

ORIGINAL

63104

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 to increase rates for)
 exchange telephone service and for)
 interim relief.)

Application No. 43229
 (Filed March 14, 1961)

Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, 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.
Sheldon Rosenthal and Robert W. Beardslee, for the
 Commission staff.

O P I N I O N

By Decision No. 62101, issued June 6, 1961, applicant herein was accorded interim rate relief. Further public hearings in the matter were held before Examiner F. Everett Emerson on September 13 and 14, 1961, at San Francisco, at which time applicant presented additional evidence and the Commission's staff presented the final results of its investigation respecting applicant's operations. The matter was submitted and is now ready for final decision.

Applicant is preparing for major changes in its plant and operations. Through funds to be obtained from the Rural Electrification Administration, it is constructing new facilities and expects to convert from manual to dial operations in midyear 1962. Its presentation in this proceeding primarily has been based upon its present operations as a manually-operated system. The presentation of the Commission's staff experts was also primarily based upon present operations of the telephone system.

Applicant's basic request is for authority to increase rates and charges for exchange telephone service so as to produce a gross annual revenue increase of \$66,490. Authorization for increases totaling \$35,665 have heretofore been granted on an interim basis in order to assist applicant to meet its immediate financial obligations on an emergency basis. The evidence respecting the effect of the interim increase shows that applicant's earning position was considerably improved thereby.

With respect to the effect on earnings of applicant's proposed rates, applicant's, as well as the staff's, presentation mathematically demonstrates rates of return exceeding $7\frac{1}{2}$ percent and $11\frac{1}{2}$ percent, respectively. These calculations are based on the assumptions that applicant's proposed rates were in effect for and applicable to no more than the year 1961 and that present manual-system operation, providing service to 3900 subscribers, is the sole method of operation to be considered. This latter assumption and its mathematical pursuit are apt to lead to a misleading conclusion because they tend to obscure the fact that the physical plant, as well as methods of operation, is undergoing radical changes. They relate earnings to depreciated rate bases^{1/} reflecting plant items whose useful remaining life in some instances is only a matter of months.

Applicant's system has been plagued with difficulties resulting from its operation by former owners. Trunking facilities have been less than adequate and at times severely overloaded, thus causing lengthy delays in handling calls. Subscribers' instruments and wiring, as well as outside plant facilities, have been faulty and have caused poor quality of transmission. Inadequate margins for

^{1/} \$442,428 as developed by applicant and \$433,000 as developed by the staff.

plant growth have been maintained, thus forcing the withholding of service from prospective subscribers and preventing upgrading or new types of service for existing subscribers.

Since applicant has taken over the system improvements have been made to the limits of applicant's finances. A better grade of service is already available. The system needs and will receive even better and more extensive service. Applicant is proceeding with construction of a completely new and modern telephone system which will cost approximately \$2,800,000 and will provide proper service for an estimated total of more than 7200 telephone stations by 1965. The determining of a rate base at this particular time, therefore, is of theoretical value only and can produce no practical result. It is growing monthly as applicant's new system grows.

Under the circumstances and in view of the evidence, the Commission finds that applicant has proven its need for increased revenues in the total annual amount of approximately \$51,000 at the present time. Such finding means that, in addition to the \$35,665 authorized on an interim basis, applicant's existing rates and charges should now be increased by approximately \$15,000. Further, the Commission finds that the rates and charges hereinafter authorized are in themselves fair and reasonable rates commensurate with the value of the service to be rendered under them. The interim increases primarily affected Blythe business service; those to be authorized herein will primarily affect residential service throughout the system and Ripley special rate area service and place rates for the same in reasonable relationship with the business service rates heretofore authorized.

Typical rates, as authorized herein are as follows:

Blythe exchange area

Residential, 1-Party	\$4.65	per month	
" 4-Party	2.75	"	"
" 10-Party (Zone 1)	3.00	"	"
(Zone 2)	3.50	"	"
(Zone 3)	4.00	"	"

Ripley special rate area

Business, 1-Party	8.50	"	"
" 2-Party	6.60	"	"
Residence, 1-Party	5.25	"	"
" 4-Party	3.25	"	"

The Commission finds that the increases authorized are justified and that insofar as existing rates and charges differ from those authorized herein, such existing rates and charges are for the future unjust and unreasonable.

O R D E R

Based upon the evidence and the findings 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, charges, and conditions modified 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 service rendered on and after January 15, 1962.

IT IS FURTHER ORDERED that the interim rate relief heretofore authorized by Decision No. 62101, issued June 6, 1961, be and it is hereby made permanent.

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

Dated at San Francisco, California, this
9th day of JANUARY, 1962.

Herbert B. Page
President
W. L. Mitchell
E. L. Fox
George H. Hoover
Frederick B. Holshoff
Commissioners

APPENDIX A
Page 1 of 6

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

Schedule No. A-1
Flat Rate Exchange Service

The following monthly rates are authorized:

	Rate Per Month	
	Blythe Base Rate Area	Ripley Special Rate Area
<u>Business Service</u>		
Each Individual Line Station	\$ 7.75	\$ 8.50
Each two-party line station	6.10	6.60
Each inside extension station	1.50	1.50
Each outside extension station	2.00	2.00
<u>Residence Service</u>		
Each individual line station	4.65	5.25
Each four-party line station	2.75	3.25
Each inside extension station	1.25	1.25
Each outside extension station	1.75	1.75

Condition 3 relating to a discount of twenty-five cents shall be withdrawn.

The last sentence of Condition 2 of this schedule shall be changed to read:

Outside extension stations at the above rates are installed outside the premises on which the primary station is located but on the same continuous property and within 300 feet of the primary station.

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

The following rates are authorized:

	Rate Per Month	Each Exch. Message	Min.Chg. Per Day
<u>Blythe Base Rate Area and Ripley Special Rate Area</u>			
Each individual line coin box station	\$ 1.00	\$.10	\$.20
Each inside extension station without coin box	1.50	-	-

Conditions 2 and 5 of this schedule shall be changed to read as follows:

Condition 2

Extension stations will be installed only on the premises on which the primary station is located.

APPENDIX A
Page 2 of 6Schedule No. A-3 (Contd.)

Condition 5

The coin box station rate per month, mileage rates, extension station rates, or other supplemental service rates are not covered by the above guarantee nor by charges for messages that are over and above the guarantee.

Schedule No. A-4
Mileage Rates

The following rates are authorized:

	<u>Rate Per Month</u> <u>For Each One-Quarter Mile</u> <u>or Fraction Thereof</u> <u>Air-Line Measurement</u>
(1) <u>Within Suburban Area:</u>	
Each individual line primary station	\$ 0.50
Each two-party line primary station	.35
Each four-party line primary station	.25
Each private branch exchange or key system trunk line	.60
Each battery supply circuit	.60
Each ringing power supply circuit	.60
	<u>Rate Per Month</u> <u>For Each One-Quarter Mile</u> <u>or Fraction Thereof</u> <u>Air-Line Measurement</u>
(2) <u>Outside Subscriber's Premises</u> <u>and Within Exchange Area</u>	
Each individual line or party line extension station line beyond 300 feet from primary station but on same continuous property	\$ 1.00
Each private branch exchange line or key system station line:	
a. Where the terminals are in different buildings on continuous property:	
Each one-quarter mile or fraction thereof	1.00

APPENDIX A
Page 3 of 6Schedule No. A-4 (Contd.)

Rate Per Month For Each One-Quarter Mile or Fraction Thereof Air-Line Measurement

- b. Where the terminals are non-continuous property:

First one-quarter mile or fraction thereof	\$ 2.00
Each additional one-quarter mile or fraction thereof	1.00

The following sentence shall be deleted:

"No mileage charge applies in those cases where the terminals are in the same building or in different buildings on continuous property within 300 feet from the primary station."

Schedule No. A-5
Suburban Ten-Party Service

The following rates are authorized:

	Rate Per Month		
	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>
<u>Business Service</u>			
Each 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
<u>Residence Service</u>			
Each ten-party line station	3.00	3.50	4.00
Each inside extension station	1.25	1.25	1.25
Each outside extension station	1.75	1.75	1.75

The present conditions applicable to this schedule shall be deleted and replaced with the following conditions:

Conditions

1. Suburban service is furnished outside the base rate area, special rate area and farmer line zone area and within the suburban zone areas of the Blythe exchange.
2. Outside extension stations at the above rates are installed outside the premises on which the primary station is located but only on the same continuous property and within 300 feet of the primary station.

APPENDIX A
Page 4 of 6

Schedule No. A-6
Farmer Line Service

The following rates are authorized:

	<u>Rate Per Month</u>		<u>Minimum Charge Per Line</u>
	<u>Business Service</u>	<u>Residence Service</u>	
Each ten-party farmer line station	\$ 2.00	\$ 1.50	\$ 6.00

Conditions 1 and 2 of the present schedule shall be withdrawn.

Schedule No. A-7
Private Branch Exchange Service

The following rates and charges are authorized:

	<u>Installation Charge</u>	<u>Rate Per Month</u>
1. Manual Switchboard Rate:		
Each switchboard position with battery and ringing power supply circuits and switchboard telephone:		
(a) Cordless Type Switchboard		
Maximum capacity 3 trunks and 10 station lines	\$ 125.00	\$ 15.00
Maximum capacity 4 trunks and 16 station lines	135.00	20.00
(b) Cord Type Switchboard		
Non-Multiple:		
Maximum capacity 30 lines or less	250.00	40.00
Maximum capacity 31 lines to 50 lines	300.00	45.00
Maximum capacity 51 to 100 lines	350.00	55.00
2. Trunk Line Rates:		
	<u>Rate Per Month</u>	
Each central office trunk line:		
Blythe base rate area	\$ 11.50	
Ripley special rate area	12.50	

Schedule No. A-7 (a)
Modular Dial Private Branch Exchange Service

This tariff schedule shall be changed so as to provide that the same trunk line and station rates in Schedule No. A-7 are also applicable to this schedule as specified in Condition (1).

APPENDIX A
Page 5 of 6

Schedule No. A-8
Key System Service

Installation charges, monthly rates, and conditions, as set forth on pages 8, 9, 10, 11 and 12 of Exhibit G attached to the application, are authorized.

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

The proposed installation charges, monthly rates, and conditions, as set forth on pages 12, 13 and 14 of Exhibit G attached to the application, are authorized except that the following rates are to be charged:

	<u>Installation Charge</u>	<u>Rate Per Month</u>
(5) Trunk Line Rate:		
Each central office trunk line:		
Blythe base rate area	\$ 10.00	\$ 11.50
Ripley special rate area	10.00	12.50

Schedule No. A-11
Public Pay Station Service

The wording of this tariff schedule as proposed in Exhibit G, page 14 is authorized.

Schedule No. A-12
Employees' Service

This schedule, as set forth on page 15 of Exhibit G attached to the application, is authorized.

Schedule No. A-13
Joint User Service

Monthly rates as set forth in the Interim Decision No. 62101 are authorized.

Schedule No. A-14
Directory Listings

The proposed conditions and monthly rates, as set forth on page 16 of Exhibit G attached to the application, are authorized.

Schedule No. A-15
Supplemental Equipment

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

APPENDIX A
Page 6 of 6

Schedule No. A-18
Permanent Connection of Telephone Lines

The proposed changes in monthly rates and conditions, as set forth on pages 19 and 20 of Exhibit G attached to the application, are authorized.

Schedule No. A-19
Vacation Rate Service

The proposed schedule, as set forth on pages 21 and 22 of Exhibit G attached to the application, is authorized.

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

Withdrawal of this schedule is authorized.

Schedule No. A-29
Move and Change Charges

The proposed Move and Change charges and withdrawals, as set forth on pages 22 and 23 of Exhibit G attached to the application, are authorized.

Schedule No. A-30
Service Connection Charges

Proposed Service Connection Charges, as set forth on page 23 of Exhibit G attached to the application, are authorized.

Schedule No. B-2
Toll Stations

Proposed toll station rates and conditions, as set forth on page 24 of Exhibit G attached to the application, are authorized.