E. E. Bagley and Robert Sutherland, by W. Gilman Snyder, for applicant; J. J. Deuel and Eldon Dye for California Farm Bureau Federation, interested party; Mrs. Dan Drewry, Jr. for Harris Grange, interested party; G. E. Goodwin for Tooby & Prior, a corporation, and Tooby Bros., a partnership, protestants; Oscar N. Newkom, Dan R. Drewry, Jr., Nona M. James, M. S. Milstead, W. O. Mahnkey, all of Harris, interested parties; Jess Stansberry and Glenn Smith, of Garberville, interested parties; Sam Erickson, for Ground Observation Corps, Civil Defense, interested party; W. W. Dunlop for the Commission staff.

O P I N I O N

In this application, filed February 9, 1951, The Western Telephone Company, a California corporation, seeks authority to establish rates for new services, to increase its rates and charges for certain services, to redesignate exchange boundaries and establish revised suburban areas, and to issue 8,600 shares of its Cumulative Preferred Stock, \$25 Par Value, 5% Series of the aggregate par value of \$215,000. By amendment, filed June 15, 1951, applicant further seeks authority to establish one schedule of toll rates throughout its entire territory.

Applicant's request respecting the issue of stock has been considered heretofore and the sale of \$140,000 of stock was authorized by this Commission's Decision No. 45733, issued May 22, 1951. The other requests of applicant were the subjects of a

public hearing, held June 21, 1951, before Commissioner Huls and Examiner Emerson at Garberville, California. Basically, they involve increases in exchange and toll rates in the Garberville, Covelo, and Laytonville areas, coincident with exchange area reductions for those exchanges and the furnishing of continuous service in Covelo and Laytonville. Establishment of a single toll schedule also would affect charges in the Weaverville exchange, though to a minor extent. Applicant has estimated that its rate and area proposals will increase annual revenues by approximately \$30,000.

Mr. W. G. Snyder, president of applicant corporation, commenced telephone operations under the name of The Western Telephone Company in 1933 in Amador and Calaveras Counties. In 1942 he acquired three telephone systems operating in the vicinity of Weaverville, Trinity County. In 1949 the company was incorporated and purchased the telephone properties which Mr. Snyder had owned and operated as an individual. In December, 1949, the corporation disposed of the Amador and Calaveras County properties, retaining and expanding its Weaverville operations. The properties of the J. P. Thomas Telephone Company, operating in and around Garberville in Humboldt County, and the properties of the Willits Telephone and Telegraph Company, operating in and around Covelo and Laytonville in Mendocino County, were acquired in September, 1950. At the present time, therefore, applicant is providing telephone service in three widely separated areas which are largely mountainous and heavily wooded and in which predecessor operators have experienced difficulty in maintaining adequate plant facilities and in providing satisfactory service. Approximately 400 miles of pole lines are operated and a portion of the system is in tree construction. Grounded circuits are used in

outlying areas and a number of lines have more than 10 stations connected. Transmission over some lines is considerably below standard and lengthy service interruptions have been not uncommon. Limited hours of service are furnished at Covelo and Laytonville. The central office facilities at Garberville are inadequate and much temporary wiring is evident. While some maintenance and construction work has been done in recent years by predecessor owners, much of the material used was secondhand or otherwise unsuitable and will require early replacement. The Weaverville exchange serves a large area beyond the exchange boundaries by means of toll lines, one of which is over 50 miles long. About 275 circuit miles of these Weaverville toll lines are owned by the United States Forest Service and are used by applicant under a Term Permit covering a 10-year period, which allows their usage in exchange for properly maintaining the lines and providing telephone service to the Forest Service without charge.

At the hearing in this matter considerable testimony regarding the inadequacy of service was presented by a number of present telephone subscribers. The conditions above related appear to be fully known to the management of applicant and, as evidenced by Exhibit No. 2 and other testimony in this proceeding, the management has undertaken a substantial program of construction and reconstruction in order to rehabilitate, improve, and expand service and to fill orders for service from waiting applicants. During the next few years it has programmed projects which will total \$236,000 in gross plant additions and, in 1951 alone, net additions of approximately \$85,000 will be completed. Of major import are the installation of a new common battery switchboard and equipment for full selective ringing at Garberville, new dial facilities and equipment and the establishment of 24-hour service

for Covelo and Laytonville, facilities to connect Garberville and Laytonville, toll facilities to connect Garberville and Weaverville, and cable and metallicizing projects in several areas.

Applicant is operating under the rates, rules, and regulations of its predecessors, having adopted them as its own at the time of acquisition. There has been no general increase in rates in the Garberville exchange since 1920 except for a minor increase in 1948 when continuous service was made available. The Covelo and Laytonville exchange rates in general have remained unchanged for more than 30 years. Toll rates were established in 1947. A comparison of the present and proposed exchange rates for the principal classes and grades of service in Humboldt and Mendocino Counties is as follows:

:Class and Grade:		Covelo & Laytonville Exch.:		Garberville Exchange:	
:	of	: Present	: Company	: Present:	: Company
:	Service	: Rate	: Proposed Rate	: Rate	: Proposed Rate:
<u>Residence, per month</u>					
	1-party	\$ 2.75*	\$ 4.00	\$ 3.25	\$ 4.00
	2-party	-	3.50	2.75	3.75
	4-party	2.00*	3.00	2.25	3.00
	10-party Subn.	2.25*	3.50	2.75	3.50
<u>Business, per month</u>					
	1-party	3.25*	5.00	3.75	5.25
	2-party	2.75*	4.25	3.25	4.50
	10-party Subn.	2.75*	4.00	3.75	4.00
<u>Service Connections</u>					
	Residence	3.50	5.00	5.00	5.00
	Business	3.50	7.00	6.00	7.00

* Wall set 25 cents less.

The areas of the foregoing exchanges are proposed to be considerably reduced, thereby transferring many suburban service subscribers to toll users. It is proposed that these toll stations be made subject to a monthly minimum guarantee of \$5 with only those toll messages transmitted wholly over applicant's own lines

applying against such guarantee. The company proposes to apply a surcharge of 10 cents on every intrastate originating or terminating message.

Both the applicant and the Commission staff presented evidence and submitted estimates regarding revenue, expenses, rate base and rates of return for the years 1950 and 1951. The staff figures for 1950 include operations of the four exchanges for the entire year, while applicant's figures include only actual 1950 operations. As a summary of 1950 operations, the staff indicated a rate of return of 2.85%, and applicant indicated a rate of return of 2.57%.

The respective estimates for the year 1951, segregated to principal items, are summarized and compared in the following tabulation:

SUMMARY OF EARNINGS
YEAR 1951

Item	Present Rates		Applicant's Prop. Rates	
	Staff	Applicant	Staff	Applicant
<u>Operating Revenues</u>				
Local Service	\$ 43,900	\$ 42,500	\$ 46,300	\$ 45,190
Toll Service	79,800	73,400	111,600	100,900
Miscellaneous	3,600	2,450	3,600	2,450
Uncollectibles	(300)	(240)	(500)	(240)
Total	127,000	118,110	161,000	148,300
<u>Operating Expenses</u>				
Maintenance	25,000	21,700	25,000	21,700
Traffic	50,600	38,500	50,600	55,100
General Office				
Salaries	22,300	20,500	22,300	20,500
Other Expenses	11,600	9,100	11,600	9,100
Subtotal	109,500	89,800	109,500	106,400
Depreciation	11,400	10,000	11,400	10,000
Taxes	7,100	16,200	16,300	16,200
Total	128,000	116,000	137,200	132,600
Net Revenues	(1,000)	2,110	23,800	15,700
<u>Average Rate Base</u>				
Telephone Plant	291,200	287,196	291,200	287,196
Material and Supplies	10,000	6,154	10,000	6,154
Working Cash	8,000	5,922	8,000	5,922
Undepreciated Rate Base	309,200	299,272	309,200	299,272
Depreciation Reserve	(56,900)	(58,127)	(56,900)	(58,127)
Depreciated Rate Base	252,300	241,145	252,300	241,145
Rate of Return (Depr. Base)	(0.40)%	0.87%	9.43%	6.51%

(Red Figure)

From the foregoing tabulation, it is apparent that present rates will not produce a satisfactory return under the estimates made either by applicant or the Commission staff.

The staff estimate was based upon a so-called "normalized" year; that is, it was assumed that certain immediately needed and programmed equipment installations had been completed and were available for use throughout the entire year, that wage

increases recently placed in effect were fully in effect, that redesignation of exchange boundaries had been accomplished, and that normal growth and resulting revenue increases would be realized. In this latter respect it was averred that, according to the company's books, total revenues during the first four months of 1951 were some 25.9% above those received in a like period in 1950 and for the same period, toll revenues increased 35.6%. The company's revenue estimates were largely influenced by a toll settlement study between applicant and The Pacific Telephone and Telegraph Company, which settlement, according to applicant's president, would be made retroactively to December 21, 1950. An estimated \$2,600 loss in toll revenues would result from such settlement. The test period of December 21, 1950 to January 20, 1951, used by the company in its estimates, was one in which tourist trade was particularly low due to periods of heavy rain storms and swollen streams which substantially lessened the usual fishing season toll usage in the coastal areas. It is noted that applicant has budgeted funds for the construction of toll lines between Laytonville and Garberville. When such lines are in operation applicant will receive additional toll revenues which, it is believed, will offset to some extent the increased settlement charges. For the purposes of this proceeding we shall adopt a revenue estimate of \$161,000 as being applicable to normal future operations, under the rates proposed by applicant.

While in total amount the two estimates, under proposed rates, are in relatively close agreement, a large difference is apparent in traffic expenses. These expenses are primarily composed of operators wages. In making its estimate, applicant used the pay period of June 1 to June 15, 1951, as a base; a period when overtime pay rates influence the average hourly pay. The

staff estimate, on the other hand, was based upon a full year's average hourly rate to which was added a wage increase of 10% effective for the full year. The latter method appears to be the more accurate in estimating operators wages for a normalized year and will be recognized as applicable. For the purposes of this proceeding we shall adopt the sum of \$137,000 as the total normal future operating expenses under the rates proposed by applicant.

With respect to rate base estimates, it is noted that both applicant and the staff used the company's plant account figures which reflect historical cost appraisals of the properties at Covelo and Laytonville as of March 31, 1949, and at Garberville as of August 27, 1948. Applicant's rate base is an arithmetic average of beginning and estimated end-of-year figures. The staff rate base is an average figure weighted to the extent of having considered the new Garberville switchboard as being installed and operative as of the beginning of the year. The company uses a straight-line total life basis of determining depreciation. The staff estimate used the remaining life straight-line method. For the purposes of this proceeding we shall adopt, as the depreciated rate base upon which applicant is entitled to earn a return, a rate base of \$252,000, which we find to be a fair and reasonable rate base.

From the above, it is apparent that the rates proposed by applicant would yield an excessive return. The rates hereinafter to be authorized are designed to yield a return of 6.7% on the rate base hereinabove found to be reasonable and will produce a gross revenue increase of approximately \$23,400.

In the main, there are but two applicable methods by which the needed revenues may be spread in rates for this company. One, which is comparable to that which applicant has proposed, is

to place into effect the level of exchange rates generally applicable throughout California to exchanges of comparable size, place into effect the level of toll rates used by The Pacific Telephone and Telegraph Company and then obtain any additional revenues needed by placing a surcharge on all originating and terminating intrastate toll messages. This method has certain disadvantages, some of the more important of which are that the surcharge becomes an arbitrary amount related neither to line haul nor to terminal costs, that it must be collected at remote points on incoming calls from other company lines, thereby possibly requiring the development of a revised settlement arrangement, and that it is an unusual charge which creates subscriber and public ill will. Numerous objections to the proposed surcharge were made, both by the connecting company and by applicant's present subscribers, during the course of the hearing in this matter. The second method is to place into effect the general level of California intrastate toll rates in all areas served by applicant and obtain additional revenues required from the exchange rates. In view of the record in this proceeding, we believe that the latter method is the logical and more reasonable, and it will be adopted as the basis for the rate form and rate levels to be authorized. The increases in rates have been spread in accordance with the principle that the charges for telephone service in one area will not place an undue burden on the balance of the company's customers. In the application of this principle, consideration has been given to the return by exchanges shown by Exhibit 1.

The general tenor of subscriber testimony and questioning at the hearing was one of complaints regarding service and the number of toll calls proposed to be included in the monthly guarantee for those subscribers who would become toll users when the

exchange boundaries are reduced. Generally, there was no opposition to increased rates provided there were to be a corresponding improvement in service. As above discussed, the service deficiencies are recognized by the company and a substantial program to improve service is under way. It is clear, however, that due to the magnitude of the work to be done, considerable time will elapse before service may reach normal standards. In the meantime the company management is on record that every reasonable effort will be made to make such improvement as is possible. With respect to the number of intracompany toll calls that can be made within the minimum toll user's bill, it will be noted that elimination of the surcharge from the proposed rate, in effect, will double the number of allowable calls.

At the hearing a number of subscribers in the Harris area expressed concern over the elimination of magneto ringing when the common battery switchboard and full selective ringing installation at Garberville is completed. The area is remote and in the past oftentimes has been completely isolated during long and severe storm periods. During such times or in other emergencies when the lines into Garberville may be down or in trouble, these subscribers feel it is essential that they be accorded some means of communicating with each other. This particular problem is possible of solution. The company will be expected to develop a method whereby it may be accomplished and maintained in effect at least until such time as the company's line construction improves to a point where continuity of service may be assured.

Applicant has financed its investment in telephone facilities through the issue and sale of common and preferred stock and through the use of funds provided by the issue of short-term notes. If the program of construction and service improvement is to be

accomplished, applicant must continue diligently to sell its securities. Applicant is placed upon notice, however, that the purchase of securities is not prerequisite to the obtaining of telephone service.

The establishment of the Garberville, Laytonville, and Covelo exchange boundaries and the provision of toll station service between those exchange boundaries and the presently defined territorial boundaries, as proposed by applicant, will be authorized.

The basic monthly rates authorized by the order herein, segregated by principal classes, grades of service and areas and their increases over present rates are as follows:

Class and Grade of Service	Covelo and Laytonville		Garberville		Weaverville	
	Author- ized	In- crease	Author- ized	In- crease	Author- ized	In- crease
<u>Residence</u>						
1-party	\$ 4.25	\$ 1.50	\$ 4.00	\$.75	\$ 4.25	\$ 0
2-party	--	0	3.50	.75	3.75	0
4-party	3.25	1.25	3.00	.75	3.00	0
10-party, Suburban	3.75	1.50	3.50	.75	3.50	0
<u>Business</u>						
1-party	6.75	3.50	6.25	2.50	6.25	1.25
2-party	5.50	2.75	5.00	1.75	5.00	.50
4-party	--	0	--	0	4.75#	.75
10-party, Suburban	4.75	2.00	4.50	.75	4.50	.50
<u>Toll Station Guarantee</u>	5.50	*	5.50	*	5.50	.50
<u>Service Connections</u>						
Residence	5.00	1.50	5.00	0	5.00	0
Business	7.00	3.50	7.00	1.00	7.00	1.00

-- Service not offered.

Service to be upgraded to 2-party service.

* New service.

In addition to the increase in basic rates, certain other minor items of service and supplemental equipment charges will be authorized at standard levels. A uniform toll schedule will be authorized throughout applicant's service area and telegraph rates will be authorized to be increased to the Western Union level.

Applicant will be required to file a revised set of rules and regulations applicable on a company-wide basis and will be authorized to cancel tariff sheets in conflict with the new schedules.

O R D E R

The Western Telephone Company 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 and that present rates, in so far as they differ from those herein prescribed, are unjust and unreasonable; therefore,

IT IS HEREBY ORDERED as follows:

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, rates, charges, and conditions revised as set forth in Exhibit A attached hereto, and on not less than five (5) days' notice to the Commission and to the public, to make said rates effective for service furnished on and after October 1, 1951.
2. Within six (6) months from the effective date of this order, applicant shall file in quadruplicate with this Commission rules and regulations governing subscriber relations revised to reflect present-day operating practices acceptable to this Commission and in conformity with the requirements of General Order No. 96, together with copies

EXHIBIT A
Page 1 of 10

RATES

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

Preliminary Statement

Revise preliminary statement to show that continuous hours of service are furnished at Covelo and at Laytonville and to show current operating conditions.

Maps of Exchange Areas

The exchange area boundaries for Covelo, Laytonville, and Garberville are authorized to be revised as set forth in Exhibit B, attached to Application No. 32114, as amended at the hearing in this proceeding.

Map of Garberville Base Rate Area

The map of the Garberville base rate area is authorized to be refilled on a larger scale, realigned by street and other locations for better administration of the tariff schedules.

Flat Rate Exchange Service, Schedule No. A-1

	<u>Monthly Rate - Each Station</u>		
	<u>Covelo and Laytonville</u>	<u>Garberville</u>	<u>Weaverville</u>
Residence			
1-party	\$4.25	\$4.00	\$4.25
2-party	-	3.50	3.75
4-party	3.25	3.00	3.00
Extension	1.25	1.00	1.00
Business			
1-party	6.75	6.25	6.25
2-party	5.50	5.00	5.00
4-party	-	-	4.75
Extension	1.50	1.25	1.25

Add special condition to read:

Business four-party service in the Weaverville exchange will be furnished only to those subscribers receiving such service as of October 1, 1951, and thereafter only until facilities are available to furnish business individual line or two-party line service.

EXHIBIT A
Page 2 of 10

RATES (Continued)

P. B. X. Service, Schedule No. A-2, Garberville

This schedule is authorized to be cancelled.

Mileage Rates, Schedule No. A-2, Covelo and Laytonville

Revise off-premises extension station mileage rates and conditions to be consistent with those applicable in Weaverville and in Garberville.

Semipublic Coin-Box Service, Schedule No. A-3, Garberville

Revise minimum charge per day to \$0.22

Farmer Line Service, Schedule No. A-3, Covelo and Laytonville

	<u>Rate Per Month - Each Station</u>	
	<u>Residence</u>	<u>Business</u>
Covelo and Laytonville	\$0.70	\$1.25

Suburban Service,

Schedule No. A-5, Covelo and Laytonville

Schedule No. A-8, Garberville

Schedule No. A-4, Weaverville

	<u>Monthly Rate - Each Station</u>		
	<u>Covelo and Laytonville</u>	<u>Garberville</u>	<u>Weaverville</u>
Residence			
10-party primary station	\$3.75	\$3.50	\$3.50
Extension station	1.25	1.00	1.00
Business			
10-party primary station.....	4.75	4.50	4.50
Extension station	1.50	1.25	1.25

Directory Listings,

Schedule No. A-4, Covelo and Laytonville

Revise conditions to be consistent with those applicable in Garberville.

EXHIBIT A
Page 3 of 10

RATES (Continued)

Supplemental Equipment

Schedule No. A-8, Covelo and Laytonville

Schedule No. A-9, Garberville

Schedule No. A-8, Weaverville

The following installation charges and monthly rates are authorized:

<u>Bells</u>	<u>Installation Charge</u>	<u>Monthly Rate</u>
Each extension bell - small gongs	\$2.50	\$0.50
Each extension bell - loud ringing gongs	3.00	.60
<u>Buzzer Circuits</u>		
Each buzzer circuit including one push button, one buzzer, power supply equipment, and 50 feet or less of circuit wiring	2.50	.40
Each additional push button75	.20
Each additional buzzer75	.20
Each additional 50 feet or less of inside circuit wiring	2.50	-
<u>Keys</u>		
Each cam lever switch or key installed in addition to station	2.50	.35

The installation charge for desk set cords exceeding six feet in length is authorized to be cancelled.

Add special conditions to read:

1. Bell Limitations:

The maximum number of bells including the primary station bells, extension station bells, supplemental extension bells, and loud-ringing extension bells which will be connected simultaneously to any grade of service will be in accordance with bell limitations as set forth in the Rules and Regulations.

2. Buzzer Circuits:

The subscriber shall furnish, install, and maintain all circuits directly connected with commercial power and shall also furnish the commercial power.

3. Keys:

If a key is installed in lieu of a station the service connection charge and monthly handset station rate applicable to such station will apply and no additional charge will be made for the key.

EXHIBIT A
Page 4 of 10

RATES (Continued)

Move and Change Charges,

Rule & Regulation No. 29, Covelo and Laytonville
Schedule No. A-10, Garberville
Schedule No. A-9, Weaverville

	<u>Charge</u>
(1) Subscriber's Telephone Sets:	
Moving from one location to another	
on the same premises, each set	\$3.00
Change in type or style not required by change	
in class, type or grade of service, or type	
of operation	3.00
Change between manual and dial set where no change	
in type or style of set is involved	No charge
(2) Private Branch Exchange Systems:	
Moving from one location to another:	
Each private branch exchange station	3.00
	<div style="display: flex; justify-content: space-around;"> <u>Same</u> <u>Different</u> </div> <div style="display: flex; justify-content: space-around;"> <u>Room</u> <u>Room</u> </div>
Intercommunicating systems, per	
station	\$7.50 \$10.00
Cordless switchboard, per position .	10.00 20.00
Cord switchboard, per position:	
40 lines or less	10.00 20.00
41-80 lines	15.00 30.00
81-320 lines	35.00 70.00
Over 320 lines	Actual Cost Actual Cost

Special conditions applicable in Weaverville are authorized to be made effective in all other exchanges.

Service Connection Charges,

Schedule R. & R. No. 30, Covelo and Laytonville
Schedule No. A-11, Garberville
Schedule No. A-10, Weaverville

	<u>Charge</u>	
	<u>Residence</u>	<u>Business</u>
	<u>Service</u>	<u>Service</u>
(1) New and additional service:		
Instrumentalities not in place:		
Each individual or party line		
primary station	\$5.00	\$7.00
Each private branch exchange or		
intercommunicating system trunk	5.00	7.00
Each private branch exchange or		
intercommunicating system station,		
except operator's sets	3.00	3.00
Each extension station	3.00	3.00

EXHIBIT A
Page 5 of 10

RATES (Continued)

Service Connection Charges (Continued)

	<u>Charge</u>	
	<u>Residence Service</u>	<u>Business Service</u>
(a) Instrumentalities in place and no change of location or type of facilities involved:		
Each service including all stations and supplemental equipment connected thereto .	\$3.00	\$3.00
Each private branch exchange or inter-communicating system, complete with trunks	3.00	3.00

Special conditions applicable in Weaverville are authorized to be made effective in all other exchanges.

Joint User Service, Schedule No. A-13, Covelo and Laytonville

	<u>Monthly Rate</u>
Each joint user service in connection with business flat rate service	\$2.00

EXHIBIT A
Page 6 of 10

RATES (Continued)

Schedule No. B-1, Message Toll Telephone Service

APPLICABILITY

Applicable to message toll telephone service.

TERRITORY

Between toll stations and exchanges connected by toll facilities owned or operated by the company.

RATES

(1) Mileage and corresponding rates for different classes of service between any two toll points:

		<u>Station Service</u>				<u>Person Service</u>			
		<u>Paid and Collect^a</u>				<u>Paid and Collect</u>			
<u>Mileage</u>		<u>Day</u>	<u>Exc.</u>	<u>Sun.</u>	<u>Night and Sunday</u>	<u>Day (Except Sunday)</u>	<u>Night and Sunday</u>		
	<u>Up to</u>	<u>First</u>	<u>Each</u>	<u>First</u>	<u>Each</u>	<u>First</u>	<u>Each</u>	<u>First</u>	<u>Each</u>
	<u>and</u>	<u>3</u>	<u>Add.</u>	<u>3</u>	<u>Add.</u>	<u>3</u>	<u>Add.</u>	<u>3</u>	<u>Add.</u>
<u>Over</u>	<u>Incl.</u>	<u>Mins.</u>	<u>Min.</u>	<u>Mins.</u>	<u>Min.</u>	<u>Mins.</u>	<u>Min.</u>	<u>Mins.</u>	<u>Min.</u>
0	10	\$0.10	\$0.05 ^b	Same as day rate	\$0.30	\$0.10	\$0.05	Same as day rate	
10	15	.15	.05	Same as day rate	.35	.10	.05	Same as day rate	
15	20	.20	.05	Same as day rate	.40	.10	.05	Same as day rate	
20	25	.25	.05	Same as day rate	.45	.15	.05	Same as day rate	
25	30	.30	.10	Same as day rate	.50	.15	.10	Same as day rate	
30	35	.35	.10	Same as day rate	.55	.15	.10	Same as day rate	
35	40	.40	.10	Same as day rate	.60	.20	.10	Same as day rate	
40	50	.45	.15	Same as day rate	.65	.20	.15	Same as day rate	
50	60	.50	.15	Same as day rate	.75	.25	.15	Same as day rate	
60	70	.55	.15	\$0.50	\$0.15	.80	.25	.15	\$0.75 \$0.25 \$0.15
70	85	.60	.20	.50	.15	.90	.30	.20	.80 .25 .15
85	100	.65	.20	.55	.15	.95	.30	.20	.85 .25 .15
100	115	.70	.20	.60	.20	1.05	.35	.20	.95 .30 .20
115	130	.75	.25	.65	.20	1.10	.35	.25	1.00 .30 .20
130	150	.80	.25	.70	.20	1.20	.40	.25	1.10 .35 .20

a. The minimum charge for a station service collect call is \$0.30 for the first 3 minutes, \$0.10 for each minute for the first three minutes of overtime and \$0.05 for each minute over the first three minutes of overtime.

b. \$0.05 for each 2 minutes of overtime.

(2) Toll guarantee for each toll station

\$5.50 per month.

EXHIBIT A
Page 7 of 10

RATES (Continued)

Schedule No. B-1, Message Toll Telephone Service (Continued)

SPECIAL CONDITIONS

1. Rates shown in this schedule apply to message toll telephone service furnished between points on the lines owned or operated by this company. Service between points on the company's lines and points reached over the lines of the connecting companies is furnished at the through (direct) rates quoted by the connecting companies.

2. Measurement of Rate Mileage:

- a. The rate distance between points which are 40 miles or less direct air-line distance from each other is the direct air-line distance between points as scaled on United States Government Post Route maps, edition of 1914.
- b. The rate distance between points which are more than 40 miles and not exceeding 350 miles from each other direct air line is the air-line distance between the centers of blocks within which the points of communication are located.
- c. The block and section scaling system for purposes of measuring toll rate distance between points more than 40 miles and less than 350 miles distant by direct measurement, consists of a grid containing sections 35 miles square, each section subdivided into 25 blocks 7 miles square, so placed on a polyconic projection of a Government survey map of the United States that section lines coincide with a line drawn approximately north and south through the center of the United States, with a line at right angles thereto passing through the center of the northwest point of the international boundary line in the Strait of George.

3. Two classes of toll telephone service are offered; namely, Station service and Person service. For each class of service day, night and Sunday rates apply on the lines of this company as follows:

- a. Day rates apply from 4:30 a.m. to, but not including, 6 p.m. on all days except Sunday.
- b. Night and Sunday rates apply daily from 6 p.m. to, but not including 4:30 a.m., and on Sundays from 4:30 a.m. to, but not including, 6 p.m. Night and Sunday rates also apply on Thanksgiving Day (the fourth Thursday in November), on Christmas Day (December 25), and on New Year's Day (January 1). In case the Christmas and New Year's legal holidays fall on dates other than December 25 and January 1, Sunday rates apply as provided above on such legal holidays.
- c. The time at the calling station, when connection is established, governs the application of day, night and Sunday rates.

EXHIBIT A
Page 8 of 10RATES (Continued)Schedule No. B-1, Message Toll Telephone Service (Continued)SPECIAL CONDITIONS (Continued)

4. Station service is that service under which the person originating the call gives only the telephone number of the station or private branch exchange system desired or the name and address under which the telephone is listed and does not specify a particular person or private branch exchange station to be reached at the called point.

The measurement of the duration of a station call for the purpose of application of rates shall begin at the moment telephone communication is established between the calling station and the called station or private branch exchange.

5. Person service is that service under which orders are accepted to establish communication between specified persons, or a particular station reached through a private branch exchange. The measurement of the duration of a person call for the purpose of the application of rates shall begin at the moment when communication begins with or between the particular person or persons specified in the order, or other party acceptable to the person calling, or the private branch exchange station called.

6. Charges for all classes of telephone calls are billed against or collected from the calling telephone, except that upon request toll charges on calls may be billed against or collected from the called telephone (i.e., charges may be reversed) if the charges are accepted at the called station, or by special arrangement the calls are billed against a third party telephone. Reversal of charges on Station service calls is permitted when "anyone" answering accepts the charges.

Special Conditions 5, 6, 7, 8, 9, 10, and 11 presently effective at Weaverville are authorized to be made effective as Special Conditions 7, 8, 9, 10, 11, 12, and 13, respectively.

Not later than six months from the effective date of this order, the basic toll station mileage and rate sheets shall be revised in accordance with the basic message toll telephone schedule authorized herein.

Schedule No. C-1, Telegraph ServiceAPPLICABILITY

Applicable to telegraph service.

TERRITORY

Between toll stations and exchanges connected by toll facilities owned or operated by the company.

RATES

✓ (1) Telegraph rate mileages between points within squares in the territory served by the company.

EXHIBIT A
Page 9 of 10

RATES (Continued)

Schedule No. C-1, Telegraph Service (Continued)

RATES (Continued)

Squares	2102	2104	2301	2303	2305	2500	2502	2504	2701	2703
2102	0									
2104	50	0								
2301	56	91	0							
2303	56	56	50	0						
2305	91	56	100	50	0					
2500	112	142	56	91	135	0				
2502	100	112	56	56	91	50	0			
2504	112	100	91	56	56	100	50	0		
2701	153	168	100	112	142	56	56	91	0	
2703	153	153	112	100	112	91	56	56	50	0

The above squares and related mileages are those regularly used by The Western Union Telegraph Company in applying its rates. For rate purposes the State of California is overlaid with 50-mile squares, arranged in staggered fashion. The rates for telegraph messages are directly related to the distance between the center of the rate square of the point of origin and the center of the rate square of the point of destination.

	<u>0-75 Miles</u>	<u>76-125 Miles</u>	<u>126-225 Miles</u>
(2) <u>Full Rate Telegram</u>			
First 10 words or less	\$0.35	\$0.40	\$0.50
Each additional word	.02	.03	.04
(3) <u>Day Letter</u>			
First 50 words or less	.50	.60	.75
Each additional 5 words or less:			
51-100 words	.03	.04	.05
101-200 words	.03	.03	.04
Over 200 words	.02	.02	.03
(4) <u>Night Letter</u>			
First 25 words or less	.30	.30	.35
Each additional 5 words or less:			
26-50 words	.03	.04	.05
51-100 words	.03	.03	.04
Over 100 words	.02	.02	.03

SPECIAL CONDITIONS

1. Full rate telegrams are accepted for immediate transmission.
2. Day letters are accepted for forwarding as a deferred service, subordinate to the priority of transmission and delivery of full rate telegrams.

EXHIBIT A
Page 10 of 10

RATES (Continued)

Schedule No. C-1, Telegraph Service (Continued)

SPECIAL CONDITIONS (Continued)

3. Night letters are accepted at any time during the day and up to 2 a.m. for delivery not earlier than the following morning, or the morning of the next business day in the case of business messages. Night letters accepted between midnight and 2 a.m. will be dated as of the previous day. Night letters may, at the option of the company, be mailed at destination to the addressee, and the company shall be deemed to have discharged its obligation in such cases.

4. All telegraph service handled by the company is subject, with respect to codes, counting of words, collect messages, and servicing, to the rules and regulations of The Western Union Telegraph Company.

5. Rates shown in this schedule apply between points on company owned or operated lines. Rates between points on company owned or operated lines and points on lines of connecting companies are the regularly published rates of the connecting companies.

List of Toll Stations

File a list of toll stations and exchanges showing the applicable message toll telephone block and section number and telegraph rate square.

Consolidation of Tariff Schedules

Consolidate the tariff schedules of the predecessor J. P. Thomas Telephone Company and the Willits Telephone and Telegraph Company with those of The Western Telephone Company. Such consolidation shall be completed not later than six months from the effective date of this order.

of current forms that normally are used in connection with customer services.

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

Dated at San Francisco, California, this 14th day of

August, 1951.

A. J. Zimmerman
Justin J. Calver
Harold A. Huls
Kenneth J. Potter

Commissioners.