

Decision No. 55558**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of )  
 LOREN E. BRYAN and REX BRYAN, doing )  
 business as WILLIAM BUTTS TELEPHONE )  
 COMPANY, for authority to establish: )

- (1) An exchange service area, )
- (2) A base rate area, and )
- (3) Rates for exchange telephone )  
 service within the proposed )  
 exchange area. )

Application No. 39278

OPINION AND ORDER

By the above-entitled application filed on July 26, 1957, the William Butts Telephone Company seeks an order of this Commission pursuant to Sections 454 and 491 of the Public Utilities Code to (1) establish an exchange to be known as Pinnacles, in San Benito County, with exchange and base rate areas as shown on Exhibits E and F, respectively, attached to the application; and (2) file and make effective, coincident with the establishment of the Pinnacles exchange, rates as shown on Exhibit D, attached to the application, and to withdraw its offering of toll station, toll service station and telegraph service.

Applicant is a partnership doing business as William Butts Telephone Company, furnishing toll telephone service in San Benito County generally south and east of Hollister.

The application shows that applicant is currently furnishing toll service station service to approximately fifty subscriber-owned stations and toll station service to two company-owned stations. Applicant's facilities serving the area consist of three carrier systems, pole lines, aerial wire, telephone instruments and other accessory appliances and equipment.

Applicant proposes that the toll rate center for the Pinnacles exchange be established at the location of the central office in the southwest quarter of Section 6, Township 15 South, Range 7 East, Mount Diablo Base and Meridian. The point of connection of applicant's facilities with those of The Pacific Telephone and Telegraph Company will be at Hollister, California.

Under applicant's present toll service rates, there is a minimum toll guarantee of \$3.00 per month for each station which is applicable to toll calls over applicant's lines. When this minimum guarantee has been exceeded, the minimum charge for a call between two stations on applicant's lines is 10 cents. Likewise, the toll rate to Hollister varies from 15 cents to 30 cents for initial period station calls depending upon how far the particular station is located from Hollister. Applicant's proposed toll rate to Hollister from the proposed Pinnacles exchange is 20 cents for station initial period service.

The rates which applicant proposes for exchange telephone service are set forth on Exhibit D of the application and for the principal classifications are as follows:

	Rate Per Month	
	<u>Residence Service</u>	<u>Business Service</u>
Individual Line Flat Rate	\$3.80	\$6.00
2-Party Line Flat Rate	-	4.75
4-Party Line Flat Rate	2.70	-
Suburban 10-Party Line Flat Rate	3.20	4.50

Applicant does not propose to file rates for farmer line service and there appears to be no need for such service.

Applicant proposes to install a dial central office to serve the Pinnacles exchange and estimates that necessary construction of facilities can be completed no later than January 1, 1958.

Estimates of revenues, expenses, rate base and rate of return are contained in Exhibit B of the application which, for the year 1958 under dial operation and at rates proposed in the application, may be summarized as follows:

	<u>Estimated Year 1958</u>
Revenues	\$ 7,010
Expenses and Taxes	<u>5,855</u>
Net Revenue	<u>1,155</u>
Average Depreciated Rate Base	17,805
Rate of Return	6.49%

The Commission has considered the above-entitled application and is of the opinion that a public hearing thereon is not necessary and that the granting of the application as herein provided will not be adverse to the public interest and should result in improved telephone service.

Finding that such increases in rates and charges as will result from a granting of this application are justified and that present rates in so far as they differ from those herein prescribed, upon the establishment of the Pinnacles exchange, will for the future be 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 and on or before March 31, 1958, in conformity with General Order Number 96, revised tariff schedules incorporating maps of exchange and base rate area substantially as set forth on Exhibits E and F respectively, attached to the application, and with changes in exchange and toll rates, rules, terms and conditions as set forth in Exhibit D attached to the application and as discussed hereinabove, and, upon not less than five days' notice to this Commission and to

the public, to make said rates effective for service rendered on and after the establishment of a dial exchange at Pinnacles.

2. At the time of making effective the rates authorized by paragraph 1 hereof, applicant may withdraw and cancel its rates for toll station, toll service station and telegraph service.

3. Applicant shall determine the accruals for depreciation by dividing the original cost of the utility 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 utility plant composition occur and at intervals of not more than five years. Results of these reviews shall be submitted to this Commission.

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

Dated at San Francisco, California, this 10th day of SEPTEMBER, 1957.

[Signature]  
 President

[Signature]

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 Commissioners