

Decision No. 92611 JAN 21 1981

ORIGINAL

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. 59979  
(Filed October 1, 1980)

O P I N I O N

By application filed on October 1, 1980, The Western Union Telegraph Company (hereinafter referred to as "Applicant") seeks an order of this Commission authorizing the increased rates for certain Public Message Services as set forth in Exhibit III to the application. The requested rates would yield an estimated annual increase in California intrastate revenues of \$2,076,555. The proposed rates have been filed in all other states where Applicant is regulated.

Applicant states the proposed Public Message Service rates are necessary for the following reasons:

1. Applicant's rate of return for the year ended December 31, 1979 for its California intrastate operations was 5.3%.
2. Adjusting Applicant's California intrastate operations for wage and benefit provisions, as per its contracts with its unions and other known changes, results in an adjusted rate of return for the year ended December 31, 1979 of 2.5%.
3. The current deficiency in Applicant's overall and California intrastate earnings must be improved to realize a fair rate of return.

4. After reflecting the rates proposed in the application, the annualized California intrastate 1979 net operating revenues would be \$1,914,140 (before taxes) and \$1,761,206 (after taxes) for an after tax rate of return of 6.9%. This return level is expected to be no higher even if there is no loss of traffic as a result of the proposed increases.
5. Separated intrastate operating results also demonstrate that Applicant's California intrastate Public Message Service is not burdened by other intrastate California service offerings.

Applicant, a corporation engaged in providing telecommunication services within California and throughout the United States, has not sought increases in rates for Public Message Services since the present rates were authorized by this Commission in April 1975 and February 1977.

The Public Message Services which are regulated by this Commission are: Full Rate Telegrams, Overnight Telegrams, Personal Opinion Telegrams, Telex-originated Public Message System Messages, Press Messages, Telex-originated Messages switched through Infomaster, and TWX-originated Messages switched through Infomaster. These intrastate Public Message Services provide about 2.4% of Applicant's total company revenues including all other states besides California. As of December 31, 1979, Applicant's summary of operating results shows that all of California's intrastate operations account for 1.9% of the company total operating revenues.

By this application Applicant seeks to increase only the Telegram, Public Opinion Message and Physical Delivery Charges; all other Public Message Services will remain unchanged. The proposed rates are identical to those in effect as of September 1, 1980 on the interstate operations.

The affected services are nonsubscriber types available to the public as an alternative to the telephone system and the United States mail. They are, therefore, services existing in a competitive environment.

Notices of the proposed rate increases have been duly filed with the appropriate county and city officials as required by the Commission's Rule 24. Public notice has also been published in the required newspapers of general circulation. The Commission received one letter of protest from the City Council of the City of Buena Park. They expressed a concern for all continual rate increases in utilities and that they are becoming excessive and inflationary. This was the only letter received.

Staff members of the Communications Division have reviewed Applicant's filings and believe the estimated rate of return resulting from the proposed rates in Public Message Service will not be excessive, nor do the rates themselves appear to be unreasonable. The staff sees no reason that the proposed rates for Public Message Services should not be adopted in the State of California.

Findings of Fact

1. The California intrastate revenues regulated by the California Public Utilities Commission represent 1.9% of Applicant's total operating revenues.
2. All intrastate Public Message Service revenues, nationwide, constitute about 2.4% of Applicant's total company revenues.
3. The proposed rates have been filed in all states where Applicant is regulated and are identical to its approved interstate rates.
4. When fully implemented the proposed rates will increase the adjusted California intrastate rate of return from 2.5% to 6.9% which is not excessive.

A. 59979 C/ck

5. Applicant's proposed rates are just and reasonable and should be authorized.

6. A public hearing is not required to authorize the uniform rates proposed herein.

Conclusion of Law

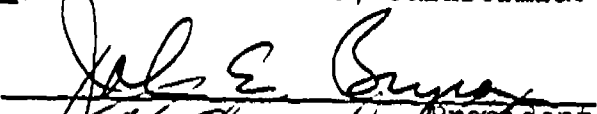
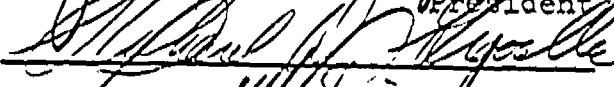
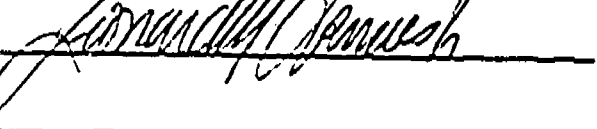
The Commission concludes that the application should be granted and that the increased rates are just and reasonable.

O R D E R

IT IS ORDERED that on or after the effective date of this order and in conformity with the provisions of General Order No. 96-A, The Western Union Telegraph Company is authorized to file revised tariff schedules consistent with Appendix A attached hereto. The revised tariff schedules shall become effective five days after the date of filing and shall apply only to service rendered on and after the effective date thereof.

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

Dated JAN 21 1931, at San Francisco, California.

  
\_\_\_\_\_  
President  
  
\_\_\_\_\_  
  
\_\_\_\_\_

Commissioners

## APPENDIX A

The rates, charges, and conditions of The Western Union Telegraph Company are changed to reflect the new rates as shown below.

Schedule Cal. PUC No. 2-T - Public Messages

	<u>Old Rates</u>	<u>Authorized Rates</u>
<u>Telegram</u>		
Basic 15 words or less -----	\$4.75	\$6.00
Each additional word:		
16-50 -----	.12	.20
Over 50 -----	.08	.20
<u>Overnight Telegram</u>		
Basic 100 words or less -----	4.00	-
Each additional word over 100 -----	.03	-
Basic 50 words or less -----	-	5.50
Each additional word over 50 -----	-	.12
<u>Public Opinion Message</u>		
Flat Rate (Individual Message)		
15 words or less -----	2.00	-
Flat Rate (Individual Message)		
20 words or less -----	-	3.50
<u>Physical Delivery Charge</u>		
Messenger Delivery within the Listed Delivery Limits -----	3.00	5.00

A discontinuance of the \$0.20 charge applicable to messages, in certain classifications, accepted by telephone.