# ORIGINAL

Decision No. <u>69763</u>

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALAVERAS TELEPHONE COMPANY for authority to:

- 1. Divide its existing Felix exchange area into two exchange areas, to be known as Copperopolis exchange and Jenny Lind exchange.
- 2. Establish a base rate area within the Copperopolis exchange and a base rate area within the Jenny Lind exchange.
- 3. Discontinue the Felix toll rate center and establish a toll rate center in the Copperopolis exchange and a toll rate center in the Jenny Lind exchange.
- 4. Establish extended service between Copperopolis and Jenny Lind exchanges.
- 5. File and place in effect rates and conditions for additional exchange services in each exchange.
- 6. Increase certain exchange service rates.

Application No. 47617 (Filed May 27, 1965)

## OPINION AND ORDER

Calaveras Telephone Company, upon completion of its REA financed construction program scheduled on or about August 29, 1965, requests the Commission for authority to: (1) divide its existing Felix exchange area into a Copperopolis exchange area of approximately 170 square miles and a Jenny Lind exchange area of approximately 36 square miles as shown on Exhibit B of its application; (2) establish base rate areas at Copperopolis and Jenny Lind as shown in applicant's Exhibits C and D, respectively; (3) discontinue the Felix toll rate center and

establish a toll rate center in the NW\$ of the SE\$ of Section 34, T2N, R12E, Mt. Diablo Base and Meridian for the Copperopolis exchange and in the NW\$ of the SW\$ of Section 22, T3N, R10E, Mt. Diablo Base and Meridian for the Jenny Lind exchange; (4) provide extended calling without additional charge between Copperopolis and Jenny Lind exchange stations; and (5) file and make effective coincident with the establishment of the Copperopolis and Jenny Lind exchanges the rates and charges set forth in Exhibit J of its application.

Applicant is a California corporation engaged in furnishing public utility telephone service in portions of Calaveras and Stanislaus Counties. By Decision No. 65729, July 23, 1963 in Application No. 45512 it acquired the telephone properties and operations of Howard J. Tower, dba Calaveras Telephone Company, with no change in management.

By Decision No. 66511, December 27, 1963, in Application No. 45833, the Commission authorized applicant to secure a \$254,000 Rural Electrification Administration loan in order to refinance \$30,598 of existing indebtedness and finance \$223,402 of construction improvements. By Decision No. 69431, July 27, 1965, the Commission authorized a supplemental \$56,000 loan from REA for further improving and extending applicant's facilities.

#### Fresent and Proposed Operations

Applicant is furnishing automatic dial exchange telephone service to some 110 company-owned stations from its Felix central office and toll telephone service through interconnection with The Pacific Telephone and Telegraph Company's lines at Milton. Operator service is provided from Pacific's Stockton central office.

Dial telephone service will be provided by central office equipment housed in concrete block buildings at Copperopolis and Jenny Lind. The majority of the open wire telephone lines will be replaced by buried cable. Extended service without toll charge will be provided between the Copperopolis and Jenny Lind exchanges.

The Copperopolis exchange will be interconnected by cable with Pacific's microwave toll facilities at Fowler Peak about two miles away; the Jenny Lind exchange will retain the interchange toll connection with Pacific at Milton. Subscriber dialing of toll calls will be provided through Pacific's CAMA equipment at Stockton. Operator service will be by contract with Pacific at Stockton.

Summaries of Earnings

Applicant's summary of earnings for the year 1964 adjusted and at present and proposed rates for the 12 months ending August 20, 1966 estimated are shown in the following tabulation. The summary of earnings for the year 1964 adjusted has been included to show the radical changes which will take place.

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## Applicant's Summaries of Earnings

:	:		• 7		Estimated Year : Months Ending 8-20-66 :		
Item	:	Year 1964 Adjusted <sup>a</sup> by Applicant	•	Fresent Rates of 8-20-66 Applicant	Rates : Proposed by: : Applicant		
Operating Revenues Local Service Toll Service Miscellaneous Total		\$ 9,072 8,707 20 17,799		\$ 16,700 <sub>b</sub> 16,100 <sup>b</sup> 40 32,840	\$ 17,760 31,600 40 49,400		
Operating Expenses  Maint.Labor  Maint.Mat.& Sup. Other Maint.Exp.  Traffic Expense Office Salaries Other Oper.Exp.  Subtotal Depreciation Amortization Total		2,441 1,667 199 92 122 3,541 8,062 4,055		4,950 3,380 400 170 7,250 3,380 19,530 12,450	4,950 3,360 400 170 7,250 3,380 19,530 12,450 		
Operating Taxes Ad Valorem Payroll State Corp.Fran. Federal Income Total		1,186 356 142 190 1,874		4,240 840 100 5,180	4,240 \$40 400 5,480		
Total Oper.Exp. and Taxes		13,991	<del></del>	37,160	37,460		
Net Oper.Income		3,808		(4,320)	11,940		
Depr.Rate Base Telephone Plant Mat.& Sup. Working Cash Unamortized		90,885 - 672		261,200 7,000 1,630	261,200 7,000 1,630		
Retir.Bal. Subtotal Less: Depr.Res. Total		91,557 18,932 72,625		2 <u>69,830</u> ( <u>29,300)</u> 299,130	269,830 (29,300) 299,130		
Rate of Return		5.24%		(1.44)%	3.99%		
Avg.Co.Stations		108		217	217		

<sup>(</sup>Red Figure)

a. Provides for payroll taxes and shows state corporation franchise and federal income taxes on a current basis.

b. Cents-per-message toll settlement.

c. Cost basis of toll settlement.

## Stations and Grades of Service Estimates

Applicant's 217 average company station estimate for the test period when compared with the installed 110 company stations as of July 1, 1965 indicates that Calaveras' greatly changed and increased facilities and serving conditions forestall trending and decrease the probable accuracy of its estimates. Nor can such estimates be based on signed applications; experience indicates prospective subscribers often take a wait-and-see attitude toward signing until they have observed service under the new conditions.

Estimates of grades of service from which to estimate exchange revenue may also be wide of the mark due to the proposed new base rate areas, the addition of two-party service, the improvement in suburban service, and the increase in mileage rates.

## Exchange Rates

Calaveras' present rates were authorized by Commission Decision No. 46687 dated January 29, 1952. It will be noted from the following tabulation that the proposed rates do not differ significantly from present rates for the same service. Two-party business and residence service are being added. Ten-party suburban service will be replaced with four-party suburban service. Public and semi-public coin-box service will be offered. Increased mileage rates comparable to those in effect generally by other California telephone utilities are proposed.

Comparison of Present and Proposed Exchange Rates

	Monthl	y Rate :
: Class and Grade of Service	: Present :	Proposed:
Business		
1-Party	\$ 6.00	\$ 6.00
2-Party	-	5.00
<u>Suburban</u>		
10-Party	4.50	- <del>-</del> :
4-Party		5.00
Extension	1.50	1.50
Residence		
1-Party	5.00	5.00
2-Party	·	4.00
Suburban		
10-Party	3.50	
4-Party	·	4.00
Extension	1.25	1.25
Coin Box	,	20/
Public	<b>-</b>	.10/msg.
Semi-Public		3 50:
Rate per Month	-	1.50
Minimum per Day	-	.20/day
Mileage Rates per 2-Mile	25	<b>.</b> 50
2-Party	.25	
Off-Premises	1.00	-35 1.00
Private Branch Exchange	2.00	1,00
Control Unit	165.00	165.00
Trunk	9.00	9.00
Station	1.50	1.50
Loudspeaker Paging System	2.,0	2.70
Amplifier Control Unit		
70-Watt	16.75	16.75
35-Watt	15.25	15.25
All Call Relay Control Unit	23.00	23.00
Radial Speaker	2.50	2.50
Dual Directional Speaker	2.25	2.25
Single Directional Speaker	1.50	1.50
Ceiling or Wall Speaker	1.25	1.25
Call-In Unit	2.25	2.25
Foreign Exchange		<b></b> ,
Residence Suburban	1.35*	1.35*
Mileage, per 2-Mile	1.00	1.00
* Portion retained by Cala	roman Talambana Car	

<sup>\*</sup> Portion retained by Calaveras Telephone Company.

Applicant's basic present and proposed exchange rates are compared with the corresponding rates of contiguous and nearby similar exchanges in the following tabulation:

	:Calar	reras*	: Contig	uous	:Nearby and	Similar
Item	:Present	Proposed	:Central- : Calif.* :Clements : Exch.	<pre>*:Valley s: Spgs.</pre>	:Tuolumne*: :Tuolumne :	Volcano* West Spgs. Exch.
Business 1-Party 2-Party Suburban	\$6.00	\$6.00 5.00	\$6.75 5.50	\$5.80 4.50	\$7.00 5.60	\$5.00 4.50
10-Party 4-Party Residence	4.50 -	5.00	5.00 -	4-45	5.10	4.00
1-Party 2-Party Suburban	5.00	5.00 4.00	4-50	3.70 3.00	4.40 3.75	4-25 3-75
10-Party 4-Party Mileage Rates	3.50 -	4.00	3.60	2.95	3.25 (8 _pty	3-50
per t-Mile 1-Party 2-Party Stations,12/3: Area,Sq.Mi. Sta./Sq.Mi.	.25 1/64 106 196 0.54	.50 .35 160 196 0.82	-50 -35 159 -54 2-94	.50 .35 350 91 3.85	.60 .40 655 62 10.56	.50 .35 520 118 4.41

\* REA financed companies.

#### Toll Rates

Since Calaveras owns the toll line between its Felix toll rate center and Milton, the point of interconnection with Pacific, Calaveras has a toll service Schedule B-l for calls between its Felix toll point and Milton. That schedule corresponds with Pacific's intrastate toll schedule for a like distance. Message toll rates to and from other exchanges and toll points of connecting companies are the through rates of those companies.

Applicant proposes discontinuing its Felix toll rate center and establishing toll rate centers at Copperopolis and Jenny Lind, as previously described, and revising its Schedule B-1 to apply to toll calls between its proposed Jenny Lind toll rate center and Milton. Message toll rates to and from other toll points would be, as before, the through rates of connecting companies. Applicant estimates the

resulting increases and decreases for toll calls to and from all toll points within 40 miles would be offsetting with a maximum 10% increase for the initial period between 10% of those toll points and a maximum 10% decrease between 14% of those toll points.

Accounting

Applicant in the past has not maintained adequate and accurate accounting and ancillary records essential to proper regulation and mandatory under California public utility law. Applicant is placed on notice that with its now adequate facilities and expanded operations, full compliance with the provisions of the Uniform System of Accounts for Telephone Companies and the applicable General Orders and other directives prescribed by this Commission is expected, and that non-compliance is subject to penalties provided by the Public Utilities Code.

## <u>Service</u>

An informal complaint with 140 signatures was filed in 1963 for service in the Tulloch Reservoir area and two with 22 signatures total were filed in 1964 for additional service in the Jenny Lind area. Applicant will be expected to serve these long-standing requests for service as rapidly as possible if it has not already done so.

Applicant will be ordered hereinafter to maintain a file of requests for service with name and date of request and to report held orders bimonthly until such time as applicants for service are currently served.

## Staff Investigation

Members of the Commission staff from the Finance and Accounts Division and from the Utilities Division have investigated the present and proposed operation of applicant. A file memorandum has been prepared and copy of this document is hereby included in this record as Exhibit No. 1. No objection to the adoption of applicant's proposed rates is indicated for an initial period of operation pending the experience of a year's results under the new serving arrangements.

## Findings and Conclusions

Upon consideration of the evidence, the Commission finds that:

- 1. The greatly increased plant, expected doubling of customers, highly changed serving conditions, revised and additional exchange schedules, proposed change in toll settlement method and other presently unknowable factors, cast grave doubt on the reliance to be placed on applicant's present summaries of earnings.
- 2. Experience and data, particularly traffic and separation studies, are needed under the new operating conditions to provide a more sound basis for results of operation estimates.
- 3. A decision is needed now to authorize new exchange areas, base rate areas, toll rate centers and rates for additional and/or revised service offerings compatible with the telephone plant now installed.
- 4. The comparability of applicant's proposed rates with those of contiguous utilities make applicant's proposed rates appear reasonable for an initial period; applicant's proposed rates are fair and reasonable and insofar as present rates differ therefrom for the future they are unjust and unreasonable.
- 5. Applicant's accounting and ancillary record keeping system should be improved.

- 6. Applicant should adopt remaining life depreciation and submit periodic depreciation studies.
- 7. Inadequate facilities in the past have resulted in informal complaints; applicant should maintain a held order file and make every effort to serve long-standing requests promptly.

A public hearing is not necessary.

IT IS ORDERED that:

- 1. Calaveras Telephone Company is authorized to:
  - a. Divide its Felix exchange into two exchanges to be designated the Copperopolis exchange and the Jenny Lind exchange, within the boundaries shown on Exhibit B attached to the application.
  - b. Establish a base rate area within the Copperopolis exchange to include the area within the boundary shown on Exhibit C and a base rate area within the Jenny Lind exchange to include the area within the boundary shown on Exhibit D attached to the application.
  - c. Establish a toll rate center within the Copperopolis exchange and a toll rate center within the Jenny Lind exchange at the location proposed in the application.
  - d. Establish extended service between the Copperopolis and Jenny Lind exchanges.
  - e. To file and make effective upon not less than five days notice to the Commission and the public coincident with the establishment of the Copperopolis and Jenny Lind exchanges the tariff schedules and rules attached as Appendix A to this decision. Such filing shall comply with General Order No. 96-A of this Commission.

- 2. Applicant shall, within 30 days after one year of operation from the effective date of its tariffs authorized above, submit a separated results of operation report based on recorded data and traffic studies consistent with its then interchanged toll settlement agreement with Pacific.
- 3. Applicant shall, by March 1, 1966, submit for Commission approval depreciation accruals for each depreciable plant account as of January 1 resulting from dividing its original cost, less estimated net salvage and less its depreciation reserve, by its estimated remaining life. Applicant shall, by March 1 each third year thereafter, review and submit for Commission approval depreciation accruals as of January 1, and do likewise whenever any major changes occur which would affect depreciation rates.
- 4. Applicant shall maintain a file of requests for service with names and dates of request and shall, beginning with the first of the month after the effective date of this order, report the number and type of held orders bimonthly until such time as new applicants for service currently are being connected and served.

The authority herein granted shall become effective five days after the date hereof.

Dated at San Francisco, California, this 643

day of OCTOBER, 1965.

Trubuil 15 Helding

Commissioners

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

in the disposition of this proceeding,

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#### RATES

The presently effective rates, charges and rules of Calaveras Telephone Company are changed to the levels and extent set forth in this appendix.

#### Schedule No. A-1

## INDIVIDUAL AND PARTY LINE SERVICE

#### APPLICABILITY

Applicable to individual and party line residence and business flat rate exchange telephone service.

#### TERRITORY

Within the base rate areas of the Company's exchanges, as said areas are defined on maps filed as part of the tariff schedules.

#### RATES

		er Month
Extended Service	Business Service	Residence Service
Each individual line primary station Each two-party line primary station Each extension station	5 00	\$5.00 4.00 1.25

#### SPECIAL CONDITIONS

- I. Business and residence individual and two-party line services will be provided outside the base rate areas but within the exchange areas at the sum of the above rates and mileage rates as set forth in Schedule No. A-3.
- 2. Extension stations at the above rates will be installed on the same premises as the primary station. Off-premises extension stations will be provided at the sun of the above rates and mileage rates as set forth in Schedule No. A-3.
- 3. Extended service comprehends calling without additional charge between stations served by the Copperopolis and Jenny Lind exchanges.

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Schedule No. A-2

## SUBURBAN SERVICE

#### APPLICABILITY

Applicable to suburban four-party flat rate service.

#### TERRITORY

Within the suburban areas of the Company's exchanges, as said areas are defined on maps filed as part of the tariff schedules.

#### RATES

William A. S. A	Rate per Month		
Extended Service	Business Service	Residence Service	
Each suburban line primary station Each extension station	\$5.00 1.50	\$4.00 1.25	

#### SPECIAL CONDITIONS

- 1. Service under this schedule is furnished only outside the base rate areas and within the exchange areas. In no case will the total number of primary stations connected to one suburban circuit exceed four (4).
- 2. Extension stations at the above rates will be installed on the same premises as the primary station. Off-premises extension stations will be provided at the sum of the above rates and mileage rates as set forth in Schedule No. A-3.
- 3. Extended service comprehends calling without additional charge between stations served by the Copperopolis and Jenny Lind exchanges.

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#### Schedule No. A-3

#### MILEAGE RATES - (Continued)

## SPECIAL CONDITIONS - (Continued)

- 4. An off-premises extension station will be installed on other premises of the subscriber to the primary station, provided the extension station is for the use of the subscriber.
- 5. An off-premises extension station will be installed on other than the subscriber's premises, provided the station is for the use of the subscriber.
- 6. A residence off-premises extension station will not be furnished on business premises.
- 7. In this schedule "terminal" means a station or private branch exchange switchboard to which the off-premises line is connected.

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#### Schedule No. A-4

#### PUBLIC TELEPHONE SERVICE

#### APPLICABILITY

Applicable to public telephone scrvice.

#### TERRITORY

Within the exchange areas of the Company's exchanges as said areas are defined on maps filed as part of the tariff schedules.

#### RATES

Rate

Each exchange message ......\$0.10

## SPECIAL CONDITIONS

- 1. Toll telephone service rates and charges from public telephones will be in accordance with filed tariffs.
- 2. Public telephones will be installed by the Company at its discretion and at locations chosen or accepted by the Company to meet the general and transient public requirements. The use of public telephones by the occupants of premises in which they are located is only incidental to the purpose for which such telephones are installed.
- 3. Public telephone station signs are furnished and displayed at the option of the Company.
- 4. Telephone numbers of public telephones will not be listed in the telephone directory.
- 5. The above rate comprehends calling without additional charge between stations served by the Copperopolis and Jenny Lind exchanges.

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#### Schedule No. A-5

#### SEMI-PUBLIC COIN BOX SERVICE

#### APPLICABILITY

Applicable to semi-public individual line coin box service.

#### TERRITORY

Within the base rate areas of the Company's exchanges, as said areas are defined on maps filed as part of the tariff schedules.

#### RATES

	Rate per <u>Month</u>	Each Exchange Message	
Each individual line coin box station Each extension station without coin box	\$1.50	\$0.10	\$0.20

#### SPECIAL CONDITIONS

- 1. Individual line semi-public coin box service will be furnished outside the base rate areas but within the exchange areas, at the sum of the above rates and mileage rates as set forth in Schedule No. A-3.
- 2. Extension stations at the above rates will be installed on the same premises as the primary station. Off-premises extension stations will be provided at the sum of the above rates and mileage rates as set forth in Schedule No. A-3.
- 3. Service under this schedule will be furnished upon applicant's request in stores, shops, restaurants, theaters, apartment houses, hotels, automobile courts, automobile trailer camps, and other semi-public locations where there is a collective use of the service by a number of guests, members, employees, or occupants, or where there is a requirement for a combination of transient and subscriber usage.
- 4. Service under this schedule is furnished on a daily guarantee basis, Sundays and holidays included. Collections will be made as nearly as practicable at monthly intervals. When the amount of money collected from a coin box covering local messages is less than the minimum guarantee, the subscriber will be required to make up the deficit. Failure to use the minimum guaranteed number of messages in any such period between collections or the use of messages in excess of such number does not entitle the subscriber to any allowance in any other month. The rate per month applies in addition to the minimum charge per day.

(Continued)

A. 47617 de APPENDIX A Page 7 of 10 Schedule No. A-5 SEMI-PUBLIC COIN BOX SERVICE - (Continued) SFECIAL CONDITIONS - (Continued) 5. Where a mileage rate applies, such rate is not covered by the above guarantee nor by charges for messages that are over and above the guarantee. The above guarantee is based upon local exchange usage only. Collections from the coin box for toll or inter-exchange messages are not applicable to the guarantee. 7. The above rate for each exchange message comprehends calling without additional charge between stations served by the Copperopolis and Jenny Lind exchanges. Schedule No. A-6 LOUDSPEAKER PAGING SYSTEMS TERRITORY Within the exchange areas of the Company's exchanges, as said areas are defined on maps filed as part of the tariff schedules. The remainder of this schedule to be the same as the present Schedule No. A-6. Schedule No. A-7 AUTOMATIC PRIVATE BRANCH EXCHANGE SERVICE TERRITORY Within the base rate areas of the Company's exchanges, as said areas are defined on maps filed as part of the tariff schedules. RATES (6) Mileage Rates (to be deleted) SPECIAL CONDITIONS 2. Automatic private branch exchange service will be furnished: outside the base rate areas but within the exchange areas at the sum of the above rates and mileage rates as set forth in Schedule No. A-3. 3. Stations at the above rate will be installed on the premises on which the automatic switching unit is located. Off-premises stations will be furnished at the sum of the above rate and mileage rates as set forth in Schedule No. A-3. 5. The above rates comprehend calling without additional charge between stations served by the Copperopolis and Jenny Lind exchanges. The remainder of this schedule to be the same as the present Schedule No. A-5.

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#### Schedule No. A-10

#### FOREIGN EXCHANGE SERVICE - (Continued)

#### SPECIAL CONDITIONS (Continued)

7. Except as otherwise provided in this schedule, services furnished in the Copperopolis exchange will be available in connection with foreign exchange service in accordance with the tariff provisions of the Copperopolis exchange for the particular classification of service furnished.

The remainder of this schedule to be the same as the present Schedule No. A-10.

Schedule No. A-18

#### SERVICE CONNECTION CHARGES

#### APPLICABILITY

Applicable to service connection charges.

#### TERRITORY

Within the exchange areas of the Company's exchanges as said areas are defined on maps filed as part of the tariff schedules.

The remainder of this schedule to be the same as the present Schedule No. A-8.

Schedule No. A-19

## MOVE AND CHANGE CHARGES

#### APPLICABILITY

Applicable to charges for moves and changes of equipment, apparatus, and wiring.

#### TERRITORY

Within the exchange areas of the Company's exchanges as said areas are defined on maps filed as part of the tariff schedules.

The remainder of this schedule to be the same as the present Schedule No. A-7.

Schedule No. A-20

#### LINE EXTENSION CHARGES

This schedule to be the same as the present Schedule No. A-9.

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#### Schedule No. B-1

#### MESSAGE TOLL TELEPHONE SERVICE

#### APPLICABILITY

Applicable to message toll telephone service over the lines of Calaveras Telephone Company.

## TERRITORY

Within the territory served by the lines of Calaveras Telephone Company.

#### RATES

Between Jenny Lind and Milton exchanges (5 sirline miles):

	Station Paid	Service Collect	Person Service Paid and Collect
First 3 Minutes Each additional 2 Minutes Each additional Minute:		\$0.30 -	\$0 <b>.</b> 35
Of first 3 additional Minutes After first 3 additional	•	.10	.10
minutes	· -	.05	<b>.</b> 05

### SPECIAL CONDITIONS

- 1. Rates for message toll telephone service to and from other exchanges and toll points on the lines of connecting companies are the through rates quoted by the connecting companies.
- 2. The Company does not offer public toll station nor semi-public toll station service.

#### RULES

Complete set of standard rules to be filed to replace the present Rules and Regulations.