

**ORIGINAL**Decision No. 58271

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application  
of THE PONDEROSA TELEPHONE CO., a  
California corporation, for  
authority to:

- (1) Establish four exchange areas;
- (2) Establish five base rate areas;
- (3) Establish rates for exchange telephone service;
- (4) Increase certain rates and charges for exchange telephone service.

Application No. 40875

OPINION AND ORDER

The Ponderosa Telephone Co., which operates in portions of Madera and Fresno Counties, by the above-entitled application filed on February 25, 1959, requests authority to: (1) establish, maintain, and operate four telephone exchanges to be known as Auberry, Friant, North Fork, and O'Neals exchanges within the boundaries of the present O'Neals exchange area; (2) establish base rate areas at Auberry, Friant, North Fork, O'Neals and Shaver Lake as shown on Exhibits F, G, H, I, and J attached to the application; (3) establish rates, charges, and conditions for exchange and toll telephone service set forth in Exhibit K attached to the application; and (4) increase certain rates and charges for exchange telephone service as set forth in said Exhibit K.

Applicant presently furnishes limited-hour, multi-party, magneto-manual exchange service to approximately 250 subscribers in its present O'Neals exchange.

In the interest of improving telephone service in the present O'Neals area and vicinity, applicant proposes to divide its

present O'Neals exchange area into four separate exchanges and include certain adjacent territory within a fifth exchange, all to receive dial telephone service on the approximate dates indicated below.

<u>Exchange</u>	<u>Exhibits Attached to Application Showing Exchange and Base Rate Areas</u>	<u>Approximate Date of Establishment of Dial Service</u>
Auberry	E and F	May 2, 1959
North Fork	E and H	Third Quarter 1959
Friant	E and G	Fourth Quarter 1959
Shaver Lake	J*	Second Quarter 1960
O'Neals	E and I	Fourth Quarter 1960

\*Application shows that exchange area map will be filed later under regular tariff-filing procedures when boundaries are determined.

By mid-1960, upon completion of its dial expansion program, applicant estimates it will serve 625 subscribers.

A comparison of present and company-proposed rates, effective upon introduction of dial operation for basic exchange service, follows:

<u>Class and Grade of Service</u>	<u>Monthly Rate</u>		<u>Company-Proposed</u>
	<u>Within 3 Mi. of O'Neals</u>	<u>Beyond 3 Mi. of O'Neals</u>	
<u>Business</u>			
1-Party	\$ -	\$ -	\$ 7.00
2-Party	-	-	5.50
Suburban 10-Party	-	-	5.00
Multi-Party	1.25	1.50	-
Extension Station	-	-	1.50
PBX Truck	-	-	10.50
<u>Residence</u>			
1-Party	\$ -	\$ -	\$ 4.50
4-Party	-	-	3.00
Suburban 10-Party	-	-	3.50
Multi-Party	1.25	1.50	-
Extension Station	-	-	1.00

(-) Service not offered.

Applicant also proposes to increase service connection and move and change charges to a level equal to charges for these services presently effective generally in California.

As the several exchanges are progressively established, applicant proposes to continue to apply present basic exchange rates in the remaining portions of O'Neals exchange until the entire O'Neals exchange is converted to dial operation. At that time, under applicant's proposal, the higher dial rates will be applicable in the five proposed exchanges.

Applicant presently provides Clovis residence foreign exchange service in its present O'Neals exchange under its Schedule No. A-10. The order herein will provide for continuation of this service in any of applicant's exchanges contiguous to Clovis.

Under applicant's proposal, toll charges will not be applicable to calls placed between any of applicant's exchanges. However, the presently effective other-line toll rates are proposed to be continued in effect for traffic involving toll lines of other companies. By the order herein, applicant will be required, upon substantial completion of its dial program, to submit studies of the economic feasibility of establishing direct toll rates for toll service involving toll lines of connecting companies.

Certain of applicant's filed rules have been in effect more than 30 years. The order herein will require applicant to file revised rules reflecting up-to-date telephone standards and practices.

Applicant's estimate of its operations for the first 12-months' period after completion of the dial conversion program may be summarized as follows:

<u>Estimated Results of Operation</u>	
<u>Item</u>	<u>Amount</u>
Revenues	\$102,200
Expenses and Taxes	85,600
Net Revenue	16,600
Depreciated Rate Base	230,200
Rate of Return	7.21%

Applicant's results of operations in support of its rate request is based on estimates extending almost three years into the future. In order to test the validity of such estimates, the order herein will require applicant to prepare and submit to this Commission actual results of separated operations following a year's experience under dial operation.

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 as a fact that the increases in rates and charges authorized herein are justified and that present rates and charges, in so far as they differ from those herein prescribed, for the future, upon establishment of dial service in the Auberry, North Fork, Friant and O'Neals exchanges, are unjust and unreasonable; therefore,

IT IS ORDERED as follows:

1. Applicant is authorized, on or after the effective date of this order and on or before March 31, 1961, to establish progressively the Auberry, North Fork, Friant, Shaver Lake, and O'Neals dial exchanges, with exchange and base rate area boundaries substantially as set forth in Exhibits E, F, G, H, I, and J, attached to the application, except that the exchange boundary of Shaver Lake exchange may be located as subsequently approved by the Commission through tariff filing procedure.

2. Applicant is authorized to file with the Commission, on or after the effective date of this order and on or before March 31, 1961; in conformity with General Order No. 96, revised tariff schedules with rates, charges and conditions for service in Auberry, North Fork, Friant, Shaver Lake and O'Neals exchanges as set forth in Exhibit K attached to the application, and maps as set forth on Exhibits E, F, G, H, I and J attached to the application and, on not less than five days' notice to the public and to this Commission, to make said revised tariff schedules and maps effective for service furnished on and after May 10, 1959, except that Schedules Nos. A-1, A-2, A-3, A-5, A-6, A-7 and A-9 shall be made effective progressively by exchanges coincident with the provision of dial service in each exchange.

3. Within ninety days of the effective date of this order, applicant shall file with this Commission revised tariff rules reflecting up-to-date telephone standards and practices acceptable to the Commission.

4. Applicant shall prepare a study of operating results, separated between exchange and toll, for a representative actual period under dial operation, and shall submit the results thereof to the Commission no later than June 30, 1962.

5. Applicant shall determine depreciation accrual rates on the remaining-life basis, with review of accrual rates at intervals not to exceed four years, or whenever major changes occur in plant composition, and shall submit the results of such reviews to the Commission.

6. By no later than June 30, 1962, applicant shall submit a study to the Commission of the economic feasibility of establishing direct toll rates for toll service involving toll lines of connecting companies.

7. Applicant shall continue to offer Clovis residence foreign exchange service in all of its exchanges contiguous to Clovis.

8. Applicant shall file quarterly, within thirty days of the close of each quarterly period, written reports of progress of its dial conversion program, commencing with the quarter ending June 30, 1959 until the entire program has been completed.

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

Dated at San Francisco, California, this 14<sup>th</sup> day of April, 1959.

[Signature]  
President  
[Signature]  
[Signature]  
[Signature]  
Commissioners