

Decision No. 59772**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
CALIFORNIA WATER & TELEPHONE COMPANY  
for authority to increase its rates  
and charges for telephone service.

Application No. 41298

(Appearances and Witnesses are listed in Appendix B)

O P I N I O NApplicant's Request

California Water & Telephone Company filed this application July 13, 1959, requesting authorization to increase its rates and charges for telephone service by \$1,292,245, or 6.7 percent over estimated revenues for 1959 under existing rate levels.

Public Hearings

Seven days of public hearing were held on this application before Commissioner Theodore H. Jenner and Examiner James F. Haley. Hearings were held in Redlands on October 7, 1959; in Palm Springs on October 8, 1959; in San Fernando on October 9, 1959; in Monrovia on November 19, 1959; and in Los Angeles on November 17, 18 and 20, 1959. On the last mentioned date the matter was submitted subject to the receipt of a late-filed exhibit which has subsequently been received by the Commission.

Applicant's Operations

Applicant is a California corporation providing public utility water and telephone service. It renders water service in areas within Los Angeles, Monterey and San Diego Counties; it furnishes telephone service in areas within Los Angeles, Riverside and San Bernardino Counties. Its general office is in San Francisco,

where personnel perform certain accounting, administrative and engineering services for the applicant's water and telephone divisions.

The principal office of applicant's telephone division is located in Monrovia. The telephone division has four districts: the Monrovia District serving Monrovia and Sierra Madre; the Palm Springs District serving Palm Springs and nearby desert communities; the Redlands District serving Redlands and a number of small communities in San Bernardino and Riverside Counties; and the San Fernando District serving that city and certain adjacent territory including a substantial area within the City of Los Angeles. As of April 30, 1959, applicant furnished telephone service to 144,822 stations through 16 exchanges. Applicant owns and operates toll circuits over only one route: Hemet to Idyllwild. By far the major portion of applicant's toll traffic, therefore, is routed over the lines of The Pacific Telephone and Telegraph Company and other telephone utilities.

#### Applicant's Position

Applicant stated that it had found it necessary to make application to the Commission for authority to increase rates after a relatively short time following the rate increase authorized in Decision No. 57892, dated January 20, 1959, in Application No. 38685. In that decision the Commission found a rate of return of 6.25 percent on applicant's local exchange and intracompany toll operations to be reasonable. It is the assertion of the applicant that the rates authorized by Decision No. 57892, rather than yielding a return of 6.25 percent, in fact, yield a return only slightly in excess of five percent. Applicant contends that such a low level of earnings jeopardizes its ability to attract the new capital it requires for continuing rapid growth and for continuing improvement of service. Applicant intends to obtain capital for this growth and further

service improvement by a substantial amount of common equity financing in the immediate future. It is the position of the applicant that if the entire rate increase asked for were granted, applicant would still not realize the rate of return or the earnings on common equity that were contemplated in Decision No. 57892.

#### General Scope of the Record

Applicant and the Commission staff each introduced results of operations studies encompassing a two-year period: the year 1958 on an adjusted basis and the test year 1959 on an estimated basis. ✓ Applicant and the staff, as well as the Department of Public Utilities and Transportation of the City of Los Angeles, presented evidence bearing upon the fair rate of return for the applicant. Telephone Answering System of California, a state-wide association of answering services, offered evidence relating to the rate treatment of such services. The City of San Fernando, Granada Hills Chamber of Commerce and several members of the public participated as protestants. The California Farm Bureau Federation and the Utility Users Assistance League appeared as interested parties, the latter introducing service and rate complaints through a number of subscribers to applicant's telephone service.

#### Earnings Comparison for 1959

Both the applicant and the Commission's staff used 1959 as the test year, and presented evidence on earnings. The tabulation below shows a comparison of the results of applicant's operations for such estimated test year 1959, reflecting straight-line tax depreciation and the full-year effect of present rates which were authorized in Decision No. 57892.

Applicant (Exh. No. 1)	Total Company	Interchanged		Remainder*
		Message Toll	Multi- Message Unit	
Revenues	\$19,206,770	\$4,239,468	\$ 4,615,902	\$10,351,400
Expenses & Taxes	15,586,525	3,511,715	3,595,613	8,479,197
Net Revenue	\$ 3,620,245	\$ 727,753	\$ 1,020,289	\$ 1,872,203
Depr. Rate Base	\$60,968,143	\$9,451,337	\$14,390,530	\$37,126,276
Rate of Return	5.94%	7.7%	7.09%	5.04%

Staff  
(Exh. No. 16.1)

Revenues	\$19,240,000	\$4,328,000	\$ 4,671,000	\$10,241,000
Expenses & Taxes	15,666,000	3,596,000	3,642,000	8,428,000
Net Revenue	\$ 3,574,000	\$ 732,000	\$ 1,029,000	\$ 1,813,000
Depr. Rate Base	\$61,459,000	\$9,500,000	\$14,513,000	\$37,446,000
Rate of Return	5.82%	7.7%	7.09%	4.84%

\* Includes private line operations.

Interchanged Traffic Operations

The showings of both applicant and staff on interchanged message toll operations reflect a 7.7 percent return on the investment devoted to such operations, as provided for in Decision No. 57892. Similarly, both showings are based on a rate of return of 7.09 percent on interchanged multi-message unit operations in accordance with the findings in that decision. The ensuing order will reflect a 7.7 percent return on interchanged toll operations and a 7.09 percent return on interchanged multi-message unit operations.

Applicant made a motion to strike paragraphs 4, 5 and 6 of Chapter 17 of Exhibit 16, pertaining to rates of return on interchanged traffic. This motion and all other motions made during the hearings in this matter, and not heretofore ruled upon, are hereby denied.

Remainder of Operations

The remaining portion of applicant's operations consists chiefly of local exchange, miscellaneous and intracompany toll service. The rate increase sought by applicant would affect only the rates and charges for such local and miscellaneous services. Evidence presented

by both applicant and staff indicates a downward trend in rate of return for the remaining portion of applicant's operations. At proposed rates, applicant indicates a decline in rate of return of more than one-fourth of one percent in 1959, while the staff indicates a decline of one-eighth of one percent.

#### Adopted Results

The over-all estimated operating results of applicant and the staff as shown above for the test year 1959 are quite close together. The significant differences in amount are attributable to two factors. First, the staff had available six months' actual data in preparing its estimate for the year 1959; applicant, on the other hand, had only four months' actual operating results available at the time it prepared its estimate. Second, the staff gave full-year effect to the \$209,000 annual increase in applicant's telephone division operating expenses resulting from the general wage increase which became effective November 1, 1959; applicant did not obtain this information in time to reflect it in its estimate. It is the Commission's opinion that the staff's 1959 test year estimates of revenues, expenses, taxes and rate base are more reasonable to use than applicant's for the purposes of this decision. Therefore, we adopt as reasonable the staff's estimated results for the test year 1959, separated into categories of operation as shown above.

#### Income Taxes

With specific reference to federal income taxes, the staff's estimate, as adopted above, gives recognition to the applicant's having taken accelerated tax depreciation in past years by normalizing the straight-line tax calculation to remove from the test year 1959 the effect of these past accelerated deductions. The staff estimate also reflects the deduction from computed federal income tax of a deferred tax reserve interest credit in conformance with the treatment

accorded accelerated depreciation in Decision No. 57892. The Commission, in adopting the staff figure for income taxes, does so for purposes of this decision only, pending final decision by this Commission in Case No. 6148 as to the treatment to be accorded accelerated depreciation for rate making purposes.

#### Rate of Return

On the basis of the adopted test year results for 1959, present telephone rates would produce 4.84%, or less than a fair rate of return on applicant's local exchange and intracompany toll operations. The increased telephone rates requested by applicant would increase gross revenues by \$1,405,000 and yield a 6.4% return on such operations on the test year basis. Giving consideration to the evidence regarding decline in rate of return resulting from higher unit plant costs and other effects of inflation, the requested rates would, for the future, yield applicant approximately 6.25 percent on its local exchange and intracompany toll operations, which rate of return we find to be reasonable. This is the same level of return found reasonable for such operations in Decision No. 57892, dated January 20, 1959, in Application No. 38685, the last telephone rate case before the Commission involving applicant. The record in this proceeding does not show that the over-all cost of money to applicant has changed materially during the past year.

#### Spread of Rates

The City of San Fernando took the position that it should not carry the rate load for the rest of applicant's telephone operations. Exhibit No. 22, which segregates results of operations by districts, shows that for the test year 1959 the San Fernando District earned close to the system average for local exchange operations. None of the other districts showed wide variance from the over-all rate of return being realized by applicant's telephone operations.

Telephone Answering System of California, an association of telephone answering services, contended that the present mileage rate treatment given secretarial lines should be modified to provide lower charges for secretarial line service. The Commission is of the opinion that it would not be appropriate at this time to lower rates for one group of subscribers in view of the general increase in rates being authorized for other types of telephone service.

The Commission has considered all of the evidence respecting spread of rates and is of the opinion that rates and charges as proposed by the applicant equitably allocate the required increase in gross revenue. The rates proposed by applicant will be adopted except as to the proposed 50% off-season discount on exchange service in Palm Springs and the compensating increase for the balance of the year.

Applicant's present rate levels vary as between the classes and grades of service, the size of the community and whether local or extended service is involved. The tabulation below shows the range of the principal present and authorized base rates, together with the increases:

Class and Grade of Service	Range of Rates		Increase Per Month
	Present	Authorized	
1-Party Bus. Local	\$7.35-\$ 9.30	\$ 8.60-\$10.55	\$1.25
1-Party Bus. Extd.	9.95- 11.25	11.20- 12.50	1.25
2-Party Bus. Local	6.00- 7.65	7.10- 8.75	1.10
2-Party Bus. Extd.	8.05- 8.65	9.15- 9.75	1.10
1-Party Res. Local	4.00- 4.55	4.75- 5.30	.75
1-Party Res. Extd.	4.80- 5.00	5.55- 5.75	.75
2-Party Res. Local	\$3.65*	\$4.30*	.65
2-Party Res. Extd.	3.95- 4.00	4.60- 4.65	.65
4-Party Res. Local	2.80- 3.35	3.10- 3.65	.30
4-Party Res. Extd.	3.35- 3.60	3.65- 3.90	.30

\*Local 2-party residence service offered only in Redlands.

The order herein will authorize applicant to file a uniform rate for foreign exchange business, individual line service and PBX trunks between contiguous exchanges.

Applicant proposed that the offering of four-party line flat rate residence service be withdrawn in Monrovia, San Fernando and Sierra Madre exchanges. However, applicant did not propose the offering of two-party line residence message rate service in lieu of said four-party line flat service. Applicant will be directed to submit a study and plan for the withdrawal of four-party flat rate residence service and the offering in lieu thereof of two-party message rate residence service.

If the results of the company's study indicate that the offering of residence two-party message rate service and the withdrawal of residence four-party flat rate service in Monrovia, San Fernando and Sierra Madre exchanges would be in the public interest, such changes could then be ordered.

#### Service Matters

In Decision No. 57892, the Commission noted that as of March 31, 1958, applicant was unable to fill 1,336 applications for main service and 7,461 requests for higher grades of service. In the interim this aspect of service has improved considerably, particularly with respect to regrading of services. As a result of heavy expenditures by applicant for plant reinforcement, held orders for main service have been reduced to 942 and held orders for higher grades of service have been cut to 2,355 as of August 31, 1959.



While applicant has made commendable improvement in the systemwide level of its service, there remain areas in which service deficiencies continue to exist. One such area is the San Fernando exchange. A number of subscribers appeared to complain of the service being rendered and the Commission received a petition from San Fernando subscribers protesting the rate increase in view of the quality of service being rendered. The San Fernando complaints were generally concerned with slow operator response. The California Farm Bureau reported that this deficiency exists in some of applicant's other service areas. Applicant should make every effort to alleviate this service deficiency as rapidly as possible.

#### Findings and Conclusions

The Commission has carefully weighed all the evidence of record and has considered the statements of the parties with equal care. The action we are taking herein will produce an over-all result which we find to be fair and reasonable and in the public interest. We find, therefore, that the increases in rates and charges authorized herein are justified, that the rates and charges authorized herein are reasonable, and that the present rates and charges, insofar as they differ from those herein prescribed, are, for the future, unjust and unreasonable.

O R D E R

California Water & Telephone Company having applied to this Commission for an order authorizing increases in rates and charges for telephone service, public hearings having been held, the matter having been submitted and now being ready for decision,

IT IS ORDERED, as follows:

1. That applicant is authorized and directed to file in quadruplicate with the Commission, on or after the effective date of this order, and in conformity with the provisions of General Order No. 96, revised tariff schedules with rates, charges and conditions modified as set forth in Appendix A attached to this order and, on not less than four days' notice to the public and to this Commission, to make said revised tariffs effective for all service rendered on and after April 1, 1960.

2. That applicant is authorized and directed to file with the Commission appropriate tariff revisions to become effective no later than June 30, 1962, withdrawing in its Monrovia, San Fernando and Sierra Madre exchanges business flat rate offerings of individual line, two-party line, suburban and PBX service and offering in lieu thereof business individual line and PBX trunk service at a basic monthly rate of \$7.00 per month with no exchange message allowance and a charge of \$0.05 per each originating exchange message..

3. Within sixty days from the effective date of this order, applicant shall have prepared and filed with this Commission the results of a study, relating to the provision of residence two-party message rate service in lieu of residence four-party flat rate service in its Monrovia, San Fernando and Sierra Madre exchanges, such study to show the following:

- a. Plant, expense, and revenue effects.
- b. Trial rate levels for residence two-party message rate service.

- c. A program for the introduction of such residence two-party message rate service and the withdrawal of residence four-party flat rate service.

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

Dated at San Francisco, California, this 8<sup>th</sup> day of March, 1968.

Walter R. Rye  
President  
W. L. Rye  
W. L. Rye  
C. Lynn Fox  
Theodore J. Jenner  
Commissioners

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

Schedule No. A-1Individual and Party Line ServiceExchanges Where OfferedIncrease in Rate Per Month

Flat Rate, Local or Extended Service

Business Service, Each Primary Station

Individual Line

\$1.25

Two-party Line

\$1.10

Residence Service, Each Primary Station

Individual Line

.75

Two-party Line

.65

Four-party Line

.30

In Palm Springs exchange, the offering of residence two-party line service is authorized to be withdrawn as facilities become available to regrade the serving to either individual line or four-party line service, at the subscribers' options.

Schedules Nos. A-1, A-3, A-5, A-11 and A-16Extension Station ServiceIncrease in Rate Per Month

Each Extension Station

Business

\$0.40

Residence

.40

Schedule No. A-3Semi-Public Coin Box ServiceIncrease in Rate Per Month

Each Primary Station

\$1.25

Schedule No. A-5Suburban ServiceIncrease In Rate Per MonthExchanges Where Offered

Each Primary Station

Business

\$0.90

Residence

.30

The offering of business suburban service in Monrovia exchanges shall be withdrawn, and in San Fernando exchange shall be limited to services established or applied for prior to April 1, 1960, furnished to the same subscriber either on the same premises or as moved to a different address if the same subscriber within the same exchange.

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Schedule No. A-7  
Private Branch Exchange Service

Trunk Rates

Flat Rate, Local or Extended, Business Service  
Each trunk - 150% of the individual line  
primary station flat rate rounded  
to the lower 25¢ multiple.

Station Rates

Each Station, Commercial and Hotel PBX

<u>Increase in Rate Per Month</u>
\$0.40

Schedule No. A-8  
Dial Private Branch Exchange Service

Trunk Rates

Flat Rate, Local or Extended, Business or Residence Service  
Each Trunk - 150% of the individual line  
primary station flat rate rounded  
to the lower 25¢ multiple.

Station Rates

<u>Increase in Rate Per Month</u>
Each Station Equipped with Push Button \$0.55
Each Station Not Equipped with Push Button .40

Schedule No. A-11  
Key Telephone Service

Increases in charges and changes set forth on Page 10 of Exhibit C attached to the application are authorized.

Schedule No. A-17  
Foreign Exchange Service

The following changes in rates and conditions are to be made effective.

I. ROUTES BETWEEN CONTIGUOUS EXCHANGES

A. BUSINESS MESSAGE RATE SERVICE

APPLICABILITY

Applicable to business message rate individual line and PBX trunk foreign exchange service furnished from any exchange of this company or connecting companies contiguous to the exchange in which service is rendered.

TERRITORY

Within all exchange areas of this company as said areas are defined on maps filed as part of these tariff schedules

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

A. BUSINESS MESSAGE RATE SERVICE

RATES

1. Primary Service

<u>Grade of Service</u>	<u>Rate Per Month</u>	<u>Exchange Message Allowance</u>	<u>Each Add'l Message</u>
Individual Line	\$22.60	200	\$0.05
PBX Trunks			
1st Trunk	28.85	300	.05
Each Additional Trunk	28.00	300	.05

2. Foreign Exchange Mileage Rate - In the Local Exchange

	<u>Rate Per Month</u>		
	<u>Each one-half mile or fraction thereof</u>		
	<u>First Mile</u>	<u>Second Mile</u>	<u>Over Two Miles</u>
Each Individual Line or PBX Trunk	\$3.50	\$6.50	\$9.50

3. Suburban Mileage Rate - In the Foreign Exchange

	<u>Rate Per Month</u>
	<u>Each one-quarter mile or fraction thereof, air-line measurement</u>
Each Individual Line or PBX Trunk Where the Foreign Exchange is served by this company	\$0.75

Where the Foreign Exchange is  
  served by a connecting company

Suburban mileage rate applicable  
in the foreign exchange as set  
forth in tariffs of the connect-  
ing company.

SPECIAL CONDITIONS

1. Where the foreign exchange is divided into district areas or central office areas the service will be furnished from the district area or central office area designated by this company.

2. Rates for local service comprehend service without additional charge to all stations receiving service from the exchange from which foreign exchange service is furnished.

3. Rates for extended service comprehend service without additional charge as set forth in Schedule No. A-2, Local Service Areas, except that:

Rates for foreign exchange extended service furnished from a connecting company exchange comprehend service without additional charge as set forth in the tariff provisions of the connecting company which indicates the local service areas.

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

A. BUSINESS MESSAGE RATE SERVICE

SPECIAL CONDITIONS (continued)

In those cases in which the foreign exchange is divided into district areas or central office areas, the local service area in connection with a particular extended service is determined from the district area or central office area of the foreign exchange from which the service is furnished.

4. The toll rates applicable in connection with toll service over foreign exchange extended and local lines and the message unit rate applicable in connection with message unit service over foreign exchange extended lines will be in accordance with the tariff provisions of the foreign exchange in connection with extended service and local service respectively, except that in connection with message rate services receiving message unit service message units are not combined with exchange messages in determining the total message usage.

5. Foreign exchange mileage rates shown above are applicable to the airline distance measured from the subscriber's primary station or PBX switchboard to the nearest point on the common boundary of the foreign and local exchange.

6. Suburban mileage rates as shown above are applicable to the airline distance measured from the point on the common boundary determined in Condition 5 above, to the nearest point on the nearest base rate area boundary of the foreign exchange.

7. Subscribers to service under this schedule are not required to take service of the exchange from which service normally would be rendered on the premises on which the service is rendered.

8. Except as otherwise provided, services furnished in the local exchange will be available in connection with foreign exchange service, in accordance with the tariff provisions of the local exchange for the particular class of service furnished.

9. Foreign exchange service will be furnished subject to the same conditions as to its use by others than the subscribers and their representatives which are applicable in other classes of subscribers' telephone service. Joint user service will be furnished in connection with foreign exchange service in accordance with the rates and conditions set forth in Schedule No. A-19, Joint User Service. Foreign Exchange trunk service will not be provided in connection with PBX switchboards located in hotels, rooming houses, apartment houses, automobile courts, automobile trailer courts or clubs.

10. Extension stations and private branch exchange stations at rates applicable in the local exchange will be provided on the premises on which the primary station or private branch exchange switchboard is located. Extension stations and private branch exchange stations will be provided off the premises within operating limits, at the rates applicable in the local exchange plus mileage rates set forth in Schedule No. A-4.

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

A. BUSINESS MESSAGE RATE SERVICE

SPECIAL CONDITIONS (continued)

11. Additional listings and lines of information will be furnished to foreign exchange subscribers in local or foreign directories in accordance with tariff provisions in effect for the directory containing the additional listing or line of information.

12. Under this schedule, "Local Exchange" means the exchange in which the primary station is located and "Foreign Exchange" means the exchange from which the service is rendered.

13. Under this schedule, exchange messages are completed calls originating at the foreign exchange service and terminating within the local service area of the foreign exchange or district area or central office area of the foreign exchange from which the service is furnished.

14. Foreign exchange service will be furnished under the following conditions:

a. The applicant may be required to pay in advance, prior to the installation of the service, an amount equal to the net cost of installing and removing any facilities necessary in connection with the furnishing of such service by the company serving the local exchange.

b. If the service is retained for a period of one year or more at the same location, the company will pay to the subscriber the following amounts of money provided the subscriber retains the service continuously throughout the respective periods for which payments apply and, further provided the subscriber has paid any and all sums due and payable to the company for the service:

On expiration of first year following installation of service, 33-1/3 percent of advance payment.

On expiration of second year following installation of service, 33-1/3 percent of advance payment.

On expiration of third year following installation of service, 33-1/3 percent of advance payment.

In addition to the above payments, interest will be paid on each payment made and on the unpaid balance at the rate of 6 percent per annum.

c. Nothing in this rule shall be construed as limiting or in any way affecting the right of the company to collect from the subscriber any other additional sum of money which may become due and payable to the company from the subscriber by reason of the service furnished or to be furnished hereunder.

15. The above rates for foreign exchange service comprehend a primary listing in the directories having primary distribution in the local and foreign exchanges.

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

B. RESIDENCE FLAT RATE AND SUBURBAN BUSINESS  
SERVICE OVER LISTED ROUTES

APPLICABILITY

Applicable to residence and suburban business foreign exchange service as referred to below.

TERRITORY

Within the exchange areas of the exchanges listed under "Local Exchange" below, as said areas are defined on maps filed as part of the tariff schedules.

RATES

1. Primary Service			RATE PER MONTH			
			Each Individual Line \$	Each Two Party Line \$	Each Four Party Line \$	Each Subur- ban Line \$
Foreign Exchange Extended Service	Service in Local Exchanges					
Arcadia	Monrovia	Res-Flat	10.20	(b)9.15	(b)8.60	-
Indio#	Palm Springs	Res-Flat	10.25	-	-	(a)8.95
Highland	Redlands	Res-Flat	10.80	-	-	-
San Bernardino	Redlands	Res-Flat	11.00	-	(a)9.20	-
BurbankØ	San Fernando	Res-Flat	9.95	-	-	-
Reseda	San Fernando	Res-Flat	9.95	-	-	-
Van Nuys	San Fernando	Res-Flat	10.20	-	-	-
Arcadia	Sierra Madre	Res-Flat	10.20	(b)9.15	-	-
Pasadena	Sierra Madre	Res-Flat	10.20	-	-	-
<u>Local Service</u>						
Perris	Hemet-					
	San Jacinto	Bus-Flat	-	-	-	(c)14.20
Riverside	Moreno	Res-Flat	11.05	-	-	(a) 9.65
Fallbrook	Temecula	Bus-Flat	-	-	-	(c)13.45
Fallbrook	Temecula	Res-Flat	-	-	-	9.40

(a) Services furnished in first one-half mile zone only

(b) See Special Condition No. 4

(c) See Special Condition No. 5

# Indio foreign exchange service will be furnished from the  
Palm Desert Office Service Area

Ø Burbank foreign exchange service will be furnished from the  
Sun Valley District Area

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

B. RESIDENCE FLAT RATE AND SUBURBAN BUSINESS  
SERVICE OVER LISTED ROUTES

RATES (continued)

2. Foreign Exchange Mileage Rates

In the Local Exchange -

A. Suburban Business Foreign Exchange Service:

	<u>Rate Per Month</u> Each one-half mile or fraction thereof		
	<u>First</u> <u>Mile</u>	<u>Second</u> <u>Mile</u>	<u>Over</u> <u>Two Miles</u>
Each Suburban Line Service	\$2.00	\$3.00	\$3.00

B. Residence Foreign Exchange Service:

	<u>Rate Per Month</u> Each one-quarter mile or fraction thereof
Each Individual Line Service	\$2.00
Each Two-Party Line Service	1.75
Each Four-Party Line Service	1.50
Each Suburban Line Service	1.00

3. Suburban Mileage Rates

In the Foreign Exchange -

	<u>Rate Per Month</u> Each one-quarter mile or fraction thereof, airline measurement	
	<u>When the Foreign</u> <u>Exchange is Served</u> <u>by this company</u>	<u>When the Foreign</u> <u>Exchange is served</u> <u>by another company</u>
Each Individual Line Service	\$0.75	Suburban mileage rate applicable in the foreign ex- change as set forth in tariffs of the connecting company.
Each Two-Party Line Service	0.50	
Each Four-Party Line Service	0.35	

SPECIAL CONDITIONS

1. Rates for local service comprehend service without additional charge to all stations receiving service from the exchange from which foreign exchange service is furnished.

2. Rates for extended service comprehend service without additional charge as set forth in Schedule No. A-2, Local Service Areas, except that:

Rates for foreign exchange extended service furnished from a connecting company exchange comprehend service without additional charge as set forth in the tariff provisions of the connecting company which indicates the local service areas.

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APPENDIX A  
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SERVICE OVER LISTED ROUTESSPECIAL CONDITIONS (continued)

In those cases in which the foreign exchange is divided into district areas, the local service area in connection with a particular extended service is determined from the district area of the foreign exchange from which the service is furnished.

3. The toll rates applicable in connection with toll service over foreign exchange extended and local lines and the message unit rate applicable in connection with message unit service over foreign exchange extended lines will be in accordance with the tariff provisions of the foreign exchange in connection with extended service and local service respectively.

4. The rates for two-party residence and four-party residence service, shown in this schedule with a designation (b), are applicable to services established prior to February 11, 1951, only, furnished to the same subscriber either on the same premises or as moved to a different address in the same exchange.

5. The rates for suburban business service, shown in this schedule with a designation (c) are applicable to services established prior to April 1, 1960, only, furnished to the same subscriber either on the same premises or as moved to a different address in the same exchange.

6. Foreign exchange mileage rates shown above are applicable to the airline distance measured from the subscriber's primary station to the nearest point on the common boundary of the foreign and local exchange.

7. Suburban mileage rates as shown above are applicable to the airline distance measured from the point on the common boundary determined in Condition 5 above, to the nearest point on the nearest base rate area boundary of the foreign exchange.

8. Suburban foreign exchange service is not offered in the base rate area of the local exchange.

9. Subscribers to service under this schedule are not required to take service of the exchange from which service normally would be rendered on the premises on which the service is rendered.

10. For the purpose of administration of this schedule, the first half-mile zone is defined as an area, lying wholly within the local exchange area, all points of which are within one-half mile distance from the common boundary of the foreign and local exchange.

11. Except as otherwise provided, services furnished in the local exchange will be available in connection with foreign exchange service, in accordance with the tariff provisions of the local exchange for the particular class of service furnished.

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I. ROUTES BETWEEN CONTIGUOUS EXCHANGES (continued)

B. RESIDENCE FLAT RATE AND SUBURBAN BUSINESS  
SERVICE OVER LISTED ROUTES

SPECIAL CONDITIONS (continued)

12. Foreign exchange service will be furnished subject to the same conditions as to its use by others than the subscribers and their representatives which are applicable in other classes of subscribers' telephone service.

13. Extension stations at rates applicable in the local exchange will be provided on the premises on which the primary station is located. Extension stations will be provided off the premises within operating limits, at the rates applicable in the local exchange plus mileage rates set forth in Schedule No. A-4.

14. Additional listings and lines of information will be furnished to foreign exchange subscribers in local or foreign directories in accordance with tariff provisions in effect for the directory containing the additional listing or line of information.

15. Under the schedule, "Local Exchange" means the exchange in which the primary station is located and "Foreign Exchange" means the exchange from which the service is rendered.

16. Foreign exchange service will be furnished under the following conditions:

a. The applicant may be required to pay in advance, prior to the installation of the service, an amount equal to the net cost of installing and removing any facilities necessary in connection with the furnishing of such service by the company serving the local exchange.

b. If the service is retained for a period of one year or more at the same location, the company will pay to the subscriber the following amounts of money provided the subscriber retains the service continuously throughout the respective periods for which payments apply and, further provided the subscriber has paid any and all sums due and payable to the company for the service:

On expiration of first year following installation of service, 33-1/3 percent of advance payment.

On expiration of second year following installation of service, 33-1/3 percent of advance payment.

On expiration of third year following installation of service, 33-1/3 percent of advance payment.

In addition to the above payments, interest will be paid on each payment made and on the unpaid balance at the rate of 6 percent per annum.

c. Nothing in this rule shall be construed as limiting or in any way affecting the right of the company to collect from the subscriber any other additional sum of money which may become due and payable to the company from the subscriber by reason of the service furnished or to be furnished hereunder.

17. The above rates for foreign exchange service comprehend a primary listing in the directories having primary distribution in the local and foreign exchanges.

APPENDIX A  
Page 10 of 10

II. LISTED ROUTES BETWEEN NONCONTIGUOUS EXCHANGES

The increases in monthly rates set forth on Page 13 of Exhibit C attached to the application are authorized.

Schedule No. A-19  
Joint User Service

The withdrawal of joint user service in connection with flat rate, individual line business and private branch exchange, foreign exchange service is authorized.

Schedule No. A-22  
Move and Change Charges

Increases in charges and changes set forth on Page 15 of Exhibit C attached to the application are authorized.

Schedule No. A-26  
Service Connection Charges

Increases in charges and changes set forth on Page 16 of Exhibit C attached to the application are authorized. Add SPECIAL CONDITION 4 with text substantially as set forth on Page 23 of Exhibit C attached to the application.

Schedule No. D-1  
Classified Telephone Directory Advertising Service

Increases in rates set forth on Pages 17 through 22 of Exhibit C are authorized.

APPENDIX B

LIST OF APPEARANCES

Applicant

Bacigalupi, Elkus & Salinger, by Claude N. Rosenberg.

Protestants

City of San Fernando, by Neville R. Lewis; Granada Hills Chamber of Commerce, by Faye MacFarlane; Pacific Mercury Electronics, by Geoffrey Fritzler and Charles E. Davies; Mrs. Judge King, in her own behalf.

Interested Parties

City of Los Angeles, by T. M. Chubb, Jack O. Sanders, Robert W. Russell and Manuel Kroman; California Farm Bureau Federation, by J. J. Deuel and Ralph Hubbard; Utility Users Assistance League, by Edward L. Blincoe; TASC, Inc., by Lew Lauria.

Commission Staff

W. R. Roche and R. R. Entwhistle.