

ORIGINALDecision No. 50783

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Thomas P. Plotts, operating as)
 HAPPY VALLEY TELEPHONE COMPANY, for) Application No. 35305
 authority to make increases and)
 changes in its rates for exchange)
 and toll telephone service.)

Thomas P. Plotts and F. V. Rhodes, for applicant.
Frank V. Rhodes, for California Independent
Telephone Association and Eldon N. Dye, for
California Farm Bureau Federation, interested
parties.
William R. Roche, Lawrence Thormod and J. F. Haley,
for the Commission staff.

O P I N I O NIntroductory

Applicant requests authority to increase its rates and to revise its rules for exchange and toll telephone service furnished to the unincorporated communities of Olinda, Igo and Ono, in Shasta County. The company estimates that the proposed exchange rates will increase its annual gross revenues by \$4,575, based on services furnished as of December 31, 1953, and that the proposed toll rates will increase its annual revenues by approximately \$3,780, based on a toll study made in September and October of 1953.

Public Hearing

The application was submitted for decision following a public hearing held at Olinda on July 28, 1954, before Examiner John M. Gregory.

Description of System and Applicant's Proposals

Happy Valley Telephone Company is a proprietorship owned and operated by Thomas P. Plotts, who is also principal stockholder of Happy Valley Water Company, a corporation serving water as a public utility in the same general area. The telephone company

provides multi-party dial exchange service at Olinda to approximately 100 stations. Toll and assistance services are provided on a 24-hour basis through the Redding office of The Pacific Telephone and Telegraph Company. All toll traffic is routed via Redding over applicant's toll leads to Anderson, near where they connect with toll facilities of the Pacific Company.

Applicant's present exchange area contains about 110 square miles of agricultural lands centered about 15 miles southwest of Redding. It is proposed to establish a community dial office and special rate area at Igo to serve approximately 43 individuals in the western half of the exchange who have applied for service, and to provide service within the exchange area from whichever dial office is nearer the customer, with free calling between subscribers served by the two dial units. Applicant also proposes to reinforce its toll lead to Anderson in order to accommodate the increased number of stations resulting from establishment of the Igo central office.

Applicant proposes to increase monthly charges for multi-party suburban residence and business service and to establish rates for business one- and two-party service and residence one-, two- and four-party service with mileage rates applicable from the office poles at Olinda and Igo.

Calls from Olinda to Anderson are now provided subscribers on a toll-free basis. Calls from Anderson to Olinda are charged for by Pacific Company at its filed toll rates. Applicant requests authority to establish a 5-cent exception rate between Olinda and Anderson and a 10-cent exception rate between Olinda and Redding, with toll-free calling between Olinda and Igo.

The present Olinda exchange rates were established in 1912 for a now obsolete limited-hour magneto service. Rules and regulations, on file since 1925, do not reflect the company's

current operations. The company, at the hearing, amended its proposals to include increased installation and monthly charges for extension bells and gongs.

Applicant plans to finance capital additions to plant by means of a \$40,000 loan from Stromberg-Carlson Company, which will supply the equipment. Successful negotiation of the loan hinges upon approval by the Commission of increased rates, incorporation of the telephone utility and issuance of stock for the proprietary interest of the present owner.

Customers' Position

The record shows that some of applicant's present subscribers objected to his proposal to increase the monthly rate for multi-party residential service from \$1.50 to \$5.00. Certain prospective subscribers in the Igo-Ono area, however, supported the proposal for dial service at Igo and did not oppose the requested increase in rates for such service.

Results of Operations

Recorded results of operation presented by the staff and by applicant for 1953 and adjusted results by the staff for that year, the latter figures reflecting full-year operation of the proposed Igo dial office and its initial 44 stations, all show net losses at present rates. The staff estimates for 1954, with and without the Igo dial office in operation, also indicate substantial net losses at present rates.

The staff also presented a series of exhibits designed to show the effect, at present and proposed rates and on the basis of present and proposed methods of operation, for an estimated year 1954, of (a) inclusion or exclusion of the proposed exception toll rates; (b) use of one or the other of two schedules of intra-state toll rates which were to become effective August 1, 1954; and (c) operations conducted either as a proprietorship or a

corporation. The staff's adjusted amounts for 1953 and estimates for 1954, at proposed rates but based on present operations, i.e., a proprietorship and a single central office at Olinda, indicate rates of return of 7.87 per cent and 8.95 per cent respectively for those years, using an average depreciated rate base of approximately \$38,100.

The tabulation below summarizes material portions of the estimates by applicant and the staff. Staff estimates for 1954 should be compared with applicant's 1955 figures, since both assume full-year operation of the Igo dial office, whereas applicant's 1954 estimates at proposed rates do not. Staff figures are from Exhibit 6. They assume corporate operation, central offices at Olinda and Igo and company proposed exchange rates, with toll rates at the level of California Schedule B of Cal. PUC No. 53-T, as filed with the Commission by The Pacific Telephone and Telegraph Company. The staff figures shown exclude the company's proposed exception rates.

	<u>Proposed Rates</u>	
<u>Estimated Year 1954</u>	<u>Applicant</u>	<u>Staff</u>
Net Revenue	\$ 4,804.96	\$ 3,850 ^a
Rate Base (Depr.)	67,390.08	64,870
Rate of Return	7.1% ^a	5.93% ^a

a. Using 30 per cent federal income tax rate.

Conclusions

The difference in rate base derives from the fact that as a result of a field inspection by the staff made prior to the hearing, the year-end 1953 balance in applicant's materials and supplies account was estimated to be \$2,600 instead of about \$5,120, on an original cost basis. Adjustments made were for nonoperative or nonexistent materials in the inventory.

It is apparent from this record that applicant is not now earning a reasonable rate of return at existing rates based on present operations, nor will the return from those rates be reasonable if the proposed capital additions are installed.

The rates proposed by applicant, which include the 5- and 10-cent exception rates between Olinda and Anderson and Olinda and Redding, respectively, are designed to produce a rate of return of 7.1 per cent on a depreciated rate base of \$67,390. On the basis of the staff's estimates, excluding the exception rates, the rate of return would be approximately 6 per cent using a depreciated rate base of \$64,870.

It seems clear to us that in revising the rates (and also the rules and regulations) of this company for the first time in so many years our primary concern should be to authorize a rate structure equitable both to the utility and its subscribers. We recognize that relatively slight fluctuations in revenue or expense, in an operation of the size conducted by applicant, exert a marked effect upon the rate of return. Consequently, we are not disposed to determine a fixed percentage rate of return in this case with too much rigidity, but rather to attempt to supply the lawful need of the company for revenue with which to discharge its public duty.

Based upon this record, we conclude that applicant is entitled to relief in the form of increased revenue, but that the monthly rate of \$5.00 for 10-party residential service, the class of service principally used on the system, is excessive. Also, we are of the opinion that exception rates for toll service should be avoided in this case. Instead, the company should be authorized to place in effect for traffic over applicant's toll lines as well as for traffic interchanged with Pacific Company the same level of

increased toll rates as set forth in California Schedule B of Cal. PUC No. 53-T, as filed with this Commission by The Pacific Telephone and Telegraph Company.

Applicant's present toll revenue from traffic interchanged with The Pacific Telephone and Telegraph Company consists of the amount of toll billing retained by applicant under the terms of a cents-per-message traffic settlement agreement. Under the toll rates herein authorized for interchanged traffic the entire difference in the revenue produced by California intrastate message toll telephone traffic originating or terminating at applicant's stations, rated under California Schedule B, and the revenue that would have been produced by such traffic if it had been rated under California Schedule A, should accrue to applicant in addition to amounts retained by applicant under its traffic settlement agreement.

A comparison of the rates for basic exchange services herein authorized with those proposed by applicant is set forth in the following tabulation:

	Rate per Month	
	<u>Authorized</u>	<u>Proposed</u>
<u>Residence Service</u>		
1-Party, Olinda and Igo	\$5.50	\$7.50
2-Party, Olinda and Igo	None	6.50
4-Party, Olinda	3.90	4.75
4-Party, Igo	3.90	5.00
10-Party Suburban, Olinda	4.65	5.00
10-Party Suburban, Igo	4.65	5.50
<u>Business Service</u>		
1-Party, Olinda and Igo	8.75	8.75
2-Party, Olinda and Igo	7.00	7.75
10-Party Suburban, Olinda and Igo	6.50	7.00

The over-all effect of the adoption of such rates would be an increase of \$8,640 in annual operating revenues, producing net revenue of \$4,070 and a rate of return of approximately 6.27 per cent on a depreciated rate base of \$64,870. We find such rates, rate of return and rate base to be fair and reasonable under the circumstances disclosed by this record.

Staff Recommendations

The main staff exhibit (Exhibit 2, Chapter 12) contains a number of recommendations having to do with improvement of accounting procedures, filing of revised rules and regulations and service matters. The recommendations contained in paragraphs 1, 2 and 4 of Chapter 12 of Exhibit 2 are hereby found to be reasonable and applicant will be directed to carry them into effect. Paragraph 3(b) of that chapter, relating to use of Schedule B toll rates, has been adopted herein as the basis for applicant's toll service rates.

O R D E R

Thomas P. Plotts, doing business as Happy Valley Telephone Company, having applied to this Commission for an order authorizing increases in telephone rates and charges, a public hearing having been held, the matter having been submitted and now being ready for decision,

IT IS HEREBY FOUND AS A FACT that the increases in rates and charges authorized herein are justified and that present rates, in so far as they differ from those herein prescribed, for the future are unjust and unreasonable; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized to file, in quadruplicate, with this Commission after the effective date of this order, in conformity with General Order No. 96, revised schedules with changes in rates, terms and conditions as set forth in Appendix A attached hereto and, after not less than five days' notice to this Commission and to the public, to make said rates, rules and regulations effective for service rendered on and after January 1, 1957.
2. Applicant, within sixty days after the effective date of this order, shall file maps for Olinda and Igo showing base rate area boundaries which encompass appropriate areas as contrasted with the "office pole" base rate areas proposed in the application.

3. Applicant shall determine the accruals for depreciation, by plant accounts, by dividing the original cost of plant less estimated future net salvage less depreciation reserve by the estimated remaining life of the plant; applicant shall review the accruals when major changes in plant composition occur and for each plant account at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.
4. Applicant, immediately following the effective date of this order, shall institute and thereafter maintain a system of trouble records.
5. Applicant shall actively solicit applications for and provide semipublic coin-box service at appropriate locations within its exchange area.
6. Within ninety days from and after the effective date of this order applicant shall file in quadruplicate with this Commission, in conformity with the provisions of General Order No. 96, rules governing subscriber relations revised to reflect present-day operating practice, together with the current forms that are normally used in connection with customer service.

This order shall become effective twenty days after the date hereof.

Dated at San Francisco, California, this 23rd day of November, 1954.

Arthur E. Mitchell
President
James F. Caswell
Walter J. Higgins
Ralph Lutz

Commissioners

Commissioner KENNETH POTTER, being necessarily absent, did not participate in the disposition of this proceeding.

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

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Schedule No. A-1

INDIVIDUAL AND PARTY LINE SERVICE

APPLICABILITY

Applicable to individual and party line business and residence flat rate service.

TERRITORY

Within the Olinda exchange area as said area is defined on maps filed as part of the tariff schedules.

RATES

	Wall, Desk or Handset Station, Rate per Month	
	<u>Business Service</u>	<u>Residence Service</u>
Each individual line primary station	\$8.75	\$5.50
Each two-party line primary station	7.00	-
Each four-party line primary station	-	3.90
Each extension station	2.00	1.50

SPECIAL CONDITIONS

1. Individual and party line business and residence service will be furnished outside the base rate areas and within the exchange area at the above rates and mileage rates as set forth in Schedule No. A-3.

2. Extension stations at the above rates will be installed on the premises as the primary station or an off-premises extension station. Off-premises extension stations will be installed at the above rates and mileage rates as set forth in Schedule No. A-3.

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Schedule No. A-2

SUBURBAN SERVICE

APPLICABILITY

Applicable to suburban ten-party service.

TERRITORY

Within the Olinda exchange area and outside the base rate areas as said areas are defined on maps filed as part of the tariff schedules.

RATES

	<u>Wall, Desk or Handset Station, Rate per Month</u>	
	<u>Business Service</u>	<u>Residence Service</u>
Each ten-party line primary station	\$6.50	\$4.65
Each extension station, with or without bell	2.00	1.50

SPECIAL CONDITIONS

1. Suburban service is furnished outside the base rate areas. In no case will the total number of primary stations connected to one circuit exceed ten stations.
2. Extension stations at the above rates will be installed on the same premises as the primary station or an off-premises extension station. Off-premises extension stations will be installed at the above rates and mileage rates as set forth in Schedule No. A-3.
3. Only one extension station will be furnished in connection with each primary station.

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Schedule No. A-3

MILEAGE RATESAPPLICABILITY

Applicable to service involving mileage charges.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Each One-Quarter Mile or Fraction Thereof Air-Line Measurement Rate per Month</u>
1. Within Suburban Areas:	
Each individual line primary station	\$0.50
Each two-party line primary station .....	.35
Each four-party line primary station .....	.25
2. Off Subscriber's Premises and Within the Exchange Area:	
Each Extension Station Line:	
a. Where the terminals are in different build- ings on the same continuous property:	
Each one-quarter mile or fraction thereof	\$1.00
b. Where the terminals are on noncontinuous property:	
First one-quarter mile or fraction thereof	2.00
Each additional one-quarter mile or fraction thereof	1.00

SPECIAL CONDITIONS

1. The mileage rates under RATE 1 above are based on the air-line distance measured between the subscriber's primary station and the nearest point on the boundary of the base rate area and are in addition to the other rates applicable to the service involved.

Schedule No. A-3

MILEAGE RATES
(Continued)

SPECIAL CONDITIONS—Contd.

2. The mileage rates under RATE 2 above are applicable in connection with extension stations and are applicable to the air-line distance measured between the terminals of the line involved. No mileage charge applies in those cases where the terminals are in the same building. No mileage charge applies when the distance between terminals is 300 feet or less, air-line measurement.

3. No mileage charge is applicable to an extension station from an off-premises extension station located in the same premises as its off-premises station or within 300 feet, air-line measurement, therefrom.

4. An off-premises extension station will be installed on other premises of the subscriber to the primary station provided the station is for the use of the subscriber.

5. An off-premises extension station will be installed on other than the subscriber's premises provided the station is for the use of the subscriber.

6. A residence extension station will not be furnished on business premises.

7. In this schedule, the word "terminals" means the stations between which the off-premises line is connected.

Schedule No. A-4

PUBLIC TELEPHONE SERVICE

APPLICABILITY

Applicable to public telephone service.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Rate</u>
Each exchange message	\$0.10

SPECIAL CONDITIONS

1. Public telephones will be installed by the Company at its discretion in public locations to meet general and transient requirements.
2. Telephone numbers of public telephones will not be listed in the Telephone Directory.
3. Toll telephone service rates and charges from public telephones will be in accordance with filed tariffs.

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Schedule No. A-5

SEMIPUBLIC COIN-BOX SERVICEAPPLICABILITY

Applicable to semipublic coin-box local service.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Wall Set or Wall Handset</u>		
	<u>Rate</u>	<u>Each</u>	<u>Minimum</u>
	<u>per</u>	<u>Exchange</u>	<u>Charge</u>
	<u>Month</u>	<u>Charge</u>	<u>Per Day</u>
Each individual line coin-box station	\$1.25	\$0.10	\$0.25

SPECIAL CONDITIONS

1. Individual line semipublic coin-box service will be furnished outside the base rate area and within the exchange area at the above rates and mileage rates.
2. Service under this schedule will be furnished upon applicant's request in stores, shops, restaurants, theatres, apartment houses, hotels, automobile trailer camps and other semipublic locations where there is a collective use of the service by a number of guests, members, employees, or occupants or where there is a requirement for a combination of transient and subscriber usage.
3. Service under this schedule is furnished on a daily guaranteed basis, Sundays and holidays included. Collections will be made as nearly as practicable at monthly intervals. When the amount of money collected from a coin box covering local messages is less than the minimum guarantee, the subscriber will be required to make up the deficit. Failure to use the minimum guaranteed number of messages in any such period between collections or the use of messages in excess of such number does not entitle the subscriber to any allowance in any other month.

Schedule No. A-5

SEMIFUBLIC COIN-BOX SERVICE
(Continued)

SPECIAL CONDITIONS—Contd.

4. Where a mileage rate applies, such rate is not covered by the above guarantee nor by charges for messages that are over and above the guarantee.

5. The above guarantee is based upon local exchange usage only. Collections from the coin box for toll or interexchange messages are not applicable to the guarantee.

6. The rate per month set forth above is not covered by the guarantee.

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Schedule No. A-6

LOCAL LEASED LINE AND PRIVATE LINE TELEPHONE SERVICEAPPLICABILITY

Applicable to leased line and private line telephone service, and local circuits or channels connected to interexchange leased or private lines.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Rate per Month</u>
1. Mileage Rate:	
Each circuit or channel:	
First 1/4 mile or fraction thereof, air-line measurement	\$3.00
Each additional 1/4 mile or fraction thereof, air-line measurement	1.00
2. Station Rate:	
Each wall, desk or handset station	3.00
3. Installation Charge:	
Each station and each termination	9.50

SPECIAL CONDITIONS

1. The above rates for private lines, circuits, or channels are applicable when used in connection with private line telephone service, program transmission, sound recording, loud speaker, speech networks, and signaling services. The rates apply to each physical, nonphysical, metallic or grounded circuit or channel.

2. Channels when reasonably available are furnished suitable for specified purposes and are arranged in such manner as the telephone company may elect. A channel, circuit, or facility furnished at the above rates may be used only for the specific purpose primarily intended, and may not be used for a combination of services, nor may a service be superimposed on one of a different kind.

Schedule No. A-6

LOCAL LEASED LINE AND PRIVATE LINE TELEPHONE SERVICE
(Continued)

SPECIAL CONDITIONS--Contd.

3. Where unusual conditions are encountered in arranging for the service, such as loading, balancing or special arrangements, additional charges may be applied based on the costs thereof, subsequent to review thereof by the Public Utilities Commission of the State of California.
4. The above station rates apply to common battery or magneto telephones, either of which may be furnished by the Company at its option. Battery renewals are included when magneto telephones are furnished at the above rates.
5. Private lines located wholly within an exchange area may not be connected on a switchboard or connected for exchange or toll service.
6. The minimum charge for private line or leased line service is one month's charges determined in accordance with the above rates.
7. The charges for supplemental equipment used in connection with private line telephone service and leased line service will be in accordance with the rates and charges set forth in the Supplemental Equipment schedule.
8. The air-line measurement used in this schedule is the air-line distance between the stations or terminals of the private line, leased line, or channel. The number of quarter miles is computed separately between the various stations or terminals along the route of the circuit, each fractional quarter mile being considered as a whole quarter mile. The number of sections between stations or terminals will be one less than the total number of stations or terminals connected.

Schedule No. A-7

DIRECTORY LISTINGSAPPLICABILITY

Applicable to listings in the alphabetical section of the Directory.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

1. Primary service listings, without additional charge:

Each individual line primary station	One Listing
Each party line primary station	One Listing

2. Additional listings and lines of information:

	<u>Rate per Month</u>
Each business listing	\$0.50
Any individual residing at a residence, listed at the residence, each listing .....	.50
Reference to service of same subscriber, or that of another subscriber, each listing .....	.50
Any information in addition to a listing, each line	.50

SPECIAL CONDITIONS

1. Listings in the alphabetical section of the Telephone Directory are intended solely for the purpose of identifying the subscribers' telephone numbers as an aid to the use of telephone service. Telephone Directories are furnished to subscribers to facilitate the use of the service and remain the property of the telephone company, and may be collected upon issuance of new directories.

2. Business listings consist of a name, the address of the premises on which the primary station, switchboard or receiving station is located, and the telephone number. A designation descriptive of the business will be included if the name does not indicate the nature of the business.

3. Business listings may be those of an individual engaged in a business or profession, names of firms or members thereof, the names of corporations or the officers thereof, the names of employees or departments and branches of the business. When an additional listing involves the name of a member of a firm or an officer of a corporation, or a trade name, the

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Schedule No. A-7

DIRECTORY LISTINGS
(Continued)SPECIAL CONDITIONS—Contd.

listing shall include a reference to the name of the firm, company or corporation subscribing to the telephone service and may include the same business designation as the primary service listing or a designation descriptive of connection with the firm. A trade name may be used as a listing when the business is conducted under that name, as may be evidenced by the fact that the telephone service is so subscribed for, or in the case of an extra listing, is authorized in writing by the proper authority.

4. All additional listings in connection with a subscriber's service, except night service, must bear the same address and telephone number as the primary listing except that additional listings in connection with extension stations not located in the same premises as the primary station may show the address at which the station is located. Listings in connection with joint user service must bear the same address and telephone number as the listed service of the subscriber at the address at which joint user service is rendered.

5. Residence listings consist of a name, an abbreviation indicating "residence", the address of the premises at which service is furnished, and the telephone number.

6. Residence listings may be those of the subscriber or members of the subscriber's domestic establishment residing in the premises in which the subscriber's service is provided.

7. Residence listings of professional subscribers may indicate the same designation of title or profession as their business service listings. When professional subscribers are not subscribers to business service, the listings may include designation of title. Residence listings of clergymen, professors, military or naval officers may, for the purpose of identification, include designation of title.

8. The charges for additional listings begin with the day they are entered in the information records and when such listings are included in the Directory they may not be discontinued until the end of the directory period unless the listed party or concern vacates the subscriber's premises or subscribes for service of the same class as furnished the subscriber or unless the subscriber's service is discontinued, or in the case of guest listing, the listed party becomes a subscriber to residence service in his own name in the same exchange.

Schedule No. A-7

DIRECTORY LISTINGS
(Continued)

SPECIAL CONDITIONS--Contd.

9. All applications for additional listings and lines of information shall be made by the subscriber or authorized agent.

10. Telephone numbers of public telephones will not be listed in the Telephone Directory.

11. All applications for reference listings to the service of another subscriber shall be signed by both subscribers who are parties to the arrangement or by their authorized agents. The charges for listings referring to service of another subscriber begin with the day they are entered in the information records and when such listings are included in the Directory they may not be discontinued until the end of the directory period. Listings will be discontinued at the end of the directory period upon the written order of either of the subscribers concerned or his authorized agent.

12. The Company is liable for errors or omissions in the listings of its subscribers in the Telephone Directory in an amount not in excess of the charge for that exchange service during the effective life of that Directory in which the error or omission is made.

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Schedule No. A-8

SUPPLEMENTAL EQUIPMENTAPPLICABILITY

Applicable to miscellaneous supplemental equipment.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Installation Charge</u>	<u>Rate Per Month</u>
Bells:		
Each extension bell, small gongs	\$2.50	\$0.50
Each extension bell, large gongs	3.50	.60

SPECIAL CONDITIONS

1. The above equipment at the rates and charges shown is owned, installed, and maintained by the Company, except as otherwise provided.
2. The subscriber shall furnish, install and maintain all circuits directly connected with commercial power and shall also furnish the commercial power.
3. The number of bells permanently connected to the line, or possible of connection at the same time, will not exceed the limiting number as set forth elsewhere in these schedules.

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Schedule No. A-9

SERVICE CONNECTION CHARGESAPPLICABILITY

Applicable to service connection charges.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Charge</u>	
	<u>Business</u>	<u>Residence</u>
1. New and Additional Service		
Instrumentalities Not in Place:		
Each individual, party or auxiliary		
line primary station	\$10.00	\$7.00
Each extension station	4.00	4.00
2. Instrumentalities in Place and No Change of		
Location or Type of Facilities Involved:		
Each service including all stations and		
supplemental equipment connected thereto	4.00	4.00
Superscure	No Charge	No Charge

SPECIAL CONDITIONS

1. Service connection charges are intended to cover, in part, certain operating expenses incident to the establishment of telephone service and the connection of the service with the telephone system.

Service connection charges are payable at the time application for the particular service is made, and are in addition to the charges under other schedules of rates.

2. A change in location and type of facilities made at the subscriber's request at the time service is established, when instrumentalities are in place, will be made at the service connection charge applicable for new service or at the service connection charge applicable to the instrumentalities in place plus the move and change charge applicable to the item of in-place instrumentalities moved or changed, whichever is the lower.

Schedule No. A-9

SERVICE CONNECTION CHARGES
(Continued)

SPECIAL CONDITIONS—Contd.

3. Service connection charges apply where there is a complete change in ownership or management of a business concern, or where responsibility for payment of the telephone bills is changed.

4. Service connection charges do not apply under the following conditions:

a. Business Service:

- (1) When the service is assumed by a receiver or trustee, executor or administrator of an estate.
- (2) When the name of a business concern is changed without a change in responsibility for payment of the telephone bills.
- (3) To a station or stations remaining in place when another station connected to the same individual line or party line service is moved from one premises to another.

b. Residence Service:

- (1) When service is assumed by a member of the former subscriber's family located in the same premises.
- (2) When there is no change in the individuality of the recipient.
- (3) When the subscriber's name has been changed by marriage or court order.
- (4) When an employee personally assumes the responsibility for service in his residence which had previously been the responsibility of his employer, or when an employer assumes the responsibility for an employee's residence service which had previously been the personal responsibility of the employee.
- (5) When the service is assumed by a receiver or trustee, executor or administrator of the estate of the former subscriber.
- (6) To a station or stations remaining in place when another station connected to the same individual line, party line or private branch exchange station line service is moved from one premises to another.

Schedule No. A-10

MOVE AND CHANGE CHARGES

APPLICABILITY

Applicable to charges for moves and changes.

TERRITORY

Throughout the whole area served by the Company.

RATES

Subscribers' Telephone sets:

Moving from one location to another on the same premises, each set \$4.00

SPECIAL CONDITIONS

1. Charges for moves and changes are intended to cover, in part, the expense incurred by the Company in meeting the requirements of subscribers relative to inside moves, rearrangements or changes of telephone equipment, apparatus or wiring on the same premises.

2. A change of location from one premises to another will not be treated as a move but as a disconnect and a new installation.

3. Charges for moves and changes will apply when equipment or apparatus is transferred from one location to another on the same premises where there is no interruption of service other than that incident to the work performed.

4. A temporary disconnection or rearrangement of a subscriber's telephone facilities or equipment to permit redecorating or remodeling of the premises will be considered as a move and the Move and Change Charges will apply.

5. Move and Change Charges do not apply under the following conditions:

- a. When moves, rearrangements or changes are initiated by the Company. When a replacement of a subscriber's telephone set is required in connection with such moves, rearrangements or changes, a change at the request of the subscriber from desk set to wall or handset, wall set to desk or handset, or handset to wall or desk set will be made without additional charge.

Schedule No. A-10

MOVE AND CHANGE CHARGES

(Continued)

SPECIAL CONDITIONS--Contd.

- b. When a move, rearrangement or change is required on account of a change in class, type or grade of service, or on account of a change between manual and dial service.

When a replacement of a subscriber's telephone set is required in connection with such moves, rearrangements or changes, a change at the request of the subscriber from desk set to wall or handset, wall set to desk or handset, or handset to wall or desk set will be made without additional charge.

- c. When a change of instrument is made at the time of an inside move, only one Move and Change Charge is applicable.
- d. To public (nonguarantee) telephones installed on the initiative of the Company.

6. Charges for moves and changes are not to exceed the sum of the charges which would apply to a new installation of the same service and facilities.

7. Charges for moving or changing of equipment or wiring other than that included under "RATES" above, will be an amount equal to the actual cost of labor and material involved.

APPENDIX A
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Schedule No. A-11

LINE EXTENSION CHARGES

APPLICABILITY

Applicable to charges for line extensions.

TERRITORY

Within the Olinda exchange area as said area is defined on a map filed as part of the tariff schedules.

RATES

	<u>Charge</u>
1. Line Extensions Within the Base Rate Area: Extensions of plant necessary to provide telephone service within the base rate area	No Charge
2. Line Extensions in the Suburban Area: Extensions to plant for distances of 400 feet or less, per applicant	No Charge
Extensions to plant for distances of more than 400 feet, per applicant: Each 100 feet or fraction thereof	\$5.00

SPECIAL CONDITIONS

1. General:

Line extension charges are applicable in connection with all classes, types and grades of service (except farmer line service) when established by means of an extension to the Company's plant consisting of "buried wire" or pole construction and including extensions by means of poles to be owned by the Company jointly with others and by means of contacts or contact space on poles of others.

All line extensions will be owned and maintained by the Company. The applicant, however, if he so elects, may furnish and set the required poles in excess of the distance for which there is no charge in accordance with the construction standards of the Company, in lieu of the charges applicable, but in all instances the ownership of facilities shall be entirely vested in the Company.

Schedule No. A-11

LINE EXTENSION CHARGES
(Continued)SPECIAL CONDITIONS-- Contd.

2. Measurement of Distances:

Distances mentioned in this schedule are route distances. The routing of line extensions will be determined by the Company.

In no case will the total extension to plant (along public highways and along private roads or in private property) per applicant, to be furnished without charge in the suburban area, exceed 400 feet.

3. Collective Application and Grouping of Applicants:

When construction is required to serve a new applicant, a survey is made of all prospects who might be served from the new construction or an extension thereof and who might benefit by being included in the project. Allowances are made only for those prospects making bona fide applications for service.

All applicants are grouped in a single project when there is no more than one mile of construction between successive applicants. Separate projects are established whenever the construction between any two successive applicants exceeds one mile. Two or more projects are combined, however, whenever this results in lower charges (or no increase in charges) for all of the applicants involved.

4. Apportionment of Charges:

Applicants are divided into two groups. The first group includes all applicants whose collective allowance equals or exceeds the construction required to serve them. No charge is made to such applicants. The second group includes all remaining applicants on the project. The over-all charge for the project is divided equally among all applicants in the second group.

Exceptions: No applicant is required to pay a higher charge than he would if the project were established for him alone. Any difference between this charge and the average charge for the group is absorbed by the Company.

Schedule No. A-11

LINE EXTENSION CHARGES
(Continued)SPECIAL CONDITIONS--Contd.

5. Payment of Charges:

Line extension charges are payable in advance (See Conditions 7 and 8).

6. Charges to Subsequent Applicants:

When a new applicant is secured who can be served from an existing project, within three years from the date service was established for the initial project, the entire project is refigured on the basis of the number of customers on which charges for the project are based, plus the new applicant or applicants. The new applicant pays a prorate of the line extension charge based upon the number of months (a fraction of a month is counted as a full month) remaining in the original three-year term.

Applicants who can be served by an extension of a project are included in the original project, and the project is refigured as above, provided recomputation of the charges does not increase the charges to the existing customers on the project; otherwise, a new project is established.

7. Adjustment in Charges When Additional Applicants are Connected:

Existing customers are given the benefit of any reduction in charges for the unexpired portion of the three-year term which may result from the subsequent addition within the three-year term of new customers served from the same construction or an extension thereof.

When a project is refigured because of the addition of a new customer and a reduction in charge results, a refund is made to existing customers. Recomputation of charges due to the addition of new applicants is made on the assumption that there have been no disconnects.

In the event the Company attaches toll facilities to the line extension, the Company will refund a prorated amount to cover the unexpired portion of the line extension charges for that part of the line extension facilities so used.

8. Disconnects:

When one or more subscribers on a project disconnect within the three-year term, no refund is made of the line extension charge. Charges to remaining subscribers are not affected by disconnects.

Schedule No. A-11

LINE EXTENSION CHARGES
(Continued)

SPECIAL CONDITIONS--Contd.

9. Reuse of Facilities:

When a subscriber disconnects service or moves off the project and service is established for a new applicant at the same location, any adjustment in charges is a matter for negotiation between the original subscriber and the new applicant.

10. Line extensions to provide service to an applicant engaged in temporary or speculative business will be made on the conditions that applicant pays to the Company the total cost of the construction and removal of the line necessary in furnishing the service less the salvage value of the materials used.

11. Contracts, covering periods of not to exceed three years of telephone service, may be required by the Company as a condition precedent to the establishment of the service when line extensions are necessary.

12. Arrangements, other than those provided for in the foregoing schedule, may be made when a line extension involves submarine cable, underground crossings of railroads, highways, or power lines, or long river crossings or other unusual or disproportionately large construction expenditures as compared with the usual type of plant construction. Any such arrangements shall be subject to review by the Public Utilities Commission of the State of California.

APPENDIX A
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Schedule No. B-1

MESSAGE TOLL TELEPHONE SERVICEAPPLICABILITY

Applicable to message toll telephone service over the lines of the Happy Valley Telephone Company.

RATES

Between Olinda and Anderson:

Station Service, Day, Night and Sunday:	
Paid	
First 3 Minutes.....	\$0.15
Each Additional Minute .....	.05
Collect	
First 3 Minutes.....	.30
Each Additional Minute	
First 3 Minutes .....	.10
After 3 Minutes .....	.05
Person Service, Day, Night and Sunday	
Paid and Collect	
First 3 Minutes .....	.35
Each Additional Minute	
First 3 Minutes .....	.10
After 3 Minutes .....	.05

SPECIAL CONDITIONS

1. Rates for service to and from other California exchanges and toll points on the lines of connecting companies are the rates set forth in The Pacific Telephone and Telegraph Company's Schedule Cal. P.U.C. No. 53-T under California Schedule B.

2. Rates for service to and from all other exchanges and toll points on the lines of connecting companies are the through rates quoted by the connecting companies.