

Decision No. 49605**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of)	
Andrew E. Smith, operating as)	
CAPAY VALLEY TELEPHONE SYSTEM, for)	
authority to make increases and)	Application No. 34750
changes in its rates for exchange)	(Amended)
and toll telephone service, and to)	
withdraw from the telegraph business.)	

OPINION AND ORDER

By the above-entitled application, filed September 24, 1953 and as amended December 22, 1953, Andrew E. Smith, doing business as Capay Valley Telephone System, seeks an order of this Commission authorizing an increase in rates for telephone service furnished in the communities of Capay, Brooks, Guinda and Rumsey, Yolo County, California and to withdraw from the telegraph business.

A report entitled "Report on the Results of Operation of the Capay Valley Telephone System, 1951 and 1952 Recorded, 1952 Adjusted, 1953 Estimated" has been prepared by the Commission staff, setting forth the results of an investigation of the operations of the applicant, which report has been made a part of the record in this proceeding.

Applicant provides exchange telephone service within Brooks exchange, a farming area of about 135 square miles centered approximately 20 miles northwest of Woodland, California, along State Highway 16. As of September 30, 1953, the utility served approximately 130 telephone stations. The only basic service furnished is multi-party line service with as many as 20 parties per line. The company's central office equipment consisting of a 10-line magneto switchboard is located in a private residence in Brooks.

The Capay Company owns a toll line between Brooks and Capay where interconnection is made with toll facilities of The Pacific Telephone and Telegraph Company. The company's Capay Toll Station is connected to this line.

In support of his application for rate increases, as amended, the applicant shows net revenues of \$581.56 for 1952 and an estimated loss of \$1,120 for the year 1953 at present rates. It is estimated that the proposed rates will increase gross annual revenues by approximately \$2,070 and result in a rate of return of 3.8 per cent on an average depreciated rate base of \$16,700.

Applicant's present and proposed rates for basic services are compared in the following tabulation. The present rates which have been in effect since September 1, 1946 are for multi-party line service. The rates as proposed contemplate the establishment of a base rate area at Guinda with the offering of individual, two-party, and four-party line services and also the limitation of 10 parties per line within the suburban area of the exchange.

Class or Grade of Service	: Present : Rate	: Proposed : Rate
<u>Residence Service, per Month</u>		
1-party line	\$ -	\$4.25
2-party line	-	3.75
4-party line	-	3.25
10-party line	-	3.25
Multi-party line	2.00*	-
<u>Business Service, per Month</u>		
1-party line	-	6.25
2-party line	-	5.00
4-party line	-	4.25
10-party line	-	4.25
Multi-party line	2.50*	-

* Present offering is not limited as to the number of parties per line.

In addition to the increases in basic rates for exchange service, the applicant proposes to increase rates for service connection charges and for extension stations and bells. Toll rates

are proposed to be increased to the level generally effective throughout the state.

Applicant's rate proposal appears to be reasonable and will be authorized, except that the present rate for multi-party service will be continued in effect until normal grades of service are furnished at which time such multi-party rate will be canceled.

Applicant will be required to make accruals to the depreciation reserve based upon spreading of the original cost of plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property.

Since applicant filed its forms and rules generally in 1925, many of the similar forms and rules now in use by other telephone utilities have been improved and modernized. Applicant will be required to bring its rules up to date.

The Commission having considered the above-entitled application and being of the opinion that applicant is in need of and entitled to an improvement in his earning position, as above discussed, and being of the further opinion that a public hearing herein is not necessary,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that the present rates, in so far as they differ from those authorized, are for the future 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 and in conformance with the provisions of General Order No. 96, the schedules of rates set forth in Exhibit A-1 attached to the amended application as modified by Appendix A attached to this order, and after not less than five days' notice to the public and to this Commission, to make said rates effective for service furnished on and after March 1, 1954.

APPENDIX A

Capay Valley Telephone System
Brooks, Yolo County, California

Schedule A-1(a)

MULTI-PARTY LINE SERVICE

APPLICABILITY

Applicable to multi-party line business and residence flat rate service.

TERRITORY

Within the base rate area and suburban area of the exchange area which areas are defined on maps filed as part of the Company's tariff schedules.

RATES

	Wall, Desk, or Handset Station Rate per Month	
	<u>Residence</u>	<u>Business</u>
Multi-party line primary station	\$2.00	\$2.50

SPECIAL CONDITIONS

1. Multi-party line service at the above rates will be furnished to a subscriber within the Guinda base rate area until the number of stations on the line serving him is reduced to at most four, and to a subscriber within the suburban area until the number of stations on the line serving him is reduced to at most ten.
2. No new services will be established under this schedule after the effective date shown below.
3. This schedule shall be canceled when all Guinda base rate area services are upgraded to urban grades of service and all suburban area services are upgraded to 10-party line service.

2. Coincidentally with his filing of the new rates hereinabove authorized, applicant shall file in quadruplicate maps of Brooks exchange area and Guinda base rate area as shown on Charts 1-A and 1-B of "Report on the Results of Operation of the Capay Valley Telephone System, 1951 and 1952 Recorded, 1952 Adjusted, 1953 Estimated" on not less than five days' notice to the public and to this Commission.
3. On or before June 30, 1954 applicant shall file in quadruplicate with this Commission rules and regulations reflecting present-day operations and relations with his subscribers together with currently used forms pertaining thereto.
4. Effective January 1, 1954, applicant shall base future accruals to the reserve for depreciation upon a spreading of the original cost of the plant, less estimated net salvage and depreciation reserve, over the estimated remaining life of the property; further, applicant shall review such accruals when major changes occur in plant composition and at intervals of not more than four years.
5. Applicant shall submit to this Commission semiannual reports of progress on the upgrading of all existing services. The first such report shall be filed no later than September 1, 1954. Such reports shall continue to be filed until all services furnished under Schedule A-1(a), Multi-Party Line Service, have been upgraded.
6. Applicant is authorized to withdraw from the telegraph business and to cancel his Schedule No. C-1 as of March 1, 1954.

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

Dated at South San Francisco, California, this 26th
day of January, 1954.

George P. Patten
Edw. E. Mitchell
Deane Duggins

Commissioners