

ORIGINAL

Decision No. 70975

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE WESTERN UNION
TELEGRAPH COMPANY, a corporation,
for an order authorizing it to
increase certain intrastate rates
and charges applicable to
telegraph and other services
within the State of California.

Application No. 48412
(Filed April 20, 1966)

O P I N I O N

Applicant The Western Union Telegraph Company seeks authority to increase certain of its rates and charges.

Applicant provides telegraph service and related special services within the State of California and throughout the United States. On January 1, 1966, applicant effected an interim increase of three percent in the rates for its basic interstate public message services. On March 1, 1966, applicant filed certain selective interstate rate adjustments which became effective April 8, 1966. On March 7, 1966, applicant filed Application No. 48293 with this Commission, requesting authority to increase certain of its rates and charges applicable to intrastate Private Line Service. On April 20, 1966, applicant filed Application No. 48412, the subject of this decision, requesting revisions in California intrastate rate schedules corresponding to the interstate rate revisions already effected.

Applicant proposes increases in the following schedules:

<u>Schedule No.</u>	<u>Service</u>
2-T	Message Telegraph
4-T	Money Order
5-T	Commercial News
6-T	Telemeter
8-T	Tel(T)ex
11-T	Public Facsimile

For Message Telegraph Service, applicant's proposed changes include a uniform three percent increase in charges for Full Rate Telegram Service, Day Letter Service, Night Letter Service, Singing Greetings, and Flat-Rate Personal Opinion Messages, and in service charges on Singing Greetings, on messages filed by telephone or messenger, and on confirmation copies of messages. Inasmuch as the revisions result in rates involving fractions of a cent, applicant proposes to add to its rules for Message Telegraph Service a provision for rounding of the final computed charge to the nearest cent.

Applicant also proposes to institute a ten-cent charge for collect Message Telegraph Service other than for a Press message. The proposed charge is based upon an indicated actual expense differential of 11 cents between collect and prepaid messages.

For Money Order Services, applicant requests a flat three-percent increase in the Telegraph Toll portion of the charge and a revised block schedule of Money Order Premium Charges. The present minimum premium charge of \$0.55 would be increased to \$0.60. For money orders larger than \$20, the premium charges would be revised from the present range of 3.00 percent (small money orders) to 0.35 percent (very large money orders) of the face amount of the money order. The revised schedule incorporates fewer but larger blocks, with charges ranging from 3.20 percent to 0.60 percent of the face amount of the order for money orders larger than \$25. Because of the combined effect of larger blocks and revised rates, the change in charges for specific face amounts of money orders would range from a nine-percent reduction (\$200 money order) to a 71-percent increase (very large money orders). Applicant estimates that the over-all increase in revenue from money order charges will be ten percent and that the charges will more closely associate the revenues with the cost of providing the service.

For Commercial News Service, applicant proposes a flat three-percent increase, with total charges rounded to the nearest cent. Clarification of the schedule is also proposed by the addition of a definition for "Press".

For Telemeter Service, applicant proposes a revised schedule of charges which would increase the minimum charge by ten percent and increase the rate per word by from 13 to ten percent, depending on total monthly number of words transmitted.

For Tel(T)ex Service, applicant proposes an increase of 33 percent in the present \$0.75 service charge for each message. The \$1.00 charge compares with an indicated full cost of \$1.18 per handling.

For Public Facsimile Service, applicant proposes a flat three-percent increase in rates for transmission of facsimile material and in the charges for pickup of such material to be transmitted.

Attached to the application as Exhibit 6 are the tariff sheets which applicant proposes to file if the application is granted. With one minor exception, the proposed revised tariff sheets would effect the requested changes in rates and charges. There is, however, an ambiguity in the marginal notation and footnote on page 4 of Exhibit 6 which would make it appear that the three-percent increase applied twice to the Singing Greeting telegram rate and not at all to the service charge for that type of telegram.

Results of Operations

Exhibit 4 to the application is a summary of applicant's earnings within California. It shows that applicant's intrastate operations for the year 1964 resulted in a deficit of approximately \$1,000,000. Exhibit 5 shows that even with the \$250,000 increase in annual revenue from the revised rates proposed in this proceeding,

the deficit would have been \$883,000 at present wage levels. The \$300,000 increase in annual revenues which would have resulted had the rates proposed in Application No. 48293 been in effect in 1964 would still leave an annual deficit of about \$583,000.

Findings and Conclusion

The Commission finds that:

- 1.a. Applicant is in need of additional revenues.
 - b. Applicant's estimates, set forth in Exhibit 5, of California intrastate operating revenues and operating expenses for the test year 1964 reasonably represent the results of applicant's future operations.
 - c. Applicant will still sustain a deficit in its California intrastate operations at the proposed rates.
 - d. The increases in rates and charges authorized herein are justified and the present rates and charges insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
2. A public hearing is not necessary.

The Commission concludes that the application should be granted as set forth in the order which follows.

O R D E R

IT IS ORDERED that, after the effective date of this order, The Western Union Telegraph Company is authorized to file the revised tariff schedules discussed in the foregoing opinion and attached to the application as Exhibit 6, except that the "Rate" portion of page 4 of Exhibit 6 shall be revised to substitute "(I)" for "(*)" at the end of the first line thereof and add "(*)" at the end of the third line thereof. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be

August 15, 1966, or four days after the date of filing, whichever is later. The revised schedules shall apply only to service rendered on and after the effective date thereof.

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

Dated at San Francisco, California, this 19th day of JULY, 1966.

 President
George B. Hoover

Friedrich B. Holzhoff

Augustus

William B. Dennis
 Commissioners

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