

ORIGINAL

Decision No. 51131

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Grace Hendricks, doing business as)	
SNELLING TELEPHONE EXCHANGE, for)	Application No. 36629
authority to increase and change)	
rates and charges for exchange)	
telephone service.)	

OPINION AND ORDER

By the above-entitled application, filed January 11, 1955, Grace Hendricks, doing business as Snelling Telephone Exchange, seeks an order of this Commission authorizing an increase in rates for telephone service furnished in the unincorporated town of Snelling and surrounding territory in Merced County, California.

A report entitled "Report on the Results of Operation of the Snelling Telephone Exchange, Years 1953 and 1954 Recorded, Year 1954 Adjusted, Year 1955 Estimated," has been prepared by the Commission staff, setting forth the results of an investigation of the operations of applicant; said report has been made a part of the record in this proceeding.

Applicant provides exchange telephone service within Snelling exchange, a farming area of about 110 square miles centered approximately 18 miles north of Merced, California. As of September 15, 1954, the utility served 88 telephone stations, 68 of which were company-owned stations located within the Snelling base rate area; the remaining 20 were subscriber-owned stations outside the base rate area. Toll telephone service is furnished through connections with the lines of The Pacific Telephone and Telegraph Company at the Snelling switchboard.

Applicant's present hours of service are 8 a.m. to 5 p.m. weekdays, no regular service being provided on Sundays and holidays. Emergency service is furnished during the hours when service is not regularly provided.

Applicant's central office equipment consisting of a 40-line magneto switchboard is located in a private residence in Snelling. The utility now has on order dial equipment scheduled to be placed in service on March 19, 1955, whereby continuous service will be furnished all subscribers. The new office will be operated on an unattended community dial basis, all manual operator functions being performed by The Pacific Telephone and Telegraph Company's operators at Merced.

In support of her application for rate increases, applicant shows that total exchange service revenues at present rates and charges based on September 15, 1954 services, amount to \$630 annually. This revenue, coupled with applicant's estimated 1955 toll service revenue and operating expenses, results in an estimated net operating loss for the year 1955. Applicant estimates that proposed rates will increase gross annual operating revenues by \$2,571 and result in a rate of return of 2.0% on an average depreciated rate base of \$10,373. Applicant's estimate assumes dial operation for the entire year 1955.

The staff report presents estimated operating results for the year 1955, assuming dial operation for the full year, at both present and proposed rates. These estimates show a net operating loss at present rates and a net revenue of \$460 at proposed rates, resulting in a rate of return of 3.83% on an average depreciated rate base of \$12,020.

Applicant's present and proposed rates for basic services are compared in the tabulation that follows. The present rates for one-party, two-party and four-party service have been in effect since

December 1, 1948, while the rates for multi-party and farmer line service have been in effect since March 25, 1932.

Class and Grade of Service	Present Rate	Proposed Rate
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Residence Service, per Month

1-party	\$1.75	\$4.00
2-party	1.25	3.75
4-party	.75	3.00
Multi-party	.50*	Not Offered

Business Service, per Month

1-party	2.00	4.50
2-party	1.50	4.00
4-party	Not Offered	3.25
Multi-party	.50*	Not Offered

Farmer Line Service, Business or Residence, per Month

1-party	.50	3.25
2-party	.50	2.25
More than 2-party	.50	1.75

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

In addition to the increases in basic rates for exchange service, applicant proposes to increase the present 5-cent rate for each exchange message from a public telephone to 10 cents, to establish rates and installation charges for gongs, extension bells and 2-way keys, and to increase service connection, move and change charges.

Applicant's rate proposal will not result in excessive earnings and, as to basic service rates, has been agreed to by all subscribers as evidenced by signed petitions attached to the application. The proposed rates will be authorized to become effective coincident with the placing in service of the new dial central office equipment.

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.

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 her earning position, as discussed above, 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 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 tariff sheets containing the rates and charges set forth in Exhibit C attached to her application in this proceeding and, on not less than five days' notice to the public and to this Commission, to make said rates and charges effective coincident with the establishment of dial service in the Snelling exchange.
2. Applicant shall determine the annual expense of depreciation by multiplying the depreciable fixed capital by the rate of 3.7% and shall review said rate when substantial changes in depreciable fixed capital occur or at intervals of not more than five years. Results of these reviews shall be submitted to the Commission.

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

Dated at San Francisco, California, this 23rd day of FEBRUARY, 1955.

[Signature]
 President
[Signature]
[Signature]

Commissioners