

Decision No. 65020**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 MARIPOSA COUNTY TELEPHONE COMPANY,  
 INC., a California corporation, for  
 authority to increase rates and charges  
 for exchange telephone service.

Application No. 44702  
 (Filed August 13, 1962)

Harry H. Baker, Jr., for applicant.  
 California Farm Bureau Federation, by Ralph  
 Hubbard; California Independent Telephone  
 Association, by Neal C. Hasbrook, interested  
 parties.  
Paul Popenoe, Jr., for the Commission staff.

OPINION AND ORDER

After due notice, public hearing in this matter was held before Examiner Emerson on November 29, 1962, at Mariposa.

Applicant's present rates became effective in July 1956 at a time when applicant was serving approximately 285 subscribers and had a plant investment of about \$70,000. Since that time, applicant has completed a major construction program, financed by borrowings from the R.E.A., and now serves about 1100 stations from a plant the present-day undepreciated cost of which approximates \$552,000. During this same period, net plant investment, on a per station basis, increased from about \$130 per station to more than \$455 per station. Revenues per station, however, have decreased; local service revenue having declined by 8 percent and toll service revenue by 11 percent during the six-year period. According to applicant, the effect of these influences on over-all earnings has been to reduce its over-all rate of return to less than one percent for the year 1961 and to produce an over-all operating loss of about \$2,750 for the year 1962. Applicant seeks

increased telephone revenues in order to earn a rate of return of 3.28 percent on an average depreciated rate base of \$508,600. With respect to local service operations, applicant's records show a loss of about \$5,000 for the year 1961 and applicant estimates that it will sustain a loss of \$10,735 from local service operations during the year 1962. It seeks to earn a rate of return of 2.15 percent on a depreciated rate base of \$405,000 devoted to local service operations.

A comparison of present rates with those which applicant proposes, for the principal services offered, is as follows:

<u>Class or Type of Service</u>	<u>Monthly Rate</u>	
	<u>Present</u>	<u>Proposed</u>
<u>Business</u>		
1-Party	\$6.50	\$9.00
2-Party	5.25	7.00
Suburban	4.75	6.80
Extension Station	1.50	2.00
<u>Residence</u>		
1-Party	\$4.20	\$6.50
2-Party*	--	5.30
4-Party	2.90	4.50
Suburban	3.40	5.00
Extension Station	1.00	1.30

\* A new service offering.

For the year 1962, the estimates of applicant and the staff show over-all operations as follows, assuming that the rates which applicant has proposed were in effect for the entire year:

<u>Item</u>	<u>Total Operations - Year 1962</u> <u>At Proposed Rates</u>	
	<u>Applicant</u>	<u>CPUC Staff</u>
Operating Revenues	\$118,300	\$115,800
Operating Expenses	101,600	99,610
Net Revenue	16,700	16,190
Rate Base (depreciated)	508,600	500,130
Rate of Return	3.28%	3.24%

With respect to local service operations during the year 1962, a summary of applicant's and staff estimates shows the following results, assuming full-year operations under proposed rates:

<u>Item</u>	<u>Local Service Operations - Year 1962</u> <u>At Proposed Rates</u>	
	<u>Applicant</u>	<u>CPUC Staff</u>
Operating Revenue	\$ 79,900	\$ 78,070
Operating Expenses	71,185	69,990
Net Revenue	8,715	8,080
Rate Base (depreciated)	405,000	394,830
Rate of Return	2.15%	2.05%

In view of the evidence, the Commission finds that applicant is in need of and is entitled to increased revenues.

The differences in the estimates of applicant and staff, apparent in the above tabulation, arise primarily from the fact that the staff had later data available, its estimates having been made several months later than applicant's. The revenue difference is wholly attributable to such situation. With respect to expenses, the staff utilized the recent fire damage experience of applicant as the basis for its expense estimates of insurance and other fire losses. In this respect, applicant included in its estimated expenses an annual amount of \$2,000 which it intends to accumulate to a total of \$10,000 as a reserve against the losses which might be involved should its outside plant facilities experience a disastrous fire. Applicant has given no indication that such a reserve would be funded, however, and its evidence is not convincing that such an unfunded amount should be allowed as a charge to operating expenses.

With respect to rate base, the staff, after examining an inventory of plant, has eliminated plant items which are no longer in place or operative.

In view of the evidence, the Commission finds that the estimates of the staff are fair and reasonable and concludes that rates should be authorized which will produce approximately \$78,000 in gross annual revenues from local services based on the level of business during the year 1962. With respect to the specific rates which applicant has proposed the Commission finds that such rates are fair and reasonable and should be authorized except that (1) move and change charges should be limited to the actual cost, not to exceed the original installation charge, (2) no charge should be made for the nonlisting of a subscriber's telephone number, (3) no special deposits for establishment of credit should be made and (4) four-party residence service should carry a monthly charge of \$4.30 instead of the \$4.50 charge proposed by applicant. Further, the Commission finds that the rate increases authorized herein are justified and that present rates and charges, insofar as they differ from those authorized herein, are for the future unjust and unreasonable.

In examining applicant's accounts, the staff found that a balance of \$5,475.79 has remained in the acquisition adjustment account since July 1953. This amount should be amortized through charges to miscellaneous income charges, as specified in the uniform system of accounts and the order herein will so provide.

In this proceeding two Farm Bureau members in the Indian Peak-Oak Grove district of Mariposa County (approximately 8 miles southeast of the town of Mariposa) testified respecting their desires for telephone service and voiced the consensus of the Oak Grove community that applicant had discriminated against them by not having provided telephone service in the area during applicant's recent major construction program. Their understanding

of the program was that an R.E.A. financed construction project meant complete area coverage and that they would be included in the project. They claim to have been so informed by applicant's former manager. In connection with this problem, Commission records show that applicant had in fact included the area in its originally proposed construction program. Applicant's commercial survey made in 1956, however, showed eleven structures in the area, one being no more than a shack, one being an abandoned house, one being a schoolhouse which had been vacant for a number of years and only six of the balance being occupied. Of those houses occupied, three did not want service and the others wanted service only if there would be no line extension charge or if such a charge would be very small. When this situation was brought to the attention of the Commission staff engineers at the time applicant was seeking authority to undertake the R.E.A. loan, the staff engineers advised that inclusion of the area was economically unfeasible and recommended its exclusion. The borrowings which applicant was authorized to undertake did not include monies for the extension of telephone plant into the area.

The testimony in the present proceeding shows that line extensions varying from a minimum of 3.9 miles to as much as 8 miles would be required to provide service to the approximately 10 potential subscribers the Farm Bureau members claim are now in the area. Present-day costs of providing service are unknown. In view of the passage of time since applicant made its last survey of the area, it is possible that a new commercial survey would disclose a more favorable situation than has heretofore prevailed in the area. In any event, an up-to-date survey is appropriate and applicant will be directed to make the same.

In view of the evidence and the foregoing findings,

IT IS ORDERED as follows:

1. Applicant is authorized to file in quadruplicate with this Commission, after the effective date of this order and in conformity with the provisions of General Order No. 96-A, revised tariffs 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 exchange telephone service rendered on and after April 1, 1963.

2. Applicant shall, within ninety days after the effective date of this order, undertake and complete a commercial survey of the Indian Peak-Oak Grove area and shall file with this Commission a written report respecting the same within fifteen days thereafter.

3. Applicant shall amortize the balance of \$5,475.79 remaining in its acquisition adjustment account through charges to miscellaneous income, as specified in the uniform system of accounts for telephone corporations.

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

Dated at San Francisco, California, this 6<sup>th</sup> day of MARCH, 1963.

George H. Fowler  
President

Robert W. [Signature]

Fredrick B. Halbach

William W. Brunell

Commissioners

Commissioner Peter E. Mitchell, being necessarily absent, did not participate in the disposition of this proceeding.

APPENDIX A  
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RATES

The presently effective rates, charges and conditions of Mariposa County Telephone Company, Inc. are changed to the levels and extent set forth in this appendix.

Schedule No. A-1

INDIVIDUAL AND PARTY LINE SERVICE

RATES

	Rate Per Month	
	<u>Residence Service</u>	<u>Business Service</u>
Each Individual Line Primary Station.....	\$6.50	\$9.00
Each Two-Party Line Primary Station.....	5.30	7.00
Each Four-Party Line Primary Station.....	4.30	-
Each Extension Station.....	1.30	2.00
Trunk Hunting Rate		
Each Individual Line:		
Above Individual Line Rate Plus.....		\$1.50

SPECIAL CONDITIONS

Add the following special condition applicable to trunk hunting service:

3. Two or more individual line primary services for the same subscriber connected at the central office on PBX trunk equipment to render trunk hunting service to such lines will be provided at the individual line rate plus the trunk hunting rate for each line. One telephone number will be assigned to each trunk group by the Company when such service is established.

Schedule No. A-2

MILEAGE RATES

RATES

	Each One-Quarter Mile or Fraction Thereof Airline Measurement
	<u>Rate Per Month</u>
(1) Primary Service:	
Each Individual Line Primary Station.....	\$0.75
Each Two-Party Line Primary Station.....	.50
Each Four-Party Line Primary Station.....	.35
Each Private Branch Exchange Trunk Line....	.75
Each Battery Supply Circuit.....	.75
Each Ringing Supply Circuit.....	.75

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Schedule No. A-3

SUBURBAN SERVICE

RATES

	Rate Per Month	
	<u>Residence Service</u>	<u>Business Service</u>
Each Ten-Party Line Primary Station.....	\$5.00	\$6.80
Each Extension Station, With or Without Bell	1.30	2.00

Schedule No. A-4

FARMER LINE SERVICE

RATES

	Rate Per Month	
	<u>Residence Service</u>	<u>Business Service</u>
Each Station.....	\$1.50	\$1.50
Minimum Charge per Line.....	6.00	6.00

Schedule No. A-6

MOVE AND CHANGE CHARGES

RATES

- (1) Subscriber's Telephone Sets:
- |   |        |
|---|--------|
| Moving From One Location to Another on the Same Premises, Each Set.....                                     | \$5.00 |
| Change in Type or Style Not Required by Change in Class, Type or Grade of Service or Type of Operation..... | 5.00   |
- (Delete present Item (2) and replace by the following:)
- (2) Other Equipment and Wiring..... Charge limited to the actual cost, not to exceed the original installation charge

SPECIAL CONDITIONS

Revise 5 to read:

5. Move and Change Charges do not apply to:

- a. Moves, rearrangements or changes initiated by the Company or required because of a change in class, type or grade of service or in central office equipment. When replacement of a subscriber's telephone set is required in connection with such moves, rearrangements or changes, a change of telephone set at the request of the subscriber will be made without a move or change charge.
- b. Public (non-guarantee) telephones installed on the initiative of the company.
- c. Moves necessary to conform with requirements of Rule No. 18.

Condition 7 is withdrawn.

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## Schedule No. A-7

SERVICE CONNECTION CHARGESRATES

	Charge	
	<u>Business</u>	<u>Residence</u>
(1) New and Additional Service		
Instrumentalities Not in Place:		
Each Individual, Party or Auxiliary Line Primary Station and PBX Trunk.....	\$15.00	\$10.00
Each Private Branch Exchange or Inter- communication System Station, Except Operators' Sets.....	5.00	5.00
Each Extension Station.....	5.00	5.00
(2) Instrumentalities in Place and No Change of Location or Type of Facilities Involved:		
Each Service Including All Stations and Supplemental Equipment Connected There to.....	5.00	5.00
Each Private Branch Exchange or Inter- communicating System, Complete With Trunks.....	5.00	5.00
Supersedure.....	No Charge	No Charge

## Schedule No. A-9

SUPPLEMENTAL EQUIPMENTRATES

	<u>Installation Charge</u>	<u>Rate Per Month</u>
(1) Bells:		
Each ordinary extension bell.....	\$ 4.00	\$ 0.50
Each loud ringing extension bell (gong)...	4.00	1.00
(2) Booths:		
Each booth.....	25.00	10.00
(3) Buzzers (See Condition No. 2):		
Each buzzer circuit, including push button, buzzer battery and 50 feet (circuit measure- ment) or less of wire.....	4.00	.50
Each additional push button.....	1.00	-
Each additional buzzer.....	1.00	-
Each additional 50 feet (circuit measure- ment) or less of wire.....	2.50	-
(4) Central Office Terminals:		
Terminals in central office for use with night listings for private branch exchange systems; each terminal.....	-	1.50
(5) Head Telephone Set (See Condition No. 6):		
Single receiver.....	-	1.25*
Double receiver.....	-	1.50*

\* In addition to station rate.

(Continued)

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Schedule No. A-9  
Supplemental Equipment (Cont'd)

	<u>Installation Charge</u>	<u>Rate Per Month</u>
(6) Colored Hand Sets (See Condition No. 5): Regular stock finishes as available from the manufacturers.....	*	-
* Actual cost to Company over and above cost of a standard black finish set.		
(7) Cords: Extra length cords (See Condition No. 3) Two-, three- and four-conductor cords:		
Each 10-foot cord.....	\$ 2.00	\$ -
Each 15-foot cord.....	3.00	-
Each 25-foot cord.....	5.00	-
Each retractile type cord not exceeding seven feet when extended, substituted for regular cord.....	2.00	-
Holding Equipment: Service offering is withdrawn.		
(8) Industrial Signal (See Condition No. 7): Each signal.....	4.00	1.50
(9) Intercommunicating Line Equipment: Intercommunicating line equipment on same premises as primary service: Local talking circuit, including battery and 50 feet (circuit measurement) of wire.....	4.00	1.00
Each additional 50 feet of wire or less (circuit measurement).....	2.50	-
(10) Jack and Plug Installations (See Condition No. 4): Each three- or four-contact jack.....	7.50	-
Each eight-contact jack.....	20.00	-
Each portable telephone for use with extension lines terminated in jacks.....	-	Extension Station Rate
Each portable telephone for use with private branch exchange extension lines terminating in jacks.....	-	Extension Station Rate
(11) Keys:		
Each two-way key.....	4.00	.35*
Each three-way key.....	4.00	.50*
Holding key with associated release equipment.....	4.00	.50
Pickup, with associated equipment.....	4.00	.50
* When a key is installed in lieu of a telephone instrument the regular primary or extension wall set station rate, including service connection charge, will apply and no additional charge is made for the key.		
(12) Lamp Indicators: Desk-type individual, dual or triple mounted, each lamp.....	4.00	.40
Ten lamps on one mounting, flush type, each mounting strip of ten lamps.....	5.00	2.75
(13) Substation Amplifier for Deaf Persons: Each amplifier.....	5.00	2.00

(Continued)

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Schedule No. A-9  
Supplemental Equipment (Cont'd)

CONDITIONS

Revise 5 to read as follows:

5. Hand set telephone instruments in colors and types other than the special finishes available from suppliers will be provided where practicable at an installation charge based on the estimated cost to the Company in providing the special finish and later restoring the equipment to standard black finish.

The above charge applies to each installation and to each complete or partial replacement of colored hand sets when made at the request of the applicant or subscriber. The charge does not apply to replacements of colored hand sets initiated by the Company and required for the proper maintenance of the equipment or service. The charges do not apply where a subscriber's service equipped with a colored hand set is ordered moved to another premise of the same subscriber within the same exchange.

The charge shown includes colored cords associated with the hand set.

The above charge covers only the special finish provided. Exchange service rates together with service connection and move and change charges apply in connection with service furnished with colored hand sets in the same manner as with standard black sets.

The charge shown above applies in connection with common battery installations only.

Colored hand sets are not furnished in connection with magneto service.

Revise 6 to read as follows:

6. The charges for head telephone sets are applicable when furnished as extra equipment for private branch switchboards or when furnished in addition to, or in lieu of, standard equipment at a subscriber's station.

Schedule No. A-10

PRIVATE BRANCH EXCHANGE SERVICE

RATES

	<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.....	\$50.00	\$10.00
Maximum capacity 4 trunks and 16 station lines.....	80.00	13.00
Cord Type Switchboard:		
Service offering is withdrawn.		
Mechanical Equipment Rate:		
Service offering is withdrawn.		
		<u>Rate per Month</u>
(2) Trunk Line Rate:		
Each central office trunk line.....		\$13.50

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Schedule No. A-10  
Private Branch Exchange Service (Cont'd)

	<u>Rate per Month</u>
(3) Station Rate:	
Each desk or hand set station not located in hotel guest room.....	\$ 2.00
Each desk or hand set station located in hotel guest room.....	1.30
(4) Isolated Power Plant Rate:	
(Applicable to installations of isolated power plants in connection with manual private branch exchange systems located outside of the base rate area.)	
	<u>Installation Charge</u>
Battery Power Supply.....	\$20.00
Ringing Power Supply.....	7.00
	<u>Rate per Month</u>
	\$5.00
	1.75

Schedule No. A-11

JOINT USER SERVICE

RATES

	<u>Rate per Month</u>
Each Joint User Service Furnished in Connection With:	
Individual or party line business service.....	\$2.00
Private branch exchange or intercommunicating system service.....	1.00

Schedule No. A-12

DIRECTORY LISTINGS

RATES

	<u>Rate per Month</u>
(2) Additional Listings and Lines of Information:	
Each business listing.....	\$0.75
Any individual residing at a residence, listed at the residence, each listing.....	.35
Reference to service of same subscriber, or that of another subscriber, each listing.....	.35
Any information in addition to a listing, each line.....	.35

Schedule No. A-14

EXTRA COPIES OF BILLS AND TOLL STATEMENTS  
(New Schedule)

APPLICABILITY

Applicable to the furnishing of extra copies of bills for telephone service and extra copies of toll statements.

TERRITORY

Within the Mariposa exchange area as said area is defined on a map filed as part of the tariff schedules.

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Schedule No. A-14  
Extra Copies of Bills and Toll Statements (Cont'd)

RATES

Extra Copies Requested by the Subscriber:	
Bill for telephone service, each extra copy.....	\$0.50
Toll statement, each extra copy.....	.50

SPECIAL CONDITIONS:

1. Charges for furnishing subscribers with extra copies of bills for telephone service and extra copies of toll statements are intended to cover, in part, the expense incurred by the Company in the preparation of such extra copies.
2. Extra copies are those in addition to the number of copies regularly furnished by the Company.
3. These rates are not applicable to bills or toll statements used as receipts.