

**ORIGINAL**

Decision No. 52827

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

JOHN BAXTER, BARKER BAXTER and  
 CARL BAXTER, copartners, doing bus-  
 iness as "California Hot Springs" )  
 )  
 Complainants, )  
 vs. )  
 DUCOR TELEPHONE COMPANY, a corpo- )  
 ration, )  
 Defendant. )

Case No. 5661

Investigation on the Commission's  
 own motion into the service, opera-  
 tions, practices, rules and rates  
 of the DUCOR TELEPHONE COMPANY, a  
 public utility telephone corporation )  
 operating in and near Ducor, County )  
 of Tulare, State of California. )

Case No. 5691

Gaylord N. Hubler, attorney, for complainants;  
Neal C. Hasbrook, for defendant and respondent;  
J. J. Deuel, for California Farm Bureau Feder-  
 ation, interested party;  
Walter B. Greig, dba White River Telephone  
 Company, interested party;  
William B. Roche, J. B. Balcomb and James M.  
McCraney, for the Commission staff.

O P I N I O N

Nature of Proceeding

Case No. 5661, as above-entitled, was filed by complainants on June 29, 1955. Thereafter public hearing in the matter was held and the matter was submitted on September 15, 1955. In view of the evidence, the Commission, on November 1, 1955, issued an order setting aside submission and reopened the case for further hearing. On the same date the Commission issued an order instituting investigation (designated Case No. 5691) into the service, operations, practices, rules and rates of the Ducor Telephone Company to determine the

relationships and settlements between the utility and connecting or adjacent telephone companies and to determine whether the utility should be directed to make extensions, repairs, improvements or changes in or additions to its existing system, or to erect new structures in order to secure adequate facilities and service.

#### Public Hearings

Public hearings in these matters were held before Examiner F. Everett Emerson on September 15, 1955 and on January 26, 1956 at Porterville.

#### Nature of Evidence

Complainants, as copartners, operate a resort known as California Hot Springs located in the mountains approximately 40 miles southeast of Porterville in Tulare County. California Hot Springs resort is an integrated operation and has over 100 buildings, including restaurant, store, garage and filling stations, and is located at an elevation of about 3,200 feet. The resort is served by a toll telephone line of defendant which also serves approximately eight other toll stations. Complainants rely on toll telephone service for the making and acceptance of its patrons' reservations as well as its other business operations. In addition, its patrons depend upon such telephone service for contact with the outside world. For several years, during the summer, certain labor organizations have had large groups of their officials at the resort for extended periods. Telephonic communication into and out of the resort are imperative to such organizations. The service rendered by defendant, however, has been of such poor quality and long interruptions have been so prevalent that complainants' patrons, including the labor groups, have indicated that they will no longer attend the resort unless adequate telephone service is assured. The imminent loss of business is substantial and will seriously affect complainants.

Defendant admits that the service available to the resort is inferior. The evidence is clear that the service is regularly subject to long interruptions or outages and that the quality of transmission is often so inadequate that two-way communication or conversation is impossible. The telephone line serving the resort is fully metallic but is largely composed of iron wire of considerable age and containing many splices. The first seven miles of line is strung on regular exchange poles from Ducor to Fountain Springs, the poles and crossarms in this section being quite old and in an advanced stage of deterioration. Beyond Fountain Springs, the toll line follows the general route of the county road to California Hot Springs, the first three miles being carried on sawed redwood poles, with occasional attachment to oak trees, through open and rolling hills. The next 12 miles of line are constructed principally on trees, using either brackets or hanging wire construction. In this 12-mile section, the line is often contacted by tree branches or leaves which interfere with operation of the line. The last three or four miles of line in the vicinity of Hot Springs is attached to very old poles in very poor condition. The line traverses a portion of the public domain, including the Leavis Flat Campground, in which the district ranger has declared that the pole line constitutes "a major hazard to the safety of the users of this camp ground."

The records of the utility, as well as the testimony of defendant's president indicate that extensive repair was performed on the line during December 1955. During an 11-day period in that month, 103 man-hours of labor was spent on the line. Little, if any, improvement in service resulted. During the entire year 1955, approximately 50 per cent of defendant's labor time was devoted to attempts to maintain this one line in an operating condition. Defendant's attempts have been manifestly unsuccessful. The evidence

clearly shows that the line, as operated and maintained by defendant, produces substantially less revenue than the costs of defendant's unsuccessful attempts to keep the line in service.

In February 1955 defendant converted its system, including the line to the Hot Springs, to dial operation. As a result, the Hot Springs line became even less reliable and had to be reconverted to magneto operation in December. Even on a magneto basis the line provides only marginal transmission and little more than emergency service. In our opinion, defendant should have been aware that dial operations require a high order of outside plant efficiency before any attempt at dial operation is undertaken.

A telephone system requires constant attention by competent personnel. It is apparent from the record in this proceeding that in recent years this system has had neither. Keeping in mind that defendant, although a corporation, is in actuality a "one-man and helper" enterprise, it should be readily apparent that extended absences of the owner from the area leaves the system subject to inattention to system troubles and to serious inconvenience to the telephone users. The record in this proceeding contains many such instances, not only on the Hot Springs line but on the system as a whole. Subscriber witnesses gave uncontroverted testimony to the effect that unreliable and inadequate service is regularly rendered within the exchange area and that either the inattention or the ineptness of telephone personnel aggravates the situation. In short the record is replete with instances of poor telephone service on all parts of the system.

The record contains a complete analysis of defendant's earning position. A summary of the showings in this respect is as follows:

Summary of Earnings

Item	: Year 1954 : : Per Books :	: Defendant :	: Year 1955 : : CPUC Staff :
Revenues	\$12,071.55	\$13,241.41	\$13,770
Expenses	12,119.99	12,584.41	12,000
Net Revenue	(48.44)	657.00	1,770
Rate Base (Avg. Depreciated)	-	-	28,010
Rate of Return	loss	-	6.3%

(Red Figure)

The above figures are for system-wide operation on a manual basis for the year 1954, for partial-year dial operations for defendant's year 1955 and for assumed full-year dial operations for the Commission staff's year 1955. It is clear that defendant is not now operating at a loss. Approximately 100 subscribers are now served by defendant. According to the expert testimony of the staff witness, generally a better service coupled with greater availability of that service through elimination of outage or interruption time would ensure substantially greater revenues to defendant. The evidence indicates that defendant is presently unable to obtain funds, from banks or other lenders, for capital expenditures connected with rebuilding or repairing its presently deteriorated outside plant facilities or for building new facilities.

After an extensive engineering study of the over-all service problems, an engineer of the Commission staff put forward two possible solutions by which defendant might provide reasonably adequate service to the Hot Springs. One of these is a complete rebuilding of the line at an estimated cost of about \$13,500. Such project would require about 18 months for completion. The other solution entails rebuilding of a portion of the line and the installation of a microwave radio link at an estimated cost of approximately

\$11,500. This project would require about six months construction time, after federal construction permits and licenses are obtained. Of the two suggested solutions, defendant prefers the first but the evidence does not indicate that defendant is capable of financing either of them. In any event, the time elements involved are wholly unacceptable to complainants.

Adjacent to defendant's exchange service area is the telephone exchange of the White River Telephone Company, a sole-proprietorship public utility operated by Walter B. Greig of Porterville. Some of defendant's lines extend into and serve subscribers within the exchange area of the White River Telephone Company. One such extension, at least, is served under a regularly filed tariff deviation. Several others are not filed as deviations.

The California Hot Springs Resort lies outside of the present exchange areas of both the Ducor and the White River Companies. Mr. Greig, in this proceeding, testified that he is willing, ready and desirous of extending both local exchange and toll telephone service into the Hot Springs area and, further, that he has the material on hand to make adequate service available to the area by means of a completely new line. If he were to undertake the service, Mr. Greig testified, the line could be completed within a period of 90 days. His testimony is positive that the line would be profitable and that the capital expenditure involved would cause no unfavorable impact on his financial situation. In addition, he would further extend his lines, within another 30 days, to the Pine Flat area, beyond the Hot Springs, to serve new subscribers who have desired service for many years but who were left unserved by defendant. Apparently Mr. Greig could have served the area in the past but has refrained from doing so in order not to enter territory which he incorrectly assumed was reserved to defendant. According to Mr. Greig, the territory is

capable of producing substantial revenues if properly served. Numerous potential subscribers have asked him to serve the area.

Conclusions

In view of the evidence and in the light of the foregoing discussion of certain of its elements, we find the fact to be that the facilities and services of defendant are unreasonable, inadequate and insufficient and that public convenience and necessity require the improvement of such service and facilities in the manner and to the extent required and directed by the order following. We further find that public convenience and necessity require that the White River Telephone Company should be authorized to extend its exchange and toll telephone facilities into the territory in and around California Hot Springs and Pine Flat.

It is found as a fact that the increased rates hereinafter authorized are justified and that present rates, in so far as they differ therefrom, are for the future unjust and unreasonable.

O R D E R

Public hearing having been had in the above-entitled matters, the matters having been submitted and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. Ducor Telephone Company shall immediately enforce the provisions of Special Conditions 8 and 9 of Tariff Schedule No. B-2 respecting prohibition of unauthorized attachments on its lines and equipment.
2. Ducor Telephone Company shall, within 60 days of the effective date of this order, bring its subscriber bill forms into compliance with its Rule No. 5 "Special Information Required on Forms" by having printed thereon the prescribed information respecting disputed bills.
3. Ducor Telephone Company shall, commencing on May 15, 1956, and continuing thereafter until December 15, 1957, submit to this

Commission, in writing, monthly reports of any and all troubles of more than 24-hour duration occurring on its system. Such report may be in summary form but shall list the number of troubles according to their nature (toll line, central office, exchange line, subscriber station), the number of services affected, steps taken to clear the trouble and a specific reason for not having cleared the trouble within 24 hours of its occurrence.

4. Ducor Telephone Company shall immediately employ or otherwise arrange for the availability of fully qualified maintenance personnel for the purpose of assuring that at no time during the absence of the manager will the system be without a person adequately trained and qualified in general telephone maintenance and operations.

5. Ducor Telephone Company shall immediately regularize such services as it may have outside of its exchange area boundaries, either by properly filing boundary changes, filing tariff deviations therefor or by transferring subscribers to such services to the telephone utility in whose exchange such services may be located.

6. Ducor Telephone Company shall, within 180 days of the effective date of this order, install additional equipment or so rearrange existing equipment as to provide at its switchboard no fewer than seven finder-connector paths for subscriber service and shall notify this Commission in writing of the accomplishment thereof within 10 days thereafter.

7. Ducor Telephone Company shall, by not later than December 31, 1956, have rebuilt its line between Ducor and Fountain Springs by replacing such poles, crossarms, guys, wire, or other pole-line elements as will place the entire line in compliance with the construction requirements and standards set forth in this Commission's General Order No. 95.

8. Ducor Telephone Company shall, within 90 days of the effective date of this order, submit to this Commission in writing an



over-all three-year program and budget, segregated by each line, for the rehabilitation of its outside plant facilities within the Ducor exchange and between Ducor and Porterville, such program including but not being limited to the pulling up of slack conductors.

9. Ducor Telephone Company is authorized to file in quadruplicate with the Commission and in accordance with the provisions of General Order No. 96, the schedule of toll service rates attached to this order as Appendix A and on not less than five days' notice to the public and to this Commission, to make said rates effective for service rendered on and after May 1, 1956.

10. Walter B. Greig (White River Telephone Company) is authorized to expand the White River Exchange area boundary to include Sections 25 and 36 of Township 23 South, Range 29 East, Sections 1 and 12 of Township 24 South, Range 29 East, Sections 25 to 36 inclusive of Township 23 South, Range 30 East, Sections 1 to 12 inclusive of Township 24 South, Range 30 East, Sections 29 to 32 inclusive of Township 23 South, Range 31 East and Sections 5 to 8 inclusive of Township 24 South, Range 31 East, Mount Diablo Base and Meridian, and to apply therein presently effective exchange service rates and rules, except that Conditions 1 and 2 of Schedule No. A-1 shall be canceled.

11. Walter B. Greig (White River Telephone Company) is authorized to file in quadruplicate with the Commission, on or after the effective date of this order and in conformance with the provisions of General Order No. 96, the schedule of toll service rates attached to this order as Appendix B and, after not less than five days'

notice to the public and to this Commission, to make said rates effective for service rendered on and after May 1, 1956.

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

Dated at San Francisco, California, this 27<sup>th</sup> day of March, 1956.

[Signature]  
President

[Signature]

[Signature]

[Signature]

[Signature]  
Commissioners

APPENDIX A  
Page 1 of 2

Ducor Telephone Company

Schedule No. B-1

MESSAGE TOLL TELEPHONE SERVICE

APPLICABILITY

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

TERRITORY

Throughout the whole territory served.

RATES

Message Toll Telephone Service  
Day, Night and Sunday, Paid and Collect<sup>a</sup>

	: Station Service :		: Person Service :		
	: First :	: Each :	: First :	: Each Add'l Min. :	: Mileage :
	: 3 Min. :	: Add'l Min. :	: 3 Min. :	: First 3 :	: Over 3 :
0-8	\$0.10	\$0.05 <sup>b</sup>	\$0.30	\$0.10	\$0.05
9-12	.15	.05	.35	.10	.05
13-16	.20	.05	.40	.10	.05
17-20	.25	.05	.45	.15	.05
21-25	.30	.10	.50	.15	.10
26-30	.35	.10	.55	.15	.10
31-35	.40	.10	.60	.20	.10
36-40	.45	.15	.70	.20	.15
41-50	.50	.15	.75	.25	.15

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

b \$0.05 for each 2 minutes of overtime.

SPECIAL CONDITIONS

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

APPENDIX A  
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Ducor Telephone Company

Schedule No. B-1

MESSAGE TOLL TELEPHONE SERVICE

SPECIAL CONDITIONS—Contd.

2. Rate mileages are determined from a United States Government Post Route Map.

3. The air-line mileage between toll rate centers of Ducor exchange and Porterville exchange is 13 miles.

APPENDIX B  
Page 1 of 2

White River Telephone Company

Schedule No. B-1

MESSAGE TOLL TELEPHONE SERVICE

APPLICABILITY

Applicable to message toll telephone service over the lines of White River Telephone Exchange.

TERRITORY

Throughout the whole territory served.

RATES

Message Toll Telephone Service  
Day, Night and Sunday, Paid and Collect<sup>a</sup>

	<u>Station Service</u>		<u>Person Service</u>		
	<u>First</u>	<u>Each</u>	<u>First</u>	<u>Each Add'l Min.</u>	<u>Over 3</u>
<u>Mileage</u>	<u>:3 Min.</u>	<u>:Add'l Min.</u>	<u>:3 Min.</u>	<u>:First 3</u>	<u>:Over 3</u>
0-8	\$0.10	\$0.05 <sup>b</sup>	\$0.30	\$0.10	\$0.05
9-12	.15	.05	.35	.10	.05
13-16	.20	.05	.40	.10	.05
17-20	.25	.05	.45	.15	.05
21-25	.30	.10	.50	.15	.10
26-30	.35	.10	.55	.15	.10
31-35	.40	.10	.60	.20	.10
36-40	.45	.15	.70	.20	.15
41-50	.50	.15	.75	.25	.15

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

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

SPECIAL CONDITIONS

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

APPENDIX B  
Page 2 of 2

White River Telephone Company

Schedule No. B-1

MESSAGE TOLL TELEPHONE SERVICE

SPECIAL CONDITIONS--Contd.

2. Rate mileages are determined from a United States Government Post Route Map.

3. The air-line mileage between toll rate centers of White River exchange and Forterville exchange is 21 miles.