

62101

**ORIGINAL**

Decision No. \_\_\_\_\_

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 COLORADO RIVER TELEPHONE COMPANY, )  
 a California corporation, for authority ) Application No. 43229  
 to increase rates for exchange telephone )  
service and for interim relief. )

Orrick, Dahlquist, Herrington & Sutcliffe, by  
Robert A. Keller, for applicant.  
 City of Blythe, by Robert A. Brockmeier; California  
 Independent Telephone Association, by Neal C.  
Hasbrook; California Farm Bureau Federation, by  
Ralph Hubbard; interested parties.  
Robert W. Beardslee, for the Commission staff.

INTERIM OPINION

By this application, filed March 14, 1961, Colorado River Telephone Company, a California corporation, seeks a general increase in rates and charges for telephone service rendered in the City of Blythe, the unincorporated communities of Ripley, Palo Verde and Midland, and in surrounding territory in Riverside and Imperial Counties. Applicant also seeks rate relief on an interim basis pending final disposition of the matter, alleging that it is now operating at a substantial loss which must be halted immediately in order to preserve the financial integrity of the company.

Public hearing in the matter was held before Examiner F. Everett Emerson on May 3, 1961, at Blythe at which time applicant made its complete direct presentation, public witnesses were heard, a preliminary report of the Commission's staff was presented, applicant made its motion for immediate rate relief and its witness was fully cross-examined with respect thereto. The matter is now set for an additional hearing on September 13, 1961, at which time

the Commission's staff will present the results of its final independent investigation of applicant's operations and earnings position.

While applicant is engaged in planning and preparing for a substantial growth and general reconstruction and rearrangement of facilities to meet such expansion, and has in fact been authorized by this Commission to borrow funds for such a program, it should be kept clearly in mind that the instant application is directly concerned with applicant's present operations and financial condition.

It is of record that the basic tariffs under which applicant provides public utility exchange telephone service have remained practically unchanged since the year 1915. Applicant's proposed rates are those generally in effect throughout California for exchanges of similar size and characteristics. A comparison between present and proposed basic rates is as follows:

: Class of Service	: Rate per Month			
	: Blythe Rate Area		: Ripley Rate Area	
	: Present	: Proposed	: Present	: Proposed
Business Service				
1-party	\$4.00	\$8.50	\$6.00	\$9.25
2-party	3.50	6.10	4.90	6.60
Residence Service				
1-party	\$3.25	\$4.65	\$5.00	\$5.50
4-party	2.50	3.00	3.00	3.50

Applicant's books of account indicate a net plant cost, as of December 31, 1960, of \$472,274. Applicant recorded an operating loss of \$7,352.11 for the year 1960. For the year 1961 applicant's best estimate indicates a probable loss of more than \$21,500. The recorded and estimated losses are directly attributable to the effects of a general inflationary economy and to the necessity of substantial maintenance and improvement of plant neglected by prior ownership of the system.

Applicant's immediate needs for the meeting of fixed charges, represented by two demand notes and a mortgage note for the refunding of one of them, for a total of \$360,923 in principal amount, totals \$14,147 for the year 1961. Without provision for any income tax payments, applicant's 1961 estimate of operating expenses totals \$321,964. When 1961 fixed charges are added to this latter amount, a gross revenue requirement of \$336,111 is indicated. Such requirement, of course, includes no amount which might be termed "profit". It is that amount which, on the record so far developed in this proceeding, would merely halt applicant's losses and permit it to meet its immediate financial obligations. Such amount, when compared with a total anticipated 1961 revenue of \$300,446 under existing telephone rates, indicates that applicant is in need of approximately \$35,665 in increased revenues from its operations for the year 1961.

In view of the evidence, the Commission finds and concludes that applicant is in need of and entitled to approximately \$35,665 in increased revenues and that applicant has clearly and conclusively demonstrated the urgency of such rate relief on an interim basis pending final disposition of this matter. Applicant has never paid dividends on its outstanding stock, nor will it be placed in a position to do so by the rate relief authorized herein.

It appears appropriate at this time to spread the needed revenue increase over the categories of business primary, PBX trunks and extension stations; manual PEX stations, key systems and supplemental equipment. By so doing, the business single-party rate will be established at \$7.75 per month and the two-party business rate at \$6.10 per month in the Blythe base rate area and PBX trunk service will be increased proportionately to \$11.50. The Commission finds such increases, as specifically set forth in

Appendix A attached to the order herein, to be justified. Further, the Commission finds that insofar as existing rates and charges differ from those authorized herein, such existing rates and charges are for the future unjust and unreasonable.

INTERIM ORDER

Colorado River Telephone Company having made a motion for authority to place into effect immediate interim rate increases, the motion having been taken under submission, and based upon the evidence and upon the findings and conclusions contained in the foregoing opinion,

IT IS HEREBY ORDERED that applicant is authorized to file in quadruplicate with this 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 and charges as set forth in Appendix A attached to this order and, on not less than five days' notice to the public and to this Commission to make said revised tariffs effective for all service furnished on and after July 1, 1961.

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

Dated at San Francisco, California, this 6<sup>th</sup> day of June, 1961.

*Charles H. ...*  
 President

*...*

*...*

*George H. Brewer*

*Fredrick B. Goloboff*  
 Commissioners

APPENDIX A  
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The presently effective rates and charges are changed as set forth in this appendix. Revisions in special conditions and changes in installation charges are not being authorized by this interim order.

Schedule No. A-1, Flat Rate Exchange Service

The following monthly rates for business flat rate service are authorized:

	<u>Rate per Month - Each Station</u> <u>Blythe Base Rate Area</u>	
Business Individual Line	\$7.75	
Business Two-Party Line	6.10	

Schedule No. A-3, Semi-Public Coin Box Service

	<u>Blythe Base Rate Area</u>	
	<u>:Rate per Month:</u>	<u>Minimum Charge:</u>
	<u>: Each Station :</u>	<u>: Each Station :</u>
Individual Line Coin Box Station	\$1.00	.20 per day
Extension Station without Coin Box	1.50	---

Schedule No. A-5, Suburban Service

The following monthly rates for suburban 10-party business services are authorized:

	<u>Rate Per Month - Each Station</u>		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
Each Business Ten-Party Line Station	\$5.10	\$5.60	\$6.10
Each Inside Extension Station	1.50	1.50	1.50
Each Outside Extension Station	2.00	2.00	2.00

Schedule No. A-7, Private Branch Exchange Service

1. Manual Switchboard Rate. The increases in manual switchboard monthly rates set forth on page 5 of Exhibit G attached to the application are authorized.
2. Mechanical Equipment Rate. Applicant is authorized to withdraw this rate.

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Schedule No. A-7, Private Branch Exchange Service--Contd.

3. Trunk Line Rates.

Rate Per Month  
Blythe Base Rate Area

Each Central Office Trunk Line \$11.50

4. Station Rate. The increases in station rates set forth on page 6 of Exhibit G attached to the application are authorized.

Schedule No. A-8, Key System Service

The monthly rates for Key System service set forth on pages 8, 9 and 10 of Exhibit G attached to the application are authorized.

Schedule No. A-9, Business Key Station Dial Private Branch Exchange Service

1. Switching Equipment Rate. The monthly rates for switching equipment set forth on page 12 of Exhibit G attached to the application are authorized.

5. Trunk Line Rate.

Blythe Base Rate Area  
Rate Per Month

Each Central Office Trunk Line \$11.50

Schedule No. A-13, Joint User Service

The monthly rates for joint user service set forth on page 15 of Exhibit G attached to the application are authorized.

Schedule No. A-14, Directory Listings

The monthly rates for additional listings and lines of information as set forth on page 16 of Exhibit G attached to the application are authorized.

Schedule No. A-15, Supplemental Equipment

The monthly rates for supplemental equipment set forth on pages 16, 17, 18 and 19 of Exhibit G attached to the application are authorized.

Schedule No. A-21, Wall Set and Hand Set Telephones

Applicant is authorized to withdraw this schedule.