

Decision No. 46477

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application  
of CITIZENS UTILITIES COMPANY OF  
CALIFORNIA, a California corporation,  
for Authority to Increase Intrastate  
Rates and Charges Applicable to  
Telephone Toll and Exchange Service. )

) Application No. 31842  
) (Third Supplemental)

Appearances and list of witnesses  
are set forth in Attachment "1".

OPINION ON THIRD SUPPLEMENTAL APPLICATION

Citizens Utilities Company of California, operating public utility telephone and water systems at various locations in northern California with general offices at Redding, filed the above-entitled application on October 16, 1950 for authority to increase permanently telephone rates; but for the immediate future seeking an interim increase of \$102,000 per annum. On December 21, 1950, it filed the first supplemental application requesting that this amount be increased to \$185,000 on an interim basis pending final disposition of the entire proceedings. In February, 1951, at one of the public hearings, the applicant further amended its application to request increases in the amount of \$192,000 for the year 1951.

Following six days of public hearings during February, 1951, on the first supplemental application, the Commission on March 27, 1951 issued Decision No. 45497 which authorized telephone rate increases of \$125,000 per year effective May 1, 1951. In July 6, 1951, the applicant filed the second supplemental application requesting upward revisions of the interim rates to receive additional gross revenues of not less than \$64,500 per year

*CORRECTION*

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THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

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pending establishment of permanent rates. Before additional public hearings were held, the applicant on October 1, 1951 filed the third supplemental application requesting permanent rates to produce gross revenues in addition to the interim rates granted of not less than \$128,345, and requesting dismissal of the second supplemental application. Thus, the Commission now has before it a request for a permanent over-all increase of \$253,345 or approximately 40% on the average.

Seven days of public hearings were held on the third supplemental application before Commissioner Kenneth Potter and Examiner M. W. Edwards, as follows:

October 16, 1951 at Elk Grove, California.  
October 17, 18, 1951 at Rio Vista, California.  
October 22, 1951 at Ferndale, California.  
October 23, 24, 25, 1951 at Redding, California.

#### Company's Position

Applicant claims that the approximate 5% rate of return authorized by the interim decision in this proceeding is not sufficiently high to attract capital for acquiring new plant to improve service conditions. All necessary financing is obtained from its parent company, Citizens Utilities Company, a Delaware corporation. Applicant also claims that this source of capital is the most practical and economic source. Based on market prices for securities of the parent company, a rate of return in excess of 7% on its California telephone properties is being sought. Extraordinarily large additional plant investments are being required by the growth in number of, and improved service standards desired by, applicant's subscribers. Over a four-year period of time applicant claims that its rate base will have more than trebled. Its 1951 construction program alone totals over \$800,000 and total plant expenditures in this four-year

period will aggregate approximately \$1,750,000. For the 12-month period ending July 31, 1951, applicant claims that it had a rate of return of less than one-half the "investor-required rate of return." Applicant claims that the rates established by the interim decision herein permit earning a rate of return of only 3.99% on average rate base for the 12 months ending July 31, 1952 and that this is insufficient to permit it to raise the permanent funds necessary to keep the program of improvement on a sound financial basis.

#### Subscriber Showing

During the course of the 13 days of public hearings on the interim and the final rate matters several subscribers and subscriber representatives appeared at each of the areas where hearings were held and certain offered testimony as to the type of service being rendered as well as to the effect of the proposed rates. In addition the Commission received many letters protesting the requested increases, some containing suggestions of things to do in lieu of a rate increase. Careful consideration has been given by the Commission to all matters brought to its attention by the letters and the testimony of subscribers and their representatives.

At the hearing in Elk Grove six subscribers or subscriber representatives presented testimony, their principal concern being improved and additional service for the Alta Mesa Fire District, inability to obtain service intallation outside of the base rate area, delay in obtaining an operator, and inadequate central office equipment because the switchboard lacks modern operating features. The representative of the Elk Grove Business Men's Association protested any further increase in rates, claiming the company's proposed rates are excessive for the type of service being rendered.

During the first set of hearings in the Rio Vista area several subscribers appeared and complained as to quality of service. Particular complaints included slow answering time by operators, cutoffs on long distance calls, inability to get long distance calls through and difficulty in recalling operators. Complaint also was made relative to the inability of new subscribers to obtain service. At the final set of hearings in Rio Vista only the representative for the Rio Vista Chamber of Commerce and Solano County Board of Supervisors appeared and cross-examined the company's witness as to reasons for delay in completion of the installation of dial equipment in Rio Vista beyond the December 31, 1951 scheduled date.

At the Ferndale hearing 11 subscribers or subscriber representatives presented testimony concerning service conditions at Ferndale. Major problems appeared to be difficulty in raising an operator, inability to recall an operator after completing a call, cutoff during conversation and inaccuracy of ringing on party lines; also that the company had failed to provide a dial system which was promised in 1949 for completion in September, 1950, as appears in the record in Application No. 30023. Two subscribers, however, testified that they preferred the manual system because of the service rendered by the operators.

At the hearings in Redding on this third supplemental application only one subscriber returned to offer additional protest with regard to the proposed increase in rates. This representative, who is a member of the Lassen County Board of Supervisors, manages a local farmer line. This farmer line has 15 subscribers and he protested the proposal to increase the rates for the company's services. He expressed doubt that the farmers on his line would be interested in paying higher rates for an

improved grade of service similar to 10-party suburban service now rendered by the company, or for the relief that could be obtained by the farmer line organization constructing additional facilities.

Applicant's Construction Program

The position taken by the applicant was that its extensive authorized construction program set forth in Exhibit No. 39 will offer a practical solution to the many complaints received in each of the service areas of the company. A witness for the applicant stated that because of material shortages not within the utility's control, it was necessary for the applicant to postpone the scheduled completion dates as estimated last February by one to four months for many of the 36 various items listed in its program. Some of the complaints, it maintained, were impossible of reasonable economic solution because of the characteristics of areas being served. For example, in the Ferndale and Elk Grove exchanges the applicant claimed that the manual switchboards, in conjunction with rehabilitated outside plant, will provide reasonable telephone service and that it was beyond economic means to provide a high type service of metropolitan grade for the suburban line customers. While in Susanville the central office had been converted to a dial system as of September, 1951, there still remains some rearrangement of outside plant before the full benefits of the dial conversion is realized. In Rio Vista there is evidence of cable construction and new building construction which indicates fairly prompt relief for that area as soon as the central office equipment is installed. Improvement in toll service in the Susanville Division between Alturas and Redding is dependent upon completion of a microwave system. In view of the accumulated complaints received, it is

apparent that applicant's proposed improvements are urgently needed and the company should continue to expedite the program in so far as practicable.

### Evidence of Earnings

The applicant presented a pro forma estimate of earnings of Citizens Utilities Company of California, Telephone Division, for the year ending July 31, 1952, and the Commission staff presented a pro forma estimate as of July 31, 1952, which is on essentially the same basis as applicant's estimate. In addition, both presented analyses of operating results for prior periods. The pro forma estimates give full weight to the contemplated system improvements as well as the consequent increased revenues and expense savings resulting therefrom on a full year's operations. The company's and the staff's showings may be compared as follows:

#### Pro Forma Earnings Estimates - 12 Months Ending 7-31-52\*

Item	Present Rates		Proposed Rates#	
	Company	Staff	Company	Staff
<u>Return for Telephone</u>				
<u>Department</u>				
Revenue	\$ 770,807	\$ 783,900	\$ 899,152	\$ 934,000
Expenses and Taxes	641,203	657,400	710,754	738,400
Net Revenue	129,604	126,500	188,398	195,600
Rate Base	2,707,057	2,710,600	2,707,057	2,710,600
Rate of Return	4.79%	4.67%	6.96%	7.22%
<u>Rate of Return by</u>				
<u>Divisions</u>				
Elk Grove	4.61%	6.51%	9.93%	13.02%
Rio Vista	5.88	5.72	11.19	11.61
Ferndale	2.29	2.77	10.49	12.20
Susanville	4.73	4.41	5.89	5.75

\* The Commission staff's pro forma estimate is as of July 31, 1952.

# Per Third Supplemental Application.



The company took exception to certain estimates of the staff with regard to the revenues and expenses. The staff revenue estimate at the proposed rates was higher by approximately \$35,000 which was primarily due to the fact that the company had used a "safety factor" in its estimate of increased business, as well as a lower level of expected number of toll calls. With regard to expenses, the company took exceptions to the exclusion by the staff of part of the general expenses of the parent company from its Greenwich, Connecticut office, which the parent company had allocated to California telephone operations on a gross revenue basis.

The witness for the Commission's staff on revenues testified that the estimate of revenues prepared by the company had failed to evaluate properly the growth and upgrading potentialities of the area after the improved facilities are in operation. A witness for the company took an opposite view and foresaw a recession in the area due to reduced demand for lumber with the government's curtailment on new residential housing construction. There is no question as to the growth potential of the area and the important position of the lumbering industry of northern California in the national picture. In addition, the staff witness pointed out that toll business in the area could just as well show an increase as show a decrease because of the large latent demand for service. We are of the opinion that this is one of the business risks which the utility must take and we find no reason for applying safety factors to a normalized trend estimate.

The witness for the Commission's staff on general expenses described his method of allocating the parent company's mutual service billing to the California company. The deduction of 15% of allocated parent company expenses remaining after fully

allowing charges where parent company personnel were assigned to California, and after excluding certain items considered to be wholly investor costs, was made on a judgment basis because of failure of the utility to supply detailed information about the parent company's operations, as required by Decision No. 43134 in Application No. 30023. The deductions made by the staff witness from the parent company's charges were intended to cover the exclusion of costs pertaining to investors' and holding company interests not properly allocable to the California telephone operations. On the basis of this record the operating results and rate base submitted by the staff will be adopted for the purpose of the decision herein.

Rate of Return

Applicant's request for a rate of return in excess of 7% is predicated, among other things, on the market prices of the securities of the parent company. In our opinion, such securities and the terms under which they were issued or at which they are being traded on the market do not provide a measure of value of applicant's properties for the determination of rates to be charged for its service or of the return which it should be authorized to earn on its investment in its properties. It should be pointed out that the Commission has not passed upon the issue of any securities by the parent company.

Applicant itself does not issue and sell its securities to the general public. In general, it obtains funds for its capital purposes from the parent company, such amounts being represented primarily by notes and advances. Recently, by our order in Application No. 32763, we have authorized applicant to refinance its capital structure through the issue of a new note

and the issue of 5½% cumulative preferred stock in exchange for indebtedness. Its capital structure as of July 31, 1951, for the company as a whole, giving effect to its refinancing program, is shown in the following tabulation:

	<u>Amount</u>	<u>Per Cent</u>
3½% debentures	\$ 1,325,000	39%
5½% preferred stock	1,000,000	30
Equity capital -		
Common stock	\$ 500,000	
Surplus	<u>545,500</u>	<u>31</u>
Total	3,370,500	100

The record shows that for a number of years dividends were paid on the outstanding common stock at the rate of 12% of the stated value, but that no dividends have been paid since 1945, the earnings from operations having been invested in plant. Exhibit No. 49 shows earnings on equity capital, from applicant's combined operations, as follows:

	<u>Net Income</u>	<u>Earnings on Equity</u>
1946	58,401	9.12%
1947	71,028	10.12
1948	73,999	9.41
1949	99,854	11.60
1950	81,009	8.43
1951 (7 months)	47,184	4.68

A review of the record clearly indicates that applicant is in need of additional revenues if it is to earn a reasonable return on its investment. In reviewing this matter, consideration has been given, among other things, to earnings enjoyed by other somewhat comparable California utilities, and to applicant's interest and dividend requirements. It appears that a return of 6½% on applicant's investment should produce sufficient revenues to meet the financial requirements of this utility. It is our opinion and we hereby find that a return of 6.5% on the adopted telephone department rate base is fair and reasonable.

Conclusion on Earnings

Having given consideration to all estimates of revenues and expenses for the pro forma year ending July 31, 1952, reflecting present rates, we find that for that test year the company will realize net revenue of approximately \$127,000. On the basis of this finding, we conclude that additional gross revenues of \$108,300, over and above the interim rates previously authorized, will be required to provide applicant with a return of 6.5% on a rate base of \$2,710,000 for the test year.

Authorized Rates

In spreading the increase in rates, we have attempted to maintain a balance as between districts and exchanges, taking into account their sizes, type of service rendered, and peculiar conditions of the territory that might affect the cost of providing service. Rate levels and differentials as between grades of service on other systems serving somewhat comparable areas also have been considered. Consideration has been given to the contentions of the subscribers and their representatives in fixing the rate levels, in so far as consistent with the economic problems involved.

In the Susanville Division the company's proposed rate levels would yield a rate of return of 5.75%. This is below the 6.5% over-all system average rate of return found reasonable and will require some upward adjustment from the company's proposal as a step toward equalization of returns by areas commensurate with the type and cost of service furnished. We believe the proposed rates for exchange service are as high as are presently warranted. Applicant proposes in the Susanville Division a timed toll terminal surcharge of 10 cents for the first three minutes and 5 cents for each additional two minutes on each intrastate

toll message, to replace the present flat terminal charge of 10 cents per intrastate toll message. Exhibit No. 53 shows that an overtime surcharge of 5 cents for each additional minute, coupled with the 10-cent initial period surcharge, would yield approximately \$13,000 more annual revenue than applicant's proposal. Such a toll surcharge will be authorized for the Susanville Division.

The rates of return in the Elk Grove, Rio Vista, and Ferndale areas under applicant's proposed rates are all above a 6.5% level and therefore only a portion of the requested increase in each of these areas will be granted. The exchange rates for basic services in each of these areas will be set at the same level as the Commission recently authorized for The Pacific Telephone and Telegraph Company for similar sizes of exchanges. No toll surcharge will be authorized in the Elk Grove area. In the Rio Vista and Ferndale areas a toll surcharge of 5 cents for the first three minutes and 5 cents for each additional three minutes on each intrastate toll message will be authorized.

A comparison of the present interim rates for the basic classes of telephone service in the larger exchanges with the rates requested by the applicant and those authorized in the order herein follows:

Exchange	Residence Service			Business Service	
	1-Party	2-Party	4-Party	1-Party	2-Party
	<u>Present Interim</u>				
Alturas	\$5.25	\$4.50	\$4.00	\$7.75	\$6.25
Elk Grove	3.75	3.25	2.75	5.75	4.75
Ferndale	3.75	3.25	2.75	5.75	4.75
Rio Vista	3.75	3.25	2.75	5.75	4.75
Susanville	5.25	4.50	4.00	7.75	6.25
	<u>Requested</u>				
Alturas	5.75	5.00	4.50	9.00	7.50
Elk Grove	5.00	4.00	3.50	7.25	6.00
Ferndale	5.00	4.00	3.50	7.25	6.00
Rio Vista	5.50	5.00	4.50	8.00	6.50
Susanville	5.75	5.00	4.50	9.00	7.50
	<u>Authorized</u>				
Alturas	5.75	5.00	4.50	9.00	7.50
Elk Grove	4.05	3.50	2.95	6.50	5.25
Ferndale	4.05	3.50	2.95	6.50	5.25
Rio Vista	4.05	3.50	2.95	6.50	5.25
Susanville	5.75	5.00	4.50	9.00	7.50

In addition to the increases in basic rates set forth above, the applicant also requests increases in the basic rates in certain of its smaller exchanges in the Susanville Division, and increases in the monthly rates for business four-party and residence six-party service and suburban service. The increases in rates for these services authorized by the order herein are set forth in Exhibit A attached hereto. The increases authorized in basic rates are estimated to increase annual revenues by \$43,000.

The applicant also requests the discontinuance of the present discount of 25 cents per month for service with a wall set station, and requests increases in rates for extension and PBX stations, and PBX switchboard equipment and trunks. Increases are also requested in rates for farmer line service, suburban

mileage charges, foreign exchange service, directory listings, joint user service, inter-exchange receiving service, semipublic service, and items of supplemental equipment. The increases authorized in these miscellaneous services are estimated to produce added annual revenues of \$11,000.

A timed toll terminal charge is authorized to apply in the Rio Vista, Ferndale, and Susanville Divisions to each intrastate toll message as discussed above. Increases are also authorized in the guarantee on semipublic toll stations, in rates for telegraph service and for inter-exchange private line telephone channels as requested by the applicant. Increases authorized in toll rates and charges are estimated to produce added annual revenues of \$53,600.

Classified directory advertising rates are proposed by the company in its Ferndale exchange. This service is not offered in Ferndale at present. The rates authorized in the following order for this service are estimated to produce added annual revenues of \$700.

The company proposes to revise and expand the base rate areas at Burney, Elk Grove, Keddie, and Greenville to discontinue Ravendale as an exchange, to review certain other small exchanges for possible alternate service arrangements, and to review exchange boundaries for possible revision. These changes are proposed to be made over a period of approximately 18 months.

In total the increases in exchange, toll and directory advertising rates authorized in the following order and discussed above are estimated to increase annual revenues by \$108,300 when related to the pro forma year ending July 31, 1952.

Conclusion

After reviewing all of the evidence brought before us in this matter, it is our conclusion that an order should be issued increasing the rates in accordance with the findings herein on a programmed basis. Inasmuch as applicant's showing of need for an increased income was predicated on a pro forma showing, assuming completion of the programmed construction, the dates of certain increases in exchange rates in the various areas will be contingent upon the dates the improvements are completed and made available for use by the public. With regard to the increase in toll rates, it is our conclusion that these should not await all of the toll circuit improvements because regular and increased toll charges are not assessed unless the service is received. Under this basis approximately 10% of the increase in rates and charges authorized herein will not become effective until completion of various construction program items already discussed.

During the past several years the company has made substantial expenditures for telephone plant additions and betterments. It has further evinced its obligations to upgrade the service by continuing substantial capital expenditures during the remainder of 1951 and the first seven months of 1952, for projects which will provide additional and improved service.

O R D E R

Citizens Utilities Company of California, having applied to this Commission for an order authorizing an increase in intrastate rates and charges, 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 for the future period under the conditions as hereinafter provided, are unjust and unreasonable; 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, revised tariff schedules in accordance with the changes set forth in Exhibit A attached hereto, and, on not less than one (1) day's notice to the Commission and to the public, to make said tariff rates effective for service furnished on and after December 20, 1951, except as otherwise specified in Exhibit A attached hereto.
2. Applicant shall furnish monthly construction progress reports detailed by items until the construction work listed in Exhibit No. 39 is completed. The reports are due on the tenth day of each month, indicating the status of work on the last day of the month preceding the month in which the report is submitted.

IT IS HEREBY FURTHER ORDERED that the second supplemental application herein is hereby dismissed.

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

Dated at Los Angeles, California, this 27<sup>th</sup> day of November, 1951.

*R. F. [Signature]*  
President.  
*Justice J. [Signature]*  
*Harold J. [Signature]*  
*[Signature]*  
*[Signature]*  
Commissioners.

ATTACHMENT "1"

LIST OF APPEARANCES

Appearances for Applicant: Orrick, Dahlquist, Neff and Herrington,  
by George H. Johnston.

Protestants: California Farm Bureau Federation by Eldon Dye and Edson Abel; Rio Vista Chamber of Commerce and Solano County Board of Supervisors by John R. Aye; Inter County Chambers of Commerce of Northern California by Edward M. Berol and Scott L. Harrington; City of Susanville by James A. Nutting; Lassen County Board of Supervisors by Herbert Totten; Elk Grove Business Men's Association by Bunn B. Smith; Humboldt County Farm Bureau by A. V. Chapin; Mrs. Margaret Hughes in propria persona.

Interested Parties: C. A. Flodin, Editor, River News by Merle Steiber; Ferndale Chamber of Commerce by Lyle Davie; City of Ferndale by Mayor Peter Peterson.

Commission's Staff: C. T. Mess and Wilson E. Clino.

LIST OF WITNESSES

Evidence was presented on behalf of the applicant by Joseph C. Briggs, Thomas H. Underwood, Howard Calinoff, Jesse A. Pousseau, David H. Steele, Beatrice Winslow, Bernice L. Varian, Richard L. Rosenthal.

Evidence was presented on behalf of the protestants and interested parties by Hillis Hubbard, Elmer Kirkpatrick, J. Novjack, James A. Nutting, Herbert Totten, Esther Lawson, Ervin F. Bartel, Ed Washburn, Carl Hillman, Bill Peard, Ernest C. Robinson, Lester Agee, Evelyn Thomas, Mary Smith, Maurice Smith, Bunn B. Smith, George C. Gordon, Charles F. Brown, Carroll Wilson, William Brann, Mrs. Ray Ish, Albert Lioniz, William Laurie, Arthur C. Jenkins, Sonoma D. Smith, Della B. Miller, Robert Smith, Mrs. Tom Stephenson, Mrs. Harvey Blodgett, H. D. Kukak, A. V. Chapin, Lyle Davie, J. J. Deuel, Olivia Bregdon, Peter Petersen, Margaret M. Hughes, Orville W. Rees, Ada Swartzel, Jarrel Nielson.

Evidence was presented on behalf of the Commission's staff by Charles W. Mors, Marshall J. Kimball, William Dunlop, Edward C. Crawford, C. G. Ferguson.

Witness called by the Commission: Emma L. Peterson, Chief Operator at Ferndale.

EXHIBIT A  
Page 1 of 8

RATES

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

Increases in basic rates for residence one-party, two-party, four-party, six-party, suburban, and farmer line services, and for business one-party, two-party, four-party, suburban, farmer line services, PEX trunks, business ICS trunks, and the daily guarantee for semipublic services in the following listed exchanges as set forth in Schedules A-1, A-1(a), A-2, A-3, A-4, A-6, and A-10 are authorized to be filed by advice letter coincident with the submission to the Commission of a verified affidavit indicating the substantial completion and realization of service improvements from the following listed construction projects as set forth in Exhibit No. 39. The present interim rates for the above-mentioned services are continued in effect in the exchanges listed below until the above-mentioned increased rates are authorized by Commission resolution.

<u>Exchange</u>	<u>Exhibit No. 39 Project No.</u>	<u>Anticipated Scheduled Completion Date</u>
Elk Grove	23 & 31	June 30, 1952
Rio Vista	14, 15, 15-1, 16 & 17	April 1, 1952
Ferndale	13	March 31, 1952
Montgomery Creek	6	March 15, 1952
Likely	5	March 15, 1952

Title Page  
Preliminary Statement

Revise title page and preliminary statement as indicated in Exhibit 46, page 4. Ravendale exchange is authorized to be canceled from the list of exchanges set forth in the preliminary statement.

Maps

Revise and extend base rate areas of Burney, Elk Grove, Keddie, and Greenville exchanges as set forth in Exhibit 46, page 6. Such revisions shall be completed not later than six months from the effective date of this order. The map of the Ravendale exchange is authorized to be canceled.

EXHIBIT A  
Page 2 of 8  
RATES (Continued)

Schedule No. A-1, Flat Rate Exchange Service

Group	Rate Per Month - Each Primary or Extension Station							
	Residence				Business			
	Flat Rate Service				Flat Rate Service			
	1-Party	2-Party	4-Party	Exten.	1-Party	2-Party	Exten.	
A	\$3.25	\$ -	\$2.50	\$1.25	\$4.75	\$4.25	\$1.75	
B	4.05	3.50	2.95	1.25	6.50	5.25	1.75	
C	5.00	-	4.25	1.25	8.00	6.50	1.75	
D	5.75	5.00	4.50	1.25	9.00	7.50	1.75	

Group A, Crescent Mills, Doyle, Ingot, Keddle.

Group B, Elk Grove, Ferndale, Rio Vista.

Group C, Adin, Bieber, Burney, Canby, Cedarville, Chester, Eagleville, Fall River Mills, Fort Bidwell, Greenville, Lake City, Likely, Montgomery Creek.

Group D, Alturas, Susanville.

- Service not offered.

The wall set differential is authorized to be canceled.

Schedule No. A-1 (a), Flat Rate Exchange Service

Revise applicability to read:

"Applicable to business four-party line and residence six-party line flat rate local exchange telephone service."

Exchange or Group	Rate Per Month-Each Primary or Extension Station			
	Residence		Business	
	Flat Rate Service		Flat Rate Service	
	6-Party	Exten.	4-Party	Exten.
Elk Grove	\$2.70	\$1.25	\$ -	\$ -
Rio Vista	-	-	5.00	1.75
Canby	-	-	5.50	1.75
Group E	-	-	4.00	1.75
Group F	-	-	6.00	1.75

Group E, Crescent Mills, Doyle, Keddle.

Group F, Bieber, Burney, Fall River Mills, Greenville.

- Service not offered.

The wall set differential is authorized to be canceled.

Rates for business four-party line service are authorized to be canceled in the Cedarville, Eagleville, Fort Bidwell, Ingot, Lake City, Likely, Montgomery Creek, and Susanville exchanges. Rates for business and residence eight-party line service in the Susanville exchange are authorized to be canceled.

Existing rates for extension stations in the Cedarville, Eagleville, Fort Bidwell, Ingot, Lake City, Likely, Montgomery Creek, and Susanville exchanges are authorized to be canceled.

EXHIBIT A  
Page 3 of 8

RATES (Continued)

Schedule No. A-1 (a), Flat Rate Exchange Service (Continued)

Delete the following phrase from Condition 1:

"Susanville eight-party service not subject to mileage rates."

Delete the following exchanges from those listed in Condition 3:

"Cedarville, Eagleville, Fort Bidwell, Lake City, and Susanville."

Add the following special condition:

"Within Crescent Mills, Doyle, and Keddie exchanges, the above rates and conditions apply only to stations served from four-party lines prior to December 20, 1951, furnished to the same subscriber, on the same premises, and service under this schedule in the above-specified exchanges will be discontinued to any particular subscriber when the company offers to provide business two-party line service to that subscriber."

Schedule No. A-1 (b), Flat Rate Exchange Service

This schedule is authorized to be canceled coincident with the provision of dial service at Montgomery Creek exchange.

The wall set differential is authorized to be canceled.

Schedule No. A-1 (c), Wall Telephone Set

This schedule is authorized to be canceled.

Schedule No. A-1 (d), Base Rate Areas

Ravendale exchange is authorized to be canceled from the list of exchanges shown in this schedule.

This schedule is authorized to be canceled coincident with the filing of revised base rate area maps for the Crescent Mills, Doyle, and Greenville exchanges. Such revisions in base rate areas shall be completed not later than six months from the effective date of this order.

EXHIBIT A  
Page 4 of 8

## RATES (Continued)

Schedule No. A-2, Suburban Exchange ServiceRate Per Month—Each Primary or Extension Station  
Suburban Flat Rate Service

<u>Exchange or</u> <u>Group</u>	<u>Residence</u>		<u>Business</u>	
	<u>10-Party</u>	<u>Exten.</u>	<u>10-Party</u>	<u>Exten.</u>
Paynes Creek	\$2.00	\$1.25	\$4.00	\$1.75
Group G	2.75	1.25	4.00	1.75
Group H	3.45	1.25	4.75	1.75
Group I	4.50	1.25	6.50	1.75
Group J	5.00	1.25	7.00	1.75

Group G, Bella Vista, Ingot.

Group H, Elk Grove, Ferndale, Rio Vista.

Group I, Adin, Bieber, Burney, Canby, Cedarville,  
Chester, Eagleville, Fall River Mills,  
Fort Bidwell, Greenville, Lake City,  
Likely, Mineral, Montgomery Creek,  
Taylorsville.

Group J, Alturas, Susanville.

The wall set differential is authorized to be canceled.

Schedule No. A-3, Farmer Line Exchange ServiceRate Per Month

<u>Exchange or</u> <u>Group</u>	<u>Each Station</u>		<u>Minimum</u> <u>Charge Per</u> <u>Line</u>
	<u>Residence</u>	<u>Business</u>	
Ferndale	\$0.75	\$1.00	\$6.50
Elk Grove	1.75	2.25	*
Group K	.75	1.00	4.75
Group L	1.00	1.25	8.00
Group M	1.00	1.25	9.00

Group K, Crescent Mills, Doyle, Keddle, Paynes Creek.

Group L, Adin, Bieber, Burney, Canby, Chester,  
Fall River Mills, Greenville, Likely,  
Mineral, Taylorsville.

Group M, Alturas, Susanville.

The rates for the Ravendale exchange are authorized to  
be canceled.

\* See B Condition No. 3 Cal. P.U.C. Sheet No. 1742-T.

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RATES (Continued)

Schedule No. A-4. Commercial and Hotel Private Branch Exchange Service - Exchanges Where Offered

	<u>Installation Charge</u>	<u>Rate Per Month</u>	
PEX Switchboard Rate: Cordless type switchboard, per position	\$80.00	\$10.00	
Trunk Rate: Each flat rate trunk line - 150% of the business individual line primary station rate rounded to the lower 25 cents multiple.			
Station Rate:	<u>Rate Per Month-Each Station</u>		
	<u>Commercial PBX</u>	<u>Hotel PBX Not in Guest Room</u>	<u>In Guest Room</u>
Exchanges where offered	\$1.75	\$1.75	\$1.25

The wall set differential is authorized to be canceled.

Schedule No. A-6. Business Intercommunicating System Service

	<u>Rate Per Month</u>
Each trunk: Rio Vista	\$9.75
Extension Stations: Each extension station without switching device	1.75

The rates for Susanville exchange are authorized to be canceled.

Schedule No. A-8. Foreign Exchange Service

Quincy Farmer Line Service in Keddie:

	<u>Rate Per Month</u>	
	<u>Residence</u>	<u>Business</u>
Each farmer line station	\$1.95	\$2.85

Add special condition to read:

"At the above rates for foreign exchange service, a listing is provided without additional charge in the alphabetical section of the local exchange directory as well as that of the foreign exchange."

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## RATES (Continued)

Schedule No. A-8, Foreign Exchange Service (Continued)Quincy Residence Suburban Service in Keddle:

	<u>Rate Per Month</u>
Each residence suburban line primary station	\$3.80
	Rate for each one-quarter mile or fraction thereof <u>Per Month</u>
Foreign exchange mileage rates: Residence suburban service	\$1.00

Add special condition to read:

"At the above rates for foreign exchange service, a listing is provided without additional charge in the alphabetical section of the local exchange directory as well as that of the foreign exchange."

Sacramento Business and Residence Service in Elk Grove:

	<u>Rate Per Month</u>
Primary service rates:	
Business message rate service:	
Each individual line message rate station including 200 exchange messages	\$20.25
Each additional exchange message	.05
Residence flat rate service:	
Each individual line station	5.15
Each two-party line station	4.10
Each suburban line station	4.05
	Rate for each one-half mile or fraction thereof <u>Per Month</u>
Elk Grove exchange area mileage rates:	
Business service:	
Each individual line station	\$3.50
	Rate for each one-quarter mile or fraction thereof <u>Per Month</u>
Residence service:	
Each individual line station	\$2.00
Each two-party line station	1.75
Each suburban line station	1.00

Add special condition to read:

"At the above rates for foreign exchange service, a listing is provided without additional charge in the alphabetical section of the local exchange directory as well as that of the foreign exchange."



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RATES (Continued)

Schedule No. A-10. Semipublic Telephone Service

Each local service individual line coin-box station:

<u>Group</u>	<u>Minimum Charge Per Day</u>
N	\$0.23
O	.28
P	.31
	<u>Rate Per Month</u>

Each extension station without coin box or dial \$1.75

- Group N, Elk Grove, Ferndale, Rio Vista.
- Group O, Adin, Bieber, Burney, Canby, Cedarville, Chester, Eagleville, Fall River Mills, Fort Bidwell, Greenville, Lake City, Likely, Montgomery Creek.
- Group P, Alturas, Susanville.

Schedule No. A-11. Mileage Rates - All Exchanges

Rate for each  
one-quarter mile or  
fraction thereof  
Per Month

Within suburban area:

In connection with:

Each individual line primary station, PEX or intercommunicating system trunk line, battery supply or ringing power supply circuit	\$0.75
Each two-party line primary station	.50
Each four-party line primary station	.35

Off premises extension and PEX stations:

The rates and conditions set forth on Cal. P.U.C. Sheets Nos. 1691-T, 1491-T, and 1492-T are authorized to be made effective in all exchanges.

Cal. P.U.C. Sheet No. 1692-T is authorized to be canceled.

Suburban area mileage rates for eight-party line primary station service are authorized to be canceled.

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## RATES (Continued)

Schedule No. A-12, Directory ListingsSchedule No. A-13, Joint User ServiceSchedule No. A-15, Inter-exchange Receiving ServiceSchedule No. A-17, Supplemental Equipment

The increases in rates and charges and revisions in conditions set forth in Exhibit 46, pages 5 through 11, inclusive, relating to the above schedules are authorized.

Ravendale exchange is authorized to be canceled from the list of exchanges set forth in Schedule No. A-13.

Schedule No. B-1, Toll Service

Each intrastate toll message:

Ferndale

Rio Vista

Susanville Division

Terminal Charge

\$.05(3) \$.05(3)

.05(3) .05(3)

.10(3) .05(1)

The above terminal charge of \$.05(3) indicates a rate of \$.05 for the first 3 minutes or fraction thereof and \$.05 for each additional 3 minutes or fraction thereof.

Schedule No. B-2, Toll Service - Station Service

Ravendale is authorized to be added to the list of toll stations where this service is furnished.

Schedule No. B-3, Toll StationsSchedule No. C-1, Telegraph ServiceSchedule No. D-1, Classified Telephone Directory Advertising ServiceSchedule No. G-1, Leased Line and Private Line Telephone Service

The increases in rates and charges and revisions in conditions indicated in Exhibit 46, page 5, relating to the above schedules are authorized.

Standard Forms

Copies of current forms that are normally used in connection with customer services are authorized to be filed.