

ORIGINAL

Decision No. 86872

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 revise certain intrastate rates and charges applicable to its message telegraph and other services within the State of California.

Application No. 56668
(Filed August 4, 1976)

O P I N I O N

By this application, The Western Union Telegraph Company (hereinafter applicant) requests authority to increase rates for its public message and money order services to a level which would yield increased annual gross revenues of \$846,132 without shrinkage, or \$534,183 after considering elasticity of demand on a 1976 test year basis. The rates proposed by applicant would result in a one-dollar increase in the rates for telegrams, overnight telegram and money orders.

Applicant is a corporation engaged in the transmission of telegrams and other services within the State of California and throughout the United States. It is a New York corporation, and its principal headquarters are located at Upper Saddle River, New Jersey. It is a subsidiary of Western Union Corporation.

Applicant's intrastate rates for public message telegraph services (PMS) were last increased pursuant to authorization of this Commission in Decision No. 84260, dated March 25, 1975, in Application No. 54601. Increased rates effective April 14, 1975 resulted in an annual revenue increase of \$1,173,169. No rate of return finding was made by the Commission as applicant's intrastate operation still operated at a loss even after adjustment for the rate increase.

According to applicant, its California intrastate operations for the 12-month period ended June 30, 1975 showed a loss of approximately \$1.4 million or a negative rate of return of 6.1%. This included a \$2.2 million loss, representing a negative 20.6% rate of return, in the public message services portion of its operation. Allowing for the full impact of the rate increase, effective in April, 1975, and adjusting for other known changes, such as wage increases, applicant estimates for year 1976 net revenues of \$464,023 or a 2.15% rate of return on its total California intrastate operations. After applying the proposed new rates, the 1976 forecast shows \$877,654 net operating revenue and a 4.13% rate of return for the total California intrastate operation.

Applicant claims that the intrastate operating results demonstrate that its intrastate California public message services are not burdened by applicant's other intrastate California service offerings. The record herein supports that allegation, and there is clear evidence that the rate increases are reasonably required.

A communications engineer from the Commission's staff prepared a report, which is hereby received as Exhibit 1 in this proceeding. This report is based on a detailed review of the utility's work papers and other data. The staff engineer emphasized that the proposed rates are uniform nationwide and have been already approved by the Federal Communications Commission (FCC) and most other states. The report further indicates that 88% of applicant's revenue producing operation is under FCC jurisdiction and only 2.5%^{1/} is California intrastate under CPUC jurisdiction. The staff engineer

^{1/} Official Notice is taken of finding No. 4 of CPUC Decision No. 86566, dated October 26, 1976, which reads as follows:

"Only 2.48% of applicant's 1975 gross revenues resulted from purely intrastate business done in the State of California."

concluded that the rates used uniformly in the nation and approved by FCC should be authorized by the Commission. If adopted the proposed uniform rates would result in a 4.3% California intrastate rate of return on a staff adjusted basis.

Findings

1. The majority of applicant's business (88%) is under FCC jurisdiction.
2. The California Public Utilities Commission regulates only a small portion of applicant's business amounting to 2.5% of systemwide revenues.
3. The proposed rates are to be uniform nationwide, and have been approved as reasonable by FCC.
4. To adopt in California the uniform, nationwide rates will aid public understanding of telegraph rates.
5. Applicant is in need of additional revenues, and the adoption of the proposed rates will not result in excessive income to applicant.
6. When the proposed rates are fully implemented, the California intrastate rate of return will be 4.3%.
7. Applicant's proposed rates are just and reasonable and will be authorized. The present rates and charges, insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
8. A public hearing is not required to adopt the uniform rates, already used in most of the nation, which are proposed by applicant.

Based on the foregoing findings the Commission concludes that the application should be granted.

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 revised rate schedules consistent with Appendix A, attached. Concurrently, Applicant shall withdraw and cancel the corresponding presently effective schedule. Such filing shall comply with General Order No. 96-A. The effective date of the revised schedules shall be five days after the date of filing. 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 18th day of JANUARY, 1977.

Robert Baklund
 President

William A. ...

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Commissioners

APPENDIX A

PUBLIC MESSAGE AND OTHER SERVICES

TELEGRAM

Basic 15 words or less	\$ 4.75
Each additional word:	
16 - 5012
Over 5008

OVERNIGHT TELEGRAM

Basic 100 words or less	4.00
Each additional word over 10003

MONEY ORDER

Amount of Order:	
\$50.00 or less	5.70
50.01 - 100.00	6.65
100.01 - 300.00	8.90
300.01 - 500.00	13.25
Each additional \$500.00, or fraction thereof	4.45