

ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 13th day of March, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 21.

In re ADVANCE IN GAS RATES AT FORT COLLINS.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Poudre Valley Gas Company of Fort Collins, Colorado, schedules of rates, effective March 27, 1918, stating advances in the rates for gas service contained in tariff, designated as follows:

Colo. P.U.C. No. 3.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedule makes increases in the rates for gas service and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedule above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedule above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 25th day of July, 1918.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedule a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 13th day of March, 1918.

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ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 13th day of March, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 22.

In re ADVANCE IN ELECTRIC RATES OF  
THE WESTERN LIGHT AND POWER COMPANY.

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IT APPEARING, That there has been filed with the Public Utilities Commission of the state of Colorado by The Western Light & Power Company schedules of rates, effective March 31, 1918, stating advances in the rates for electric service contained in tariff, designated as follows:

Colo. P.U.C. No. 5.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedule enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric service, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 29th day of July, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedule a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy Williams  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 13th day of March, 1918.

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ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the Application of	)	
The Denver & Salt Lake Railroad	)	
Company, and W. R. Freeman and	)	
C. Boettcher, Receivers, for	)	<u>Application No. 8.</u>
permission to increase rates	)	
on lumber.	)	

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Submitted February 13, 1918.	Decided March 18, 1918.
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Appearances:

Smith, Brock & Ferguson, by Elmer Brock, Esq.,  
for applicant.

STATEMENT.

By the Commission:

This proceeding arises upon application of The Denver & Salt Lake Railroad Company, W. R. Freeman and C. Boettcher, receivers, for permission to increase the rates on lumber and forest products between points upon the applicant's line. The application filed with the Commission alleges that the present rates are unreasonably low, unjust and unfair to the applicant and do not afford a reasonable, adequate or compensatory return for the service performed in connection with the transportation of lumber and forest products. The increase proposed is two cents per hundred pounds from all shipping points on the applicant's line.

Tariffs previously had been filed with the Commission, effective June 18, 1916, proposing increases in the rates on lumber substantially as applied for in this proceeding, but were permanently suspended by the Commission, in Re Lumber Rates on D. & S. L. R. R., 3 Colo. P.U.C. 299. In the former proceeding the respondent sought to have the Commission apply the cost of service as the sole test of

the reasonableness of the rates therein under review. And in that proceeding the respondent did not seek to increase its schedule of lumber rates as a whole, but proposed increases between certain points only, leaving the remaining rates unchanged. The Commission held that the burden of proof had not been met by the respondent and that the justification for the proposed increases in rates had not been shown, and therefore ordered the respondent to cancel the tariffs under suspension. The decision of the Commission fully sets forth the operating conditions encountered by the respondent on its line of railroad, and also sets forth statistics of operations in connection with the transportation of lumber.

In the instant cause the applicant proposes a schedule which will result in corresponding increases from all the lumber shipping points on its line. A communication addressed to the receivers of the applicant and signed by shippers representing approximately 95 per cent of the lumber traffic has been filed in this cause by the applicant in support of the rates applied for.

At the request of counsel for the applicant, the testimony of witnesses for the applicant as introduced into the record in the former proceeding has been made and considered a part of the record in this cause. In addition thereto testimony has been placed in this record by witnesses for the applicant as evidence showing the increases in the cost of transportation.

Since the objection to the rates proposed in the prior proceeding has been removed by the proposal of a proper alignment of rates from all points of origination, since no objection has been made by any person or party to the proposed rates, and since the conditions existing at the time of the Commission's decision in the former cause have materially changed so as to justify the increase, the Commission is of the opinion that permission should be granted to the applicant to increase the rates on lumber as proposed and set forth in its application



O R D E R.

IT IS THEREFORE ORDERED, That the applicant be, and it is hereby, permitted and allowed to establish, on not less than five days' notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, rates on lumber, carloads, as described in item 300 in the applicant's tariff Colo. P.U.C. No. 25, in cents per hundred pounds, which shall not exceed the following, and which shall not be exceeded from points not named herein and located between any two points of origination named:

T O

FROM	Denver	Swadley	Leyden Jct.	Rollinsville
Newcomb.....	10	10	10	-
Ladora.....	10	10	10	-
Dixie Lake.....	10	10	10	-
Tabernash.....	12	12	12	11
Kremmling.....	12	12	12	11
Yampa.....	15	15	15	-
Steamboat Springs....	16	16	16	-

IT IS FURTHER ORDERED, That the applicant be, and it is hereby, permitted and allowed to cancel, on not less than five days' notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, the rates on mine props and mine ties to Leyden Junction as now contained in Item 960 of the applicant's tariff Colo. P.U.C. No. 26.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

*Geo. T. Bradley*  
*Leroy J. Williams*  
*A. J. Anderson*  
Commissioners.

Dated at Denver, Colorado,  
this 18th day of March, 1918.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the application of  
The Crystal River & San Juan Railroad  
Company to discontinue operations.

March 27, 1918

) Application No.5.

) Extension of Order.

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WHEREAS, Order was entered in the above application on October 27, 1917, that The Crystal River & San Juan Railroad Company be permitted to discontinue operation upon its line of railroad until April 1, 1918, unless such order be modified or extended by the Commission, and said Railroad Company has, on March 27, 1918, made and filed with the Commission written application for the cessation of operation of said railroad for the further period of six (6) months from April 1, 1918, for the same reasons appearing in the original petition herein.

IT IS THEREFORE ORDERED, That the permission for discontinuance of operation, heretofore granted to The Crystal River & San Juan Railroad Company of its line of railroad, be and is hereby extended to May 1, 1918, unless this order be modified or extended by the Commission; in order that any protests may be considered and to enable the Commission to make such further investigation and decision upon the application of said Railroad Company for extension of order as may be deemed advisable.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley

Wray Williams

A P Anderson

Commissioners.

Dated at Denver, Colorado,  
this 27th day of March, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

In the matter of the application of )  
The Denver and Rio Grande Railroad )  
Company for permission to construct )  
railroad tracks across Ninth Street )  
and Walnut Street, in the city and )  
county of Denver, Colorado. )

Application No. 14.

(April 3, 1918.)

STATEMENT.

By the Commission:

This proceeding arises upon application from The Denver and Rio Grande Railroad Company, in compliance with Section 29 of the Public Utilities Act of Colorado as amended April 16, 1917, for permission to construct trackage over and across Ninth Street, and over and across Walnut Street, in the city and county of Denver, Colorado, to serve the Tivoli Union Brewing Company.

There appearing no reason why this application should not be granted and it appearing further that in Ordinance No. 11, Series of 1918, the applicant has obtained authority from the city and county of Denver to occupy the above named streets, the Commission will issue an order permitting the construction of this trackage in conformity with the provisions of Section 29 of the Public Utilities Act of Colorado as amended April 16, 1917.

ORDER.

IT IS THEREFORE ORDERED, That the applicant, The Denver and Rio Grande Railroad Company, be, and it is hereby, permitted to construct a railroad track at grade commencing at a switch to be placed in an



existing railroad track in Ninth Street in the city and county of Denver, near the northwesterly side line of Walnut Street, thence extending on a curve southeasterly and easterly across Walnut Street and Ninth Street and entering Block 39 at a point 138 feet southeasterly from the southeasterly side line of Walnut Street and continuing across the alley near the center of said Block 39 in West Denver; also an additional track beginning at a switch to be placed in the track heretofore described at or near its crossing of the Mill Ditch in Ninth Street, thence extending southeasterly across the easterly portion of said Ninth Street and across said alley in block 39 on the southerly side of and within 30 feet from the track heretofore described.

The Commission reserves the right to make such further orders relative to the construction, operation, maintenance and protection of these crossings as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Larry J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 3rd day of April, 1918.



Lafayette, Gorham and intermediate points in Boulder county, Colorado; that complainant uses about sixty-five thousand tons of coal per annum, about 70 per cent of which is slack coal, and practically all of which is transported by the defendant; that the defendant has failed heretofore to provide a schedule showing rates to the plant of the complainant, but has charged and is now charging on the coal delivered to the complainant's plant 25 cents per ton on coal from Louisville and Lafayette stations and intermediate points, and 50 cents per ton from Gorham station, for all kinds of coal, with no individual rate on slack coal; that said rates are unjust, unreasonable and discriminatory against the complainant.

Complainant alleges that the just rates on said coal would be 15 cents per ton with a minimum of \$4.00 per car from Gorham, and 7½ cents per ton with a \$2.00 per car minimum from Louisville and Lafayette. Complainant prays that after a hearing the Commission determine and fix just rates.

On February 7, 1918, the defendant herein filed its answer in which it denies it has failed to file a schedule of rates as claimed by complainant, and alleges that rates duly published, filed and assessed on all such shipments are as follows, to-wit:

From Gorham and Superior, rate 50 cents per ton, published in Amendment No. 53 C&S Tariff I-J, P.U.C. No. 261, effective March 30, 1917;

From Louisville, rate 25 cents per ton, minimum weight 40,000 lbs., published in Tariff I-J P.U.C. No. 261;

From Lafayette, rate 25 cents per ton, switching charge, minimum charge \$5.00 per car, published in C&S Tariff 1290-H, P.U.C. No. 316;

which said rates apply to all kinds of coal, and to the coal delivered to the complainant. The defendant denies that the rates charged by it are unjust, unreasonable or discriminatory, and denies that the rates asked for by the complainant are reasonable.

A hearing was held in the hearing room of the Commission, in Denver, Colorado, on the 15th day of March, 1918, all of the parties being represented by counsel. At that time testimony was taken and witnesses presented and examined by the respective parties and by the Commission.



From the evidence it appears that the power plant of the complainant was constructed in 1907 and located between Louisville and Lafayette on what is known as the Louisville-Lafayette branch of defendant's line of railroad, the location being in the center of a large coal producing section in Boulder county, Colorado; that part of the defendant's line of railroad, over which complainant's coal is hauled and on which the 25-cent rate is charged, extends from Lafayette westerly to Louisville and thence south on a main line to Louisville Junction, a distance of approximately six miles. That part of the above described railroad from Louisville south to Louisville Junction is a part of the main line running into Boulder. At Louisville Junction this line connects with another main line extending northwesterly, also running to Boulder. On that part of the line from Louisville Junction to Lafayette there are located many of the larger mines in Boulder county, producing lignite coal, among them being Monarch No.2, Big Six, Centennial, Brooks, Harrison, Acme, Matchless, Rex No.1, Rex No.2, Hecla, Strathmore and Simpson. It appears that the power plant of the complainant was originally located in the center of this group or mining district for the purpose of taking advantage of the fact that large quantities of lignite slack coal was here produced, which could be obtained with a short rail haul, and, as this slack coal is chiefly useful for steam purposes and is non-storable on account of spontaneous combustion, could be obtained very cheaply. The testimony shows that The Western Light & Power Company is serving practically all of that territory in Colorado lying north of the city of Denver and east of the main range of mountains, containing a population of approximately two hundred thousand people. When complainant's plant was originally constructed there was very little demand or use for the slack coal produced in this section and complainant was able to obtain the same very cheaply. In 1915 the price for the said slack coal to the complainant was 95 cents per ton, not including freight, and complainant's coal for that year cost \$48,247.00. In the year 1917 the price of this coal to complainant had risen to \$2.17½ per ton, and the total cost to

complainant for its coal during that year, not including freight, was \$121,140.00. This radical increase in the price of coal, according to the testimony, was due to increased cost of operation of the mines, increased demand for the coal, and the fact that prices of coal were being fixed by the federal government. The increased cost of coal has resulted in greatly increasing the cost of operation of complainant's plant.

The testimony also shows that until 1917 very little coal was used by the complainant from the Marshall group, west of Louisville, on which the freight rate of 50 cents per ton was paid, and that until recently the complainant was able to obtain a sufficient supply of slack coal from the nearby mines in the Louisville-Lafayette group, and on which the 25-cent rate was charged from any of the mines to the complainant's plant. During the last year, on account of the lack of production, due, as complainant explains, to the exhaustion of the supply of coal in these nearby mines, the complainant has been compelled to resort to obtaining coal from mines a greater distance away, located in the Marshall group. The principal mines in the Marshall group are approximately nine to thirteen miles from the complainant's power plant. The present rate of 50 cents per ton for this haul, to which complainant objects, applies - like the rate from the Louisville group - to all classes of coal. According to the testimony, however, the only coal moved under this rate is that which is transported to the complainant's plant, and is mainly slack coal.

It appears that the cost of operation for the movement of slack coal is practically the same as for other classes. While the 25-cent rate from the Louisville group has been in effect for many years, the 50-cent rate from the Marshall group was established as recently as March 20, 1917, and, according to the testimony of the defendant, was put into effect solely for the benefit of the complainant after complainant had been compelled to obtain its supply of coal from the Marshall district. The evidence shows that coal originating in the Louisville district and consigned to the complainant, is delivered to complainant's plant by train crews of

defendant, operating in this district, as a switch movement.

The movement from the Marshall group, to which the 50-cent rate applies, is as follows: The empties are taken to Superior by the main line north-bound train, and are set out by that train. When loaded, the crew pulls the cars out and separates them into northbound and southbound loads. The main line crews, southbound, haul the loads from Superior to Louisville Junction, where they are again set out. The northbound local freight train picks up the loads at Louisville Junction and hauls them to Louisville, where they are again set out. The Lafayette switch crew then takes them to the power plant.

It will readily be seen, therefore, that coal originating in the Marshall group, and taking the 50-cent rate, requires a greater haul and greater expense in delivery and transportation than coal originating in the Louisville group which takes the 25-cent rate. The length of the haul from the Louisville group varies from one and one half to four miles, and from the Marshall group from eight to thirteen miles.

According to the testimony of the defendant, the rate of 25 cents per ton from the mines in the Louisville group is the lowest coal rate maintained by the defendant between points on its line, and that, with the exception of the 25-cent rate herein under contention and one or two other instances of low rates which are maintained on account of competitive conditions, the minimum rate for the transportation of coal is 50 cents per ton. Particular instances of present rates of the defendant for short distances are furnished, as follows: From Forbes to Trinidad, eleven miles, 50 cents; from Sherman to Augusta, ten miles, 50 cents; from Sherman to Trinidad, thirteen miles, 60 cents. In addition the defendant submitted a table of compar-



ative rates on coal for distances approximating those herein under consideration as prescribed by commissions in other states. The rates shown are in cents per ton of 2,000 pounds.

	<u>Five miles</u>		<u>Ten miles</u>		<u>Fifteen miles</u>	
	<u>Lump</u>	<u>Slack</u>	<u>Lump</u>	<u>Slack</u>	<u>Lump</u>	<u>Slack</u>
Illinois,.....	*32	-	40	-	45	-
Iowa,.....	30	25	34	28	38	31
Kansas,.....	35	-	40	-	50	-
Nebraska,.....	34	-	34	-	42½	-
Missouri,.....	30	-	30	-	40	-
South Dakota,....	67.4	-	67.4	-	75	-
Oklahoma,.....	25	21	31	26	37	31
Texas,.....	55	40	55	40	55	40

\* Two miles 23 cents; over two, to four miles 27 cents.

After a consideration of the testimony and evidence in the cause, the Commission is of the opinion that the present rates of 25 cents per ton from the Louisville group and 50 cents per ton from the Marshall group to the complainant's power plant located between Louisville and Lafayette have not been shown to be either unreasonable or unjust.

It appears unfortunate for the complainant that a supply of coal from the nearby mines is being exhausted, and that complainant is compelled to obtain its supply from mines farther away, on which it pays a rate of 50 cents per ton. However, the defendant is entitled to a reasonable rate for the service performed, and it does not appear that the rate of 50 cents is unreasonable. Should the supply of coal from the group of mines from which the 25-cent rate applies again be increased the complainant may still take advantage of this rate.

The defendant, with other carriers in the state, has had tariffs on file with the Commission under suspension since August, 1917, in which increases in coal and coke rates were proposed. Increases of 10 cents per ton were proposed in the

rates herein under review. The Commission has recently issued an order permanently suspending the proposed increases and, therefore, the proposed increase of 10 cents per ton will not become effective on the rates complained of herein.

O R D E R.

IT IS THEREFORE ORDERED, That the complaint in this cause be, and the same is hereby, dismissed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy J. Williams  
A. G. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 22nd day of April, 1918.

ORIGINAL

At a General Session of the  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO, held  
at its office in Denver, Color-  
ado, on the 23rd day of April,  
1918.

INVESTIGATION AND SUSPENSION DOCKET NO. 11.

In re ADVANCE IN COAL AND COKE RATES IN COLORADO.

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IT APPEARING, That by order dated the 8th day of August, 1917, THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO entered upon a hearing concerning the propriety of the new rates and charges for the intrastate transportation of coal, coke and coke breeze, stated in schedules contained in tariffs, designated in the order of August 8th, 1917.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended, and that the use of the rates and charges, therein stated, be deferred upon intrastate traffic until the 24th day of April, 1918.

IT FURTHER APPEARING, That the Commission entered an order on the 19th day of April, 1918, permanently suspending the schedules contained in the tariffs designated in the order of August 8th, 1917, and requiring the carriers to cancel such schedules on or before April 24, 1918.

AND IT FURTHER APPEARING, That the carriers have made application for a further extension of the schedules contained in the said tariffs and the order of the Commission of April 19, 1918, for a period of 15 days in order that application may be made for re-hearing in the cause.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation, of August 8th, 1917, be further suspended, and that the use of the rates and charges therein stated be further deferred upon intrastate traffic until the 10th day of May, 1918, and that the effective date of the Commission's order of April 19th, 1918, be also postponed to the 10th day of May, 1918.

IT IS FURTHER ORDERED, That the Secretary of the Commission be, and he is hereby, directed to serve upon the carriers parties to the tariffs enumerated and described in said order of investigation, a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley

Leroy Williams

A. P. Anderson  
Commissioners.

Dated at Denver, Colorado  
this 23rd day of April, 1918.



ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the Application of )	<u>Application No. 5</u>
The Crystal River & San Juan Rail- )	
road Company to discontinue opera- )	<u>Extension of Order.</u>
tions.	

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Submitted April 25, 1918.

Decided April 29, 1918.

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A P P E A R A N C E S:

Messrs. Crump & Allen for the applicant company.

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S T A T E M E N T

By the Commission:

An order was entered in the above application on October 27, 1917, that The Crystal River & San Juan Railroad Company be permitted to discontinue operation upon its line of railroad until April 1, 1918, unless such order be modified or extended by the Commission, and said railroad company, on March 27, 1918, filed with the Commission written application for the cessation of operation of said railroad for the further period of six months from April 1, 1918, for the same reasons appearing in the original petition herein.

On March 27, 1918, the Commission ordered that the permission for discontinuance of operation theretofore granted to said railroad company be extended to May 1, 1918, to enable the Commission to make such further investigation and decision upon the application

of said railroad company for extension of order as might be deemed advisable.

The Commission caused such investigation to be made and set the hearing upon the application at the office of the Commission, Capitol Building, Denver, Colorado, for April 25, 1918. At that time and place the matter came on for hearing. The Commission's railway engineer, C.D. Vail, testified that during April, 1918, he inspected the railroad in question and found a portion of the railroad track covered with snow; that the portion which could be examined showed that the ties are in bad condition; that parts of the track were covered with gravel, while some large boulders were on the track; that it would cost at least \$4,000.00 to place the track in condition to handle traffic and even this expenditure would not put the track in safe condition for a speed of more than ten miles per hour. No protests against an extension of the order in this cause has been filed with the Commission and no protestants appeared at the hearing.

It further appears from the evidence that the applicant continues to be without available funds to operate its line of railroad and the allegations of the petition for extension are sustained; the unsafe condition of the line, combined with the Company's financial status, requires the extension of the order heretofore made.

O R D E R

IT IS THEREFORE ORDERED, That the permission for discontinuance of operation, heretofore granted to The Crystal River & San Juan Railroad Company, of its line of railroad be, and is hereby, extended from May 1, 1918, until November 1, 1918, unless this order be modified or extended by the Commission.

IT IS FURTHER ORDERED, That The Crystal River & San Juan Railroad Company shall not remove its line of railroad or any part thereof.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. J. Anderson

Dated at Denver, Colorado,  
this 29th day of April, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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INVESTIGATION AND SUSPENSION DOCKET NO. 20

In re ADVANCES IN RATES OF THE FEDERAL GAS COMPANY,  
AT BOULDER, COLORADO.

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Submitted April 16, 1918.

Decided April 30, 1918.

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STATEMENT.

By the Commission:

On January 31, 1918, The Federal Gas Company filed with this Commission Rate Schedule P.U.C. Colo. No. 3 cancelling Rate Schedule P.U.C. Colo. No. 2, by which it was proposed to advance the rates for general gas service in the city of Boulder, Colorado, and by which it was further proposed that such rates should become effective on and after March 1, 1918. On the same date, the company filed with the Commission a statement alleging increases in the cost of material and supplies used in the manufacture of gas and represented to the Commission that such material would cost approximately \$8,600.00 more for the year 1918 than for the preceding year.

It appeared that the Commission should enter upon an investigation and hearing concerning the propriety of the proposed rates, and pending such investigation and hearing and decision thereon the proposed rates, on February 25, 1918, were suspended by order of the Commission until June 29, 1918. The case came on for hearing in the city of Boulder on April 16, 1918, appearances being entered by Frank L. Moorehead for the city of Boulder, and by Goss & Kemp for The Federal Gas Company. At the hearing evidence and testimony were received by the Commission relative to the reasonableness of the present and proposed rates.

The city of Boulder and The Boulder Commercial Association filed protests against the proposed rates, and alleged that the same were unreasonable and that the Commission has no jurisdiction over the rates and schedules of The Federal Gas Company operating within the city of Boulder, because such city operates under charter pursuant to Article XX of the constitution of the state of Colorado, and that therefore such city has full and exclusive control of rates of public service companies operating within its boundaries.

These objections are denied as this Commission has uniformly held that the regulation of rates of public utilities is not a matter of local or municipal concern. *Campbell v. City of Grand Junction, Colo.* P.U.C. Case No. 136, decided November 27, 1917, and cases cited.

The rates now on file with the Commission and those proposed in the suspended tariff filed to become effective on March 1, 1918, are as follows:

<u>Rate.</u>	<u>Net Rates per M</u>	
	<u>Now in effect</u> <u>P.U.C. Colo.3</u>	<u>Proposed rates</u> <u>P.U.C. No. 4</u>
First 10,000 cubic feet of monthly consumption	\$1.00	\$1.30
Next 10,000 cubic feet of monthly consumption	.80	1.10
Next 10,000 cubic feet of monthly consumption	.70	.90
For all monthly consumption in excess of 30,000 cubic feet	.60	.80
<u>Minimum Monthly Guarantee.</u>		
Per consumer	.50	.50

At the present time the company receives \$1.00 net per M cubic feet for all gas sold through prepay meters. In the proposed rates a rate of \$1.30 per M cubic feet is asked for all gas disposed of in this manner.

It appears from the record in this case that the gas business in the city of Boulder dates back to 1902, at which time the supply of gas was principally from a natural gas well located about two miles east of the present plant of The Federal Gas Company. This natural gas, while of an exceptionally high quality, was never sufficient in quantity to meet the demands of the consumers, and a small water gas plant was installed for the purpose of augmenting the natural gas supply. The natur-

al gas well failed on November 20, 1914, and since that time the consumers have been supplied entirely with water gas. The Federal Gas Company, the present owner of the property, was organized in 1904 and operates under a franchise granted to one Peter English on June 18, 1902. Presumably gas was supplied in Boulder by English and his associates prior to the organization of the present company.

At the hearings in this case an inventory and appraisal of this property based on cost of reproduction under normal conditions was submitted by the engineering staff of the Commission. This appraisal did not include any allowances for going-concern value, cost of money or promoter's remuneration, and is summarized as follows:

<u>Account No.</u>	<u>Classification of Property</u>	<u>Normal Reproduction Cost</u>
101	Organization	\$ 2,750.00
102	Franchises	200.00
105	Land and right of way	3,180.00
106	Buildings and structures	6,240.00
109	Water gas apparatus	42,181.00
111	Boilers and boiler plant equipment	3,232.00
121	Mains	49,071.00
122	Service connections	17,325.00
123	Consumers' meters	12,476.00
124	Consumers' installations	1,522.00
140	General Office equipment	1,107.00
142	Utility equipment	552.00
143	Miscellaneous equipment	745.00
	Working capital	6,500.00
	Total Used and useful property	147,081.00
121	Mains not in use	3,263.00
	Total	\$150,344.00

No serious objections to this appraisal were raised by either the city or the company and the only other evidence before the Commission bearing on the value of this property is the amount carried on the books of the company which was reported by the statistician of the Commission to be \$211,728.55 as of December 31, 1917. The book accounts include \$85,000.00 under the head of Intangible Capital, and as a whole are in no way comparable with the appraisal submitted by the engineering staff. The company made no claim at the hearing in this case that the amount carried on the books should be considered as the value of the property for rate-making purposes.



REVENUES AND EXPENSES.

The revenues and expenses for the calendar years 1915, 1916 and 1917 as compiled from the books of the company by the statistician of the Commission are set out in Statement No. 1.

STATEMENT NO. 1

REVENUES AND EXPENSES.

	<u>1915</u>	<u>1916</u>	<u>1917</u>
<u>Operating Revenues</u>			
Commercial Earnings	\$38,582.51	\$42,906.80	\$46,503.13
Earnings from Residuals		73.94	699.02
Profit Merchandise Sales		*115.84	110.97
Profit Piping and Connections	<u>120.60</u>	<u>118.38</u>	<u>*383.71</u>
Total Operating Revenue	38,703.11	42,983.28	46,929.41
<u>Operating Expenses</u>			
Water Gas Production	22,068.12	22,451.46	24,964.80
Distribution Expense	2,978.50	1,950.66	3,052.47
Commercial Expense	984.37	859.89	869.80
New Business Expense	49.80	124.29	314.34
General Expense	4,734.76	5,938.78	5,899.48
Depreciation	5,558.15	5,597.06	5,721.14
Taxes	<u>2,043.70</u>	<u>2,181.25</u>	<u>2,819.01</u>
Total Operating Expense	38,417.40	39,103.39	43,641.04
Gross Income	285.71	3,879.89	3,288.37
* Deficit			

From this statement it is apparent that the amounts available for accruing depreciation and for a return on the investment in the property for the years under consideration were as follows:

1915 - \$5,843.86  
1916 - 9,476.95  
1917 - 9,187.85

The portion of the above amounts to be set aside annually as a depreciation requirement will be discussed later in this opinion.

#### REPORT OF ENGINEERING STAFF.

The report of the engineering staff submitted in this case dealt with the value of the property of the respondent, the quality of service being rendered, the development of the business, operating conditions and operating expenses under present conditions, and with the matter of rates and rate schedules in general. This report was in substance as follows:

##### Quality of Service.

The average heating value of the gas supplied in the city of Boulder for the year 1917 was 700 B.t.u. per cubic foot, whereas the average heating value required by rules of the Commission governing the service of gas utilities is 575 B.t.u. per cubic foot. This high heating value is maintained for the reason that natural gas of a comparatively high heating value was formerly available and the consumers of the company are accustomed to the use of gas of a high heating value. The heating value tests, however, disclose that the heating value is by no means uniform, and it is likely that on this account the consumers utilize the gas very inefficiently and that they would be better served by gas of a uniform heating value of approximately 600 B.t.u. per cubic foot.

Ample purification equipment is provided for the removal of sulphur, so that the gas is reasonably pure and free from such impurities as are required to be removed by the rules established by the Commission.

##### Development of Business.

The business of The Federal Gas Company is more nearly saturated than that of any gas utility in the state with the possible exception of Denver. This development is accounted for by the facts that the gas supplied in Boulder always has been of a very high quality, the service has been good and the rates comparatively low. The fact

that natural gas was supplied in Boulder for a number of years is also to some extent responsible for the present high development of the gas business, for the reason that this gas was high in heating value and the rates at the time it was available were lower than at the present time. The development of the business of the respondent as compared with that of other gas utilities operating in the state of Colorado is shown in Statement No. 2, which is taken from the report of the engineering staff.

#### Operating Conditions and Operating Expenses.

The principal items entering into the cost of manufacturing water gas are oil, coke, coal and labor. Of the total production cost, oil, coal and coke comprise at least 75 per cent, and as a result the manufacturing cost fluctuates sharply with fluctuations in the price of these materials.

Coke is essential as a generator fuel in the manufacture of water gas and the only available supply is from The Denver Gas & Electric Light Company. Up to a few months ago this coke was purchased at \$3.00 per ton f.o.b. Denver. At the present time the price is \$6.00 per ton f.o.b. Denver, with no prospects of a lower price in the immediate future. The freight on coke to Boulder is \$1.00 per ton, and unloading and hauling to the gas works cost 60 cents per ton, so that the present cost per ton of coke at the works is \$7.60. The war tax and miscellaneous items bring the total cost of coke to \$7.65 per ton at the works. Approximately 1,200 tons per year are required for the operation of this property.

Coal is necessary as a boiler fuel for the production of steam to be used in the manufacture of water gas and for the operation of pumps, blowers and other auxiliary equipment. For the year 1917 two and one-half inch steam coal delivered to the gas works cost \$2.86 per ton, 50 cents of this amount being for freight and 50 cents for drayage. Approximately 650 tons per year are required and under the present market conditions this coal will cost \$2.75 per ton at the works.

Engineering  
Department  
Colo. P.U.C.

STATEMENT NO. 2

COLORADO GAS UTILITIES  
DEVELOPMENT OF BUSINESS

4-1-18.

1916

Year	City	Population 1915 Est.	Gas Sales M cu. ft.	Miles of Main	Meters in Service	Annual Sales per Mile of Main cu. ft.	Annual Sales per Meter cu. ft.	Annual Sales per Capita cu. ft.	Meters per 100 Population	Meters per Mile of Main
1916	Canon City	6,000	7,102.7	7.5	646	945,000	11,000	1,184	10.8	86
"	Colo. Springs	40,000	95,677.0	59.5	4,767	1,605,000	20,100	2,400	11.9	80
"	Denver	250,000	1,272,056.0	368.6	43,356	3,450,000	29,400	5,100	17.4	118
"	Fort Collins	10,000	18,244.3	15.4	1,018	1,185,000	17,900	1,825	10.2	66
"	Greeley	10,000	26,077.3	22.5	1,411	1,160,000	18,500	2,608	14.1	63
"	Grand Junction	7,000	12,564.8	12.0	827	1,045,000	15,200	1,800	11.8	69
"	Pueblo	50,000	104,450.5	77.8	4,775	1,345,000	21,900	2,100	9.6	61
"	La Junta*	8,830	9,203.0	31.7	675	270,000	13,600	1,040	7.7	21
"	Trinidad	14,500	14,033.0	11.1	817	968,000	17,100	965	5.6	74
"	Boulder	12,000	49,470.8	22.5	1,482	2,200,000	33,400	4,100	12.3	66

\* Includes Rocky Ford and Swink.  
Derived figures are from slide rule readings.  
Data compiled from Annual Reports.

Oil for enriching water gas is now purchased under contract from a few small producing wells in the vicinity of Boulder. The company under these contracts agrees to take the entire output of the wells in question, the excess over the requirements for the manufacture of water gas being sold for other purposes. The average cost to the company for oil under these contracts will be approximately 7 cents per gallon for the year 1918. The present market price of an inferior grade of oil is 9 cents per gallon at the works. For the year 1917 3.6 gallons of oil per M cubic feet of gas manufactured were used. By reducing this oil to 3 gallons per M cubic feet of send-out the oil required for the year 1918 will be 174,000 gallons.

The company has never installed a station meter so that the gas send-out has been estimated on the basis of gas sales, an unaccounted for loss of 15 per cent being assumed. It is probable that the unaccounted for loss is less than 15 per cent and that the oil used per M cubic feet of gas made is slightly in excess of the estimate of 3.6 gallons.

#### ANNUAL DEPRECIATION REQUIREMENT.

The annual depreciation requirement was estimated by the engineering staff at \$2,824.00 when set aside on the 5 per cent sinking fund basis. This requirement when set aside on the straight line basis was estimated at \$5,235.00.

#### COST OF SERVICE.

The engineering staff estimated the cost of supplying gas service, based on conditions prevailing at this time, to be as shown in Statement No. 3.

## STATEMENT NO. 3.

COST OF SERVICE.

Based on gas having an average heating value of 600 B.t.u. per cu.ft. when tested at a temperature of 60° Fahrenheit and under a pressure of 30 inches of mercury.

M cubic feet of send out 58,000

M cubic feet of sales 49,000

	<u>Amount</u>	<u>Per M cu.ft. Sales</u>
Superintendence, water gas manufacture	\$ 134.00	0.0027
Water gas labor	2,244.81	.0456
Steam - coal at \$2.75 per ton	3,830.12	.0783
Generator fuel - 1,225 tons at \$7.65	9,371.25	.1914
Oil - 174,000 gals at \$0.07	12,180.00	.2487
Purifying material	211.34	.0043
Misc. production supplies	238.47	.0048
Maintenance and repairs - water gas equip.	1,217.27	.0248
Total Production Cost	29,427.26	0.6006
Distribution expense	3,052.47	.0623
Commercial expense	869.80	.0177
New business expense	314.34	.0064
General expense	5,899.48	.1202
Taxes*	3,100.00	.0633
Depreciation	2,824.00	.0578
	45,487.35	0.9283
Return - 8% on \$147,000.00	11,760.00	.2400
Total Cost of Service	57,247.35	1.1683
Revenue under present rates - gas sales and residual earnings	47,202.15	.9633
Additional Revenue Necessary	10,045.20	0.2050

\*Estimate includes 1½% of gross revenue, payable to the city of Boulder as a franchise requirement.

RATES.

The present and proposed rates of the respondent were discussed at length in the report of the engineering staff, while various forms of schedules designed to give the revenue required were submitted for the consideration of the Commission. Of these various schedules the following appears to be best adapted to the local conditions and



possesses the further advantage of being of the form to which the consumers have been accustomed for a number of years:

Rate.

\$1.25 net per M cubic feet for the first 10,000 cubic feet of monthly consumption,  
 \$1.00 net per M cubic feet for the next 15,000 cubic feet of monthly consumption,  
 \$0.75 net per M cubic feet for all consumption during the month in excess of 25,000 cubic feet.

Minimum Monthly Guarantee.

50 cents net per consumer or per meter.

A net rate of \$1.30 per M for gas sold through prepay meters was recommended.

An analysis of the gas sales of the respondent for the calendar year 1917 gave the following classification:

	M Cu.Ft. Sales	% of Total
Gas included in minimum bills	286.7	.6
Sales through prepay meters	1,657.3	3.4
First 10 M cubic feet per month	38,643.5	79.5
Next 15 M cubic feet per month	4,822.3	9.9
Sales in excess of 25 M cubic feet per month	3,224.8	6.6
Total	48,634.6	100.0

The above rates are applied to the sales for the year 1917 as follows:

First 10 M cubic feet per month	38,643.5 M @ \$1.25 net	\$48,304.37
Next 15 M " " " "	4,822.3 M @ 1.00 "	4,822.30
Consumption exceeding 25 M cubic feet per month	3,224.8 M @ .75 "	2,418.60
Minimum bills	286.7 M --	608.00
Sales through prepay meters	1,657.3 M @ 1.30 "	2,154.49
Total	48,634.6 M	\$58,307.76

From a careful consideration of the record in this case, the Commission finds:

- (1) That the rate-making value of the used and useful property of The Federal Gas Company as of December 31, 1917, was not less than \$145,000.00,
- (2) That a proper annual depreciation requirement at this time to be set aside on the 5 per cent sinking fund basis is the sum of \$2,824.00,
- (3) That a fair return to the owners of the property is 8 per cent on the above rate-making value,

- (4) That the annual cost to the company of furnishing service under the conditions prevailing at this time is as follows:

Water gas production	\$29,426.00
Distribution expense	3,052.00
Commercial expense	870.00
New business expense	314.00
General expense	5,899.00
Taxes	3,100.00
Depreciation	2,824.00
Return - 8% on \$145,000.00	11,600.00
Total	\$57,085.00

- (5) That the gross revenue from the sale of gas and residuals under the rates now in effect and on file with the Commission will not exceed \$47,000.00 per annum.
- (6) That the following rates are fair and reasonable under conditions prevailing at this time and should be substituted for the rates now in effect and on file with the Commission:

CREDIT METERS.

Rate.

- \$1.20 net or \$1.30 gross per M cubic feet for the first 10,000 cubic feet of monthly consumption,  
\$1.00 net per M cubic feet for the next 15,000 cubic feet of monthly consumption,  
\$0.80 net per M cubic feet for all consumption during the month in excess of 25,000 cubic feet.

Prompt Payment Discount.

Bills will be rendered at the gross rate and discounted to the net rate, if paid within the discount period.

Minimum Monthly Guarantee.

50 cents net per consumer or per meter.

PREPAY METERS.

Rate.

\$1.30 net per M cubic feet.

O R D E R.

IT IS THEREFORE ORDERED, That the rates filed by The Federal Gas Company on January 31, 1918, suspended by an order of this Commission until June 29, 1918, be, and the same are hereby, permanently suspended.

IT IS FURTHER ORDERED, That The Federal Gas Company be, and it is hereby, permitted to file schedules effective as of May 1, 1918, providing for the following rates and charges to apply to all service rendered on and after that date:

CREDIT METERS.

Rate.

\$1.20 net or \$1.30 gross per M cubic feet for the first 10,000 cubic feet of monthly consumption,  
\$1.00 net per M cubic feet for the next 15,000 cubic feet of monthly consumption,  
\$0.80 net per M cubic feet for all consumption during the month in excess of 25,000 cubic feet.

Prompt Payment Discount.

Bills will be rendered at the gross rate and discounted to the net rate, if paid within the discount period.

Minimum Monthly Guarantee.

50 cents net per consumer or per meter.

PREPAY METERS.

Rate.

\$1.30 net per M cubic feet.

IT IS FURTHER ORDERED, That The Federal Gas Company shall file the foregoing rates in accordance with Section 16 of the Public Utilities Act.

The Commission as a part of this order expressly reserves the right either upon its own motion or upon complaint to further investigate the rates authorized by this order, make findings, amend or annul any of the terms or provisions of the said new schedule of rates as above set forth, and to make any other or further order as may be necessary in the premises and for that purpose retains jurisdiction of the matter herein.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geg. Bradley  
Kerry Williams  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 30 day of April, 1918.

ORIGINAL

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office in  
Denver, Colorado, on the 1st day of  
May, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 23.

In re ADVANCE IN DENVER & SOUTH PLATTE RAILWAY FARES.

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IT APPEARING, That there has been filed with the Public Utilities Commission of the state of Colorado by The Denver & South Platte Railway Company schedule of rates, effective May 12, 1918, stating advances in the rates for passenger transportation service/contained in tariff, designated as follows:

Colo. P.U.C. No. 3.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedule enumerated.

IT FURTHER APPEARING, That the said schedule makes increases in rates, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedule above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedule above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 9th day of September, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo T. Bradley  
Leroy J. Williams  
A. O. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 1st day of May, 1918.

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In re ADVANCE IN DENVER &amp; INTERURBAN RAILROAD FARES.

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INVESTIGATION AND SUSPENSION DOCKET NO.17.

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Submitted April 26, 1918.

Decided May 4, 1918.

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Appearances:

E.E.Whitted for the respondent,  
Frank L.Moorhead, city attorney, and E.O.Heinrich, city  
manager, for the city of Boulder,  
Edward Affolter, and Geo.Kennedy, mayor, for the town  
of Louisville,  
Grant E.Halderman for the Boulder Commercial Association.

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O P I N I O N.By the Commission:

By tariff, Colo.P.U.C.No.36, filed with the Commission effective March 15, 1918, the respondents propose changes in the fares and rules and regulations affecting the fares between points on the Denver & Interurban Railroad, and also between such points and Denver in connection with the Denver Tramway. Protests were filed with the Commission against the proposed schedules contained in the tariff, and the Commission thereupon issued an order entering upon an investigation and hearing concerning the propriety of the schedules, and deferring the use of the rates and rules until the 14th day of July, 1918. Hearings were held before the Commission on April 2, 1918, and April 8, 1918.

The principal respondent herein, The Denver & Interurban Railroad Company, is a common carrier under the Public Utilities Act and was organized September 10, 1904, under the laws of

the state of Colorado. It owns and operates an electric interurban line between Globeville and Boulder and an urban line in the city of Fort Collins. Passengers to and from Denver are handled over the tracks of The Denver Tramway Company from a loop at 14th and Arapahoe Streets, in Denver, to Globeville. The following statement shows the owned and operated mileage of this respondent:

	<u>Miles of road</u>	<u>Other track</u>	<u>Total</u>
Line owned:			
Globeville to Semper,...	8.07	.28	8.35
City of Boulder,.....	1.78	.11	1.89
City of Denver,.....	-	.42	.42
City of Fort Collins,...	7.28	.94	8.22
Marshall to Eldorado Springs,...	3.03	.53	3.56
	<u>20.16</u>	<u>2.28</u>	<u>22.44</u>
Line operated under lease:			
Semper to Louisville Jct.	7.39	-	7.39
D&I Jct.to Sunnyside Mine	.79	-	.79
	<u>8.18</u>	<u>-</u>	<u>8.18</u>
Line operated under track- age rights,			
Sunnyside Mine to Boulder,	10.56	-	10.56
Louisville Jct.to Boulder,	12.87	-	12.87
	<u>23.43</u>	<u>-</u>	<u>23.43</u>
Total operated mileage,	51.77	2.28	54.05

In brief, the tariff provides for: An increase in the one-way fares from two and one-half to three cents per mile; increase in 25-ride family commutation tickets from one and one-half cents to two cents per mile; elimination of the 10-ride individual commutation tickets, now based on rate of one and three fourth cents per mile; elimination of 50-ride family commutation tickets, now based on rate of one and one-fourth cents per mile; 15-day limit on round trip tickets instead of 3-day limit; interchangeable use of all forms of tickets upon either the Denver & Interurban Railroad or the Colorado & Southern Railway between Denver and Boulder; honoring of tickets to or from Denver by Denver Tramway between Globeville and Denver and issuance of transfer thereon to any point on tramway system in Denver; checking of baggage of Denver & Interurban passengers free upon trains of the Colorado & Southern Railway.

There are no joint through fares named in the present



tariff to or from Denver, all terminal fares being named to or from Globeville, and the passenger being required to pay a fare of five cents between points in Denver and Globeville. The proposed tariff names The Denver Tramway Company and The Colorado & Southern Railway Company as participating carriers. Proposed fares to or from Denver are made by adding to the Globeville fare the local fare of the Denver Tramway.

The respondent's investment in road and equipment on December 31, 1916, as shown by the annual report on file with the Commission, was \$1,336,991.97. The unmatured funded debt outstanding amounts to \$1,079,000.00 in first mortgage bonds held by The Colorado & Southern Railway Company, and the capital stock outstanding amounts to \$101,500.00, seven shares being held by the directors and the balance, 1,008 shares, held by The Colorado & Southern Railway Company.

The following financial statement shows the results of the operations of the respondent's line, being taken from the annual reports on file with the Commission:

Financial statement.

	<u>Fiscal year ended June 30th,</u>			<u>From July</u>
	<u>1914</u>	<u>1915</u>	<u>1916</u>	<u>1st, 1910, to</u>
				<u>June 30, 1916</u>
Operating revenues,..	\$219,095.	\$219,104.	\$239,210.	\$1,354,538.96
Operating expenses,..	195,229.	201,038.	193,970.	1,158,554.02
Net operating revenue,	\$ 23,866.	\$ 18,066.	\$ 45,240.	\$ 195,984.94
Operating ratio,....	89.10%	91.75%	81.09%	85.50%
Taxes,.....	\$ 7,842.	\$ 12,240.	\$ 14,883.	\$ 59,890.50
Operating income,....	16,024.	5,826.	30,357.	136,094.44
Non-operating income,	1,418.	424.	588.	8,891.35
Gross income,.....	\$ 17,442.	\$ 6,250.	\$ 30,945.	\$ 144,985.79
<u>Deductions:</u>				
Miscellaneous rents,..	\$ 12,150.	\$ 12,150.	\$ 12,150.	\$ 73,553.84
Interest on funded				
debt,.....	64,740.	64,740.	64,740.	388,440.00
Interest on unfunded				
debt,.....	23,399.	26,370.	27,871.	132,232.91
Other deductions,...	-	-	-	9,999.96
Total deductions,	\$ 102,289.	\$103,260.	\$104,761.	\$ 604,226.71
Net corporate income,	\$* 84,847.	\$*97,010.	\$*73,816.	\$ *459,240.92

(\*) Deficit.

This statement shows that the respondent has not earned sufficient to pay operating expenses, taxes, and interest on bonded indebtedness, to say nothing of a dividend on any investment represented by stock issues. It will be seen that the average gross income per year during the period 1911 to 1916 amounts to only \$24,164.30.

Testimony was introduced by the respondents and the protestants having reference to the valuation of the respondent's line between Denver and Boulder. Witness for the respondent stated that, with the exception of a part of the overhead electrical equipment, the original cash cost of the line between Denver and Boulder was \$729,206.94; that the portion of the overhead electrical construction paid for from 1908 to 1917 amounted to \$109,295.14; that the Boulder sub-station addition cost \$17,121.74; and that other additions and betterments amounted to \$49,990.43, which amount had not been segregated as between the Denver-Boulder and the Fort Collins lines. The foregoing figures are based upon the Interstate Commerce Commission uniform system of accounting for electric carriers, which is that adopted for use by this Commission.

It was testified by the respondent's witness that the bonds were issued during 1907-1908, when money was difficult to obtain, and consequently it was necessary to issue the bonds at 80, so that the par value of the bonds represented about 25 per cent more than the actual cash cost of the road. The item of the discount on bonds has been included in the investment account of the respondent under miscellaneous general expenditures, which totals \$237,886.60. It was admitted by the witness that the item of discount on bonds is not allowed by the Interstate Commerce Commission as a construction account. This Commission has always refused to allow discount on bonds as a construction account,- (In re Colorado Springs Light, Heat & Power Company, 4 Colo.P.U.C.,199; In re Western Colorado Power Co.,5 Colo. P.U.C. \_\_.), and is of the opinion that it is improperly charged to construction in the respondent's accounts.

No valuation of the property of the Denver & Interurban has been made by this respondent, or by the Commission, and the Commission is of the opinion that it is unessential in this cause. As has been shown, the average gross income amounts to only \$24,164.30 per year, which is equivalent to 6 per cent return on \$402,738.00, an amount less than one third of the respondent's book value. In re Gas Rates at Pueblo, 5 Colo.P.U.C., \_\_\_, decided January 31, 1918, the Commission held that it would not be necessary to determine the value of the property of the utility, inasmuch as it was clearly evident that an appraisal would show a valuation more than double the amount upon which the company earned 8 per cent, and that the expense of making a complete inventory and appraisal should be saved to the utility and to the Commission. In the instant case the average annual income of \$24,164.30 is a return of only 3.6 per cent on one-half of the respondent's investment in road and equipment. The respondent has never paid any interest whatsoever on its funded debt, and the accrued debit balance on December 31, 1917, since the commencement of operations, was \$734,992.45.

The witness for the respondent testified with respect to the results of operations on the Denver-Boulder line for 1916 and 1917, as follows:

	Calendar year.	
	1916	1917
Operating revenues,	\$227,040.52	\$214,012.54
Operating expenses,	155,707.90	177,446.96
Net operating revenue,	\$ 71,332.62	\$ 36,565.58
Taxes,...	6,930.72	8,541.76
Operating income,	\$ 64,401.90	\$ 28,023.82

In addition, like statistics for the five-month periods ended February 28, 1917, and February 28, 1918, were submitted:

	Oct.1, 1916, to Feb.28, 1917.	Oct.1, 1917, to Feb.28, 1918.
Operating revenue,	\$80,517.46	\$82,052.22
Operating expenses,	63,021.31	78,489.85
Net operating revenue,	\$17,496.15	\$ 3,562.37
Taxes,	3,843.82	3,401.84
Operating income,	\$13,652.33	\$ 160.53

It is the opinion of the Commission that evidence in this cause clearly shows that the respondent is not earning sufficient revenue and that increases should be granted in its fares. It is not of the opinion, however, that the increases should be granted to the full extent proposed by the respondent in its tariff. The respondent proposes cancellation of 50-ride family commutation tickets, which, to the Commission, seems unjustified. The Commission is of opinion that no increase is warranted in the one-way fare or round-trip fares, but that the cancellation of the 10-ride individual commutation tickets is warranted, that 25-ride family commutation tickets may be increased to 2 cents per mile, and the 50-ride family commutation books increased to 1-3/4 cents per mile. An order will be entered in conformity with these findings, permanently suspending the proposed schedules, and permitting the respondents to file new schedules providing for the changes allowed by the Commission herein. The respondents shall submit for approval a revised tariff incorporating therein the authorized changes and the rules and regulations necessarily revised to correspond to the adjustment allowed by the Commission.

O R D E R.

IT IS THEREFORE ORDERED, That the carriers respondents herein be, and they are hereby, notified and required to cancel, on or before June 1, 1918, the local and joint passenger tariff Colo.P.U.C.No.36, issued by The Denver & Interurban Railroad Company;

IT IS FURTHER ORDERED, That the respondent, The Denver & Interurban Railroad Company, be, and it is hereby, allowed and permitted to establish, on not less than five days' notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, fares for 25-ride family commutation tickets between points on the respondent's line upon a basis of

two cents per mile, and fares for 50-ride family commutation tickets upon a basis of one and three fourths cents per mile.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo T. Bradley

Leroy J. Williams

A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 4th day of May, 1918.

# ORIGINAL

At a General Session of the  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO, held  
at its office in Denver, Colora-  
do, on the 9th day of May, 1918.

INVESTIGATION AND SUSPENSION DOCKET NO. 11.

In re ADVANCE IN COAL AND COKE RATES IN COLORADO.

IT APPEARING, That by order dated the 8th day of August, 1917, THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO entered upon a hearing concerning the propriety of the new rates and charges for the intrastate transportation of coal, coke and coke breeze, stated in schedules contained in tariffs, designated in the order of August 8th, 1917.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended, and that the use of the rates and charges, therein stated, be deferred upon intrastate traffic until the 24th day of April, 1918.

IT FURTHER APPEARING, That the Commission entered an order on the 19th day of April, 1918, permanently suspending the schedules contained in the tariffs designated in the order of August 8th, 1917, and requiring the carriers to cancel such schedules on or before April 24, 1918.

IT FURTHER APPEARING, That on the 23rd day of April, 1918, the Commission issued an order postponing the effective date of the order of April 19, 1918 until May 10, 1918, and further suspending the operation of the schedules until May 10, 1918.

AND IT FURTHER APPEARING, That the carriers have made application for a further extension of the schedules contained in the said tariffs and the order of the Commission of April 19, 1918, until June 1, 1918.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation of August 8th, 1917, be further suspended, and that the use of the rates and charges therein stated be further deferred upon intrastate traffic until the 1st day of June, 1918, and that the effective date of the Commission's order of April 19th, 1918, be also postponed to the 1st day of June, 1918.

IT IS FURTHER ORDERED, That the Secretary of the Commission be, and he is hereby, directed to serve upon the carriers parties to the tariffs enumerated and described in said order of investigation, a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy Williams  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 9th day of May, 1918.

ORIGINAL

(Decision No. )

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the Application of	)	
The Canon Gas Company, a corporation,	)	
for permission to increase its rates	)	<u>Application No.15.</u>
and charges for gas service in the	)	
city of Canon City.	)	

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Submitted May 7, 1918.

Decided May 21, 1918.

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Appearances:

Messrs.Adams and Gast, for the applicant company.

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STATEMENT.

By the Commission:

On the 2nd day of March, 1918, The Canon Gas Company, by H.A.Black, its president, and Adams and Gast, its attorneys, filed with the Commission an application for permission to make certain changes and increases in its rates and charges for gas service in the city of Canon City. In its petition the applicant states that it is a Colorado corporation engaged in the manufacture and sale of gas in Canon City; that its rates and charges for such service are now on file with the Public Utilities Commission of the state of Colorado, and alleges among other reasons why the prayer of its petition should be granted that its present rates and charges are unscientific in that they provide different rates for gas consumed for illuminating than for fuel purposes, and therefore require a dual system of meters, which system operates improperly to burden the business and as a discrimination against the consumers most in need of low rates; that the rates prayed for will reduce the charges made to consumers for gas for illuminating purposes and slightly increase the charges for gas used for fuel purposes; will somewhat reduce the petitioner's expenses on account of meters and finally result in a moderate increase in its



net earnings; that the assessed valuation of the applicant's properties as fixed by the Colorado State Tax Commission is \$20,000.00, and that the rates prayed for will produce no more than a fair return upon this amount.

The petition of the applicant further alleges that its net earnings from the sale of gas for the year 1917 were \$164.82, and from pipe and fittings \$388.03, making a total of \$552.86, but that during the year the company suffered a loss of \$103.33 in the sale of lamps and appliances, so that its operations for the year 1917 produced net earnings of but \$449.53, no charge or allowance whatever being made for depreciation; that such net earnings are insufficient to meet the interest charges on the outstanding bonds of the applicant amounting to \$15,000.00, or on its floating debt which aggregates \$10,472.00; that neither the present operating company nor its predecessor in interest has ever paid a dividend, while the earnings for many years have never been sufficient to meet the interest charges.

It is further alleged that the plant of the applicant is of the type known as a water gas plant, in the operation of which a large amount of gas oil is required; that about two years ago such oil could be obtained for 4 to 4-1/4 cents per gallon f.o.b. Canon City; that during the year 1917 the average price of such oil f.o.b. Canon City was 7 cents per gallon, and that at the time of filing this application the best price obtainable on such oil was 9 cents per gallon at the refinery; that prior to 1914 a superior grade of coke-oven coke could be purchased at \$2.00 per ton; that thereafter and until the early part of 1916 such coke was bought for \$3.00 to \$3.25 per ton; that at the present time \$4.00 per ton is being paid for gas coke f.o.b. Pueblo; that a contract cannot be obtained at this price; and that steam coal, which until two years ago cost 75 cents per ton at the mine, during the year 1917 cost an average of \$1.75 per ton at the mine. The applicant further alleges that although a very small amount of labor is required in the operation of its plant, nevertheless it

has been necessary to increase its salary account by \$912.00 per year. The application prays the Commission to authorize The Canon Gas Company to establish and put into force and effect the rates and charges set forth therein.

Pursuant to notice duly given to all parties in interest this cause came on for hearing in the City Hall at Canon City at the hour of 9 o'clock a.m., on the 7th day of May, 1918. Messrs. Adams and Gast appeared for The Canon Gas Company, but no appearance was entered by the city of Canon City or other parties at interest. At this hearing Fred W. Herbert, statistician for the Commission, appeared in behalf of the Commission's statistical staff and testified in support of an audit which he had prepared of the books and accounts of the applicant. Fred J. Rankin, engineer for the Commission, appeared in behalf of the Commission's engineering staff and testified in support of a report prepared under his supervision relative to the operating conditions, rates and service of the applicant company. Herbert A. Black, president of the applicant company, appeared in its behalf and testified as to increases in operating expenses and as to the general conditions surrounding the operation of the property.

From the record in this cause it appears that gas service has been supplied in Canon City since the early part of 1903, at which time a gas plant was constructed and placed in operation by The Canon City Gas Company. On March 24, 1904, this company went into the hands of a receiver and was operated under a receivership until about July 1, 1907, when the property was taken over by The Canon Gas Company, the present operating company. This company now operates under a franchise granted to H. A. Black on the 15th day of December, 1902, and extending for a period of 20 years. The franchise provides that the charges for gas service shall not exceed \$1.25 per thousand cubic feet for gas used for fuel purposes and \$2.00 per thousand cubic feet for gas used for illuminating purposes.

The principal rates of The Canon Gas Company now in force

and effect and on file with the Commission are as follows:

Commercial Lighting.

Rate.

\$2.00 gross or \$1.90 net per M cubic feet for all gas used for illuminating purposes.

Commercial and Domestic Fuel.

Rate.

\$1.35 gross or \$1.25 net per M cubic feet for all gas used for fuel purposes.

Minimum Monthly Guarantees.

The minimum monthly guarantee is 50 cents net for all consumers.

In its petition the applicant asks that the rate for commercial lighting or illuminating gas be abolished; that the rate for all gas used for fuel and illuminating purposes be fixed at \$1.55 net per thousand cubic feet, and that the minimum monthly guarantee be placed at 75 cents net per consumer instead of 50 cents net per consumer as at the present time.

The income statement of the applicant for the years 1915, 1916 and 1917 as reported by the Commission's statistician is produced herewith as Statement No.1. The net operating revenue as shown by this statement is not in agreement with that set out in the petition of the applicant or as testified to by the witness Black at the hearing, but the difference is not material. In fact the company's records have been kept in such a manner as to be of little assistance to the Commission in this case. For example, the records show that in 1915 generator fuel cost \$1,136.62 and in 1916, \$512.72, whereas in 1915 the consumption of generator fuel was less and the price lower than in 1916. In the same way the records show that water gas oil used in water gas production cost approximately \$400.00 more in 1915 than in 1916 when the reverse should have been the case. Again, the cost of fuel for steam is reported at \$815.15 in 1916 and \$413.83 in 1917, when as a matter of fact both the quantity of such fuel used and the price paid therefor were much higher in 1917 than in 1916. These discrepancies were accounted for by the Commission's statistician by the fact

that the company had not been able to pay its bills promptly, but that when money was available bills had been paid and the amounts so paid had been charged to the operation of the plant without regard to the time when such materials were actually used. For these reasons the Commission is of the opinion that the income statements cannot be taken as representative of actual conditions except for the purpose of determining operating revenues. As will be seen from this statement the total operating revenue for the year 1917 was \$9,924.62.

Statement No.1.  
The Canon Gas Company  
Income Statement.  
1915 - 1916 - 1917.

	<u>1915</u>	<u>1916</u>	<u>1917</u>
<u>Operating Revenues</u>			
Commercial Earnings	\$9,064.27	8,886.38	9,703.79
Earnings from Residuals	--	42.00	89.32
Profit on Merchandise Sales	--	179.39	134.14
Profit on Piping and Connections	112.23	92.67	*2.63
Total Operating Revenue,	\$9,176.50	9,200.44	9,924.62
<u>Operating Expenses</u>			
Water Gas Production	\$5,242.53	4,447.05	4,924.58
Distribution	1,090.12	574.03	715.51
Commercial	70.65	60.17	165.31
New Business	679.76	518.48	131.36
General Expense	1,882.55	2,124.01	2,694.19
Total above items	\$8,965.61	7,723.74	8,630.95
Depreciation	--	--	--
Taxes	745.54	564.00	600.76
Total Operating Expenses	\$9,711.15	8,287.74	9,231.71
Net Operating Revenue	\$ *534.65	912.70	692.91
<u>Deductions from income</u>			
Interest on Funded Debt	\$ 900.00	900.00	900.00
Interest on Unfunded Debt	349.11	292.00	121.60
Total Deductions	\$1,249.11	1,192.00	1,021.60
Surplus or Deficit	* \$1,783.76	*279.30	*328.69

\* Indicates Deficit.

The engineering staff of the Commission made a study of the operating conditions, rates and service of the company and a report thereon was submitted at the hearing in this cause. This report shows that under the present methods of operation the plant is very inefficiently operated, a large portion of the steam coal and generator fuel being wasted and the gas oil not efficiently used. Several recommendations were made which can be complied with at slight expense and which should materially reduce the applicant's expenditures for gas-making materials, such as coke, coal and oil. The company has indicated its willingness to comply with such recommendations as soon as possible.

The report of the engineering staff deals with the present market prices of gas-making supplies as compared with the prices paid for such supplies prior to the present abnormal conditions, and an estimate of the cost of producing water gas based on the present market conditions and quantity of materials required was submitted for the consideration of the Commission.

No inventory and appraisal of the property of the applicant was submitted to the Commission in this cause either by the applicant or by the engineering staff of the Commission. The Commission's engineer testified at the hearing that the population of the community served is approximately 6,000, that the annual sales at this time are in the neighborhood of 7,500,000 cubic feet, and that on account of the small volume of business available and the relatively low price of competitive fuels the company could not under any rates that it might be permitted to establish earn, in addition to its operating expenses and annual depreciation requirement, a fair return on the fair value of its property used in the supplying of gas service. This witness further stated that, in his opinion, the property could not be reproduced under normal conditions for less than \$70,000.00, that a fair allowance for interest and depreciation on this amount would be 10 per cent of \$7,000.00 per annum, and that even if the present consumers would continue to use the service it would be necessary to practically

double the present rates in order to permit the company to earn a fair return. Inasmuch as only a nominal increase in the present rates was asked for it was thought that an inventory and appraisal of the property would be of no assistance to the Commission in determining whether such increase should be granted.

Based on the record before it the Commission is of the opinion that the yearly operating expenses for this property, under conditions prevailing at this time, assuming that a reasonable amount of attention is given to the operation of the plant, should not exceed the following:

Water Gas Production

Superintendence	\$ 100.00	
Water Gas Labor	1,140.00	
Steam	460.00	
Generator Fuel	1,275.00	
Water Gas Oil	2,450.00	
Water	50.00	
Misc. Supplies and Expense	75.00	
Repairs - Water Gas Apparatus	400.00	
Repairs - Buildings and Fixtures	25.00	
	-----	
Total Production Expense	\$5,975.00	\$5,975.00

Distribution Expense

Superintendence	\$ 200.00	
Labor and Misc. Supplies	635.00	
Maintenance and repairs	225.00	
	-----	
Total Distribution Expense	\$1,060.00	1,060.00

Commercial Expense	\$ 175.00	175.00
New Business Expense	\$ 130.00	130.00

General Expense

Salaries of Office Clerks	\$ 720.00	
Printing and stationery	120.00	
General Office Expense	270.00	
Expense - General	15.00	
Insurance	10.00	
Rent	480.00	
Uncollectible Bills	25.00	
	-----	
Total General Expense	\$1,640.00	1,640.00

Taxes	\$ 600.00	600.00
		-----
Total Operating Expense		\$9,580.00

Since under the present rates and on the volume of sales for the year 1917, the operating revenue cannot be expected to exceed \$9,925.00, the net earnings of the applicant available for interest and depreciation would be only \$345.00. This amount is

not even sufficient to meet the interest on the applicant's funded debt - much less to provide for depreciation and a return to the holders of the equities in the property.

An analysis of the gas sales of the applicant for the year 1917 was made for the purpose of applying the rates petitioned for and the following classification resulted:

	<u>M</u> <u>Cu.Ft.</u>	<u>% of</u> <u>Total</u>
Sales included in minimum bills and on flat rates	258.7	3.5
Sales included in bills exceeding the minimum	6,559.5	87.4
Sales through prepay meters	681.8	9.1
Total	7,500.0	100.0

The rates set out in the petition are applied to the sales for the year 1917 as follows:

	<u>M Cu.Ft.</u>	<u>Net</u> <u>Rate</u>	<u>Amount</u>
Minimum bills and flat rates	258.7	\$ --	\$ 1,023.75
Bills exceeding the minimum	6,559.5	1.55	10,167.23
Sales through prepay meters	681.8	1.55	1,056.79
Total	7,500.0		\$12,247.77

Since the earnings from the sale of gas in 1917 amounted to \$9,703.79, the rates set out in the petition of the applicant would apparently increase the earnings from gas sales by \$2,544.00 per year. It is very doubtful, however, whether such increase in earnings would ever materialize. Some of the smaller consumers undoubtedly would discontinue service on account of the increase in the minimum monthly guarantee and some of the larger and more profitable consumers might be expected to abandon the service entirely or use it only as a standby. The applicant is fully as much in need of more consumers and an additional volume of business as it is in need of additional revenue, and while there does not appear to be a great deal more of gas business available in Canon City, any modification in the present rates which will reduce the present gas sales should not be attempted. It is generally recognized in all classes of business that consumers purchasing in larger quantities are entitled to lower prices or rates and this principle must be recognized in the gas business if it is to

be developed to the fullest extent. The following rate was suggested by the engineering staff of the Commission as being more desirable under the conditions existing in Canon City than the one requested by the applicant and the opinion was expressed that under such a rate the consumers of the company could be retained, and as a result the net earnings of the company would be greater than under the rate proposed:

Credit Meters.

Rate.

\$1.55 net, or \$1.65 gross, per M cubic feet for the first 1,000 cubic feet of monthly consumption.

\$1.40 net per M cubic feet for the next 2,000 cubic feet of monthly consumption.

\$1.25 net per M cubic feet for all consumption during the month in excess of 3,000 cubic feet.

Minimum Monthly Guarantee.

50 cents net, or 60 cents gross, per consumer<sup>or</sup> per meter.

Prompt Payment Discount.

Bills to be rendered at the gross rate and discounted to the net rate, if paid within the usual discount period.

Prepay Meters.

Rate.

\$1.60 net per M cubic feet.

An analysis of the sales for the year 1917 was likewise made for the purpose of determining the revenue that could be expected from the application of the foregoing schedule. This study resulted in the following classification:

	<u>M</u> <u>Cu.Ft.</u>	<u>% of</u> <u>Total</u>
Consumption included in minimum bills and on flat rates	258.7	3.5
First 1,000 cubic feet per month per consumer	3,728.7	49.7
Next 2,000 cubic feet per month per consumer	1,998.5	26.6
Sales in excess of 3,000 cubic feet per month per consumer	832.3	11.1
Sales through prepay meters	681.8	9.1
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Total	7,500.00	100.0



The rates suggested are applied to the business of the company for the year 1917 as follows:

	<u>M Cu.Ft.</u>	<u>Net Rate</u>	<u>Amount</u>
Minimum bills and flat rates	258.7	\$ --	\$ 682.50
First 1000 cubic feet per month per consumer	3,728.7	1.55	5,779.48
Next 2000 cubic feet per month per consumer	1,998.5	1.40	2,797.90
Consumption in excess of 3000 cu.ft.per month per consumer	832.3	1.25	1,040.38
Sales through prepay meters	681.8	1.60	1,090.88
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Total	7,500.0		\$11,391.14

This statement shows that under such schedule the earnings of the company from gas sales would exceed the earnings for the year 1917 by \$1,687.00. In the opinion of the Commission the showing of the applicant would be more satisfactory at the end of the coming year under this form of rate than under the one proposed in its petition. Taking into account the earnings from residuals and profit on merchandise sales, the operating revenues under such a schedule of rates should amount to \$11,615.00 per year. Since it has been found that the operating expenses should not exceed \$9,580.00, the net earnings of the company under this schedule and under the present conditions should be in the neighborhood of \$2,000.00 per year, which will be available for depreciation and interest. This is not a fair return to the applicant for the service rendered, but it is considerably in excess of the net earnings during the past three years and is believed to be as much as can be expected from the operation of this property under the present conditions.

After hearing and considering the evidence in this cause, both oral and documentary, together with the arguments of counsel thereon, and being fully advised in the premises, the Commission finds:

- (1) That the operating revenue of the applicant herein, for the year 1917, including the sale of gas, sale of residuals, profit on merchandise and profit on piping and connections, was the sum of \$9,924.62.
- (2) That the operating expenses of the applicant, including taxes but excluding interest and depreciation, under conditions prevailing at this time and based on the volume of business for the year 1917, will

not be less than the sum of \$9,580.00.

- (3) That the rates and charges now in effect and on file with the Commission and applying to the sale of gas by the applicant in Canon City are inadequate and will not produce revenue sufficient to enable the applicant to meet its operating expenses and fixed charges.
- (4) That the following rates and charges to apply to the sale of gas by the applicant herein in the city of Canon City are reasonable, and that such rates should be substituted for those now on file with the Commission:

Credit Meters.

Rate.

\$1.55 net or \$1.65 gross per M cubic feet for the first 1,000 cubic feet of monthly consumption.

\$1.40 net per M cubic feet for the next 2,000 cubic feet of monthly consumption.

\$1.25 net per M cubic feet for all consumption during the month in excess of 3,000 cubic feet.

Minimum Monthly Guarantee.

50 cents net, or 60 cents gross, per consumer or per meter.

Prompt Payment Discount.

Bills to be rendered at the gross rate and discounted to the net rate, if paid within the discount period.

Prepay Meters.

Rate.

\$1.60 net per M cubic feet.

O R D E R.

IT IS THEREFORE ORDERED, That the applicant herein, The Canon Gas Company, be permitted to establish by filing and posting in the manner provided in Section 16 of the Public Utilities Act the following rates and charges for gas service:

CREDIT METERS.

Rate.

\$1.55 net, or \$1.65 gross, per M. cubic feet for the first 1,000 cubic feet of monthly consumption.

\$1.40 net per M. cubic feet for the next 2,000 cubic feet of monthly consumption.

\$1.25 net per M cubic feet for all consumption during the month in excess of 3,000 cubic feet.

Minimum Monthly Guarantee.

50 cents net, or 60 cents gross, per consumer or per meter.

Prompt Payment Discount.

Bills to be rendered at the gross rate and discounted to the net rate, if paid within the usual discount period.

PREPAY METERS.

Rate.

\$1.60 net per M cubic feet.

IT IS FURTHER ORDERED, That the foregoing rates and charges shall apply to all service rendered by the applicant on and after June 1, 1918.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. Williams  
C. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 21st day of May, 1918.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In re Advances in the Rates and Charges )  
for Gas and Electric Service of )  
The Colorado Springs Light, Heat & )  
Power Company, at Colorado Springs, )  
Colorado. )

Investigation and Suspension Docket No.15.

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Submitted April 23, 1918.

Decided May 25, 1918.

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Appearances:

R.L.Holland, Esq., for the applicant company,  
J.L.Bennett, Esq., for the city of Colorado Springs.

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STATEMENT.By the Commission:

The matter of the reasonableness of the rates and charges for gas and electric service of the respondent herein, The Colorado Springs Light, Heat & Power Company, has been before the Commission on previous occasions. On December 15, 1915, the Commission entered an order fixing the rate-making values of the gas and electric properties of the respondent and establishing rates and charges to apply to consumers of such service. (1 Colo.P.U.C.,159.) The effective date of said order was January 1, 1916, but was thereafter changed to February 1, 1916. On January 31, 1916, the respondent filed with the Commission an application for a rehearing on the issues involved in the original order. After consideration of such application, it was denied by the Commission, and an amended order was issued on March 1, 1916, in which amended rates for electric service were established. This amended order provided that such rates should remain in effect for a period of one year, beginning March 1, 1916, and until modified or amended by the Commission, and that on February 20, 1917, or

within 10 days thereafter, the respondent should appear before the Commission and make a showing of the results under such order to the end that, if deemed advisable, the Commission might further adjust the rates in accordance with the showing then made. No modifications in the rates and charges for gas service were made in either of the orders above referred to, and on the 10th day of April, 1916, the Commission received a petition from the respondent praying for an increase in its rates and charges for gas service. After hearing, the Commission entered its order on the 7th day of August, 1916, permitting certain increases to be made in the gas rates then in effect. (2 Colo.P.U.C., 204). On the 4th day of April, 1917, the respondent was permitted to appear before the Commission in accordance with the order of March 1, 1916, and on the basis of the showing then made, on July 31, 1917, an order was issued establishing the present rates and charges for gas and electric service. (4 Colo.P.U.C., 199.)

On January 24, 1918, the respondent herein filed with the Commission schedules providing for increases in the rates and charges established by the order of July 31, 1917, such revised rates to become effective on February 25, 1918. The Commission entered upon an investigation and hearing concerning the propriety of the proposed rates, and pending such investigation and hearing and decision thereon the proposed rates were suspended until June 26, 1918, by an order of the Commission dated February 16, 1918.

Subsequent to the suspension of these rates the respondent on February 25, 1918, filed with the Commission a petition alleging that under the rates now in effect it has earned much less than a fair return and much less than this Commission has held it is entitled to earn on the value of its plants and properties; that this deficiency in earnings obtains both in its electric and gas departments and that the deficiency is of such proportions as not only to menace the service rendered to the city of Colorado Springs and

to its other consumers, but also to menace the continuation of its operations; that the schedules of rates established by this Commission in its order of July 31, 1917, have failed to yield the return which this Commission held in such order the respondent is entitled to earn; that this situation obtains both in the electric and gas departments; that the deficiency in the electric department since the rates established by such order became effective aggregates approximately \$2,000.00 per month, and that the deficiency in the gas department aggregates approximately \$3,500.00 per month.

It is further alleged in the petition that such deficiency is in part due to an increased wage scale, which the company in fairness to its employes has been compelled to pay, and in part to increased cost of operation due to advances in the cost of all materials and supplies used by the company, and especially to advances in the cost of steam and gas coal; that this deficiency in earnings is not due in whole or in part to extravagant expenditures, but that on the contrary the company has effected economies in its payroll and salary accounts aggregating approximately \$1,000.00 per month, some of which economies are only temporary and were effected by discharging employes during the winter months whose services illy could be dispensed with even temporarily, but will be absolutely necessary to the efficient operation of the company during the coming spring and summer and thereafter; that there is no indication that operating costs will be reduced in the near future, but on the contrary that they reasonably may be expected to increase. The respondent then prayed that the Commission speedily act on its order regarding an investigation as to the reasonableness of the rates as filed.

On April 18, 1918, the respondent filed with the Commission a supplemental petition alleging that since the filing of the increased rate schedules on January 24, 1918, and since the filing of the original petition above referred to, there have been further increases in operating expenses, particularly in the cost of steam coal for the electric department, and that the net increase in such

expenses is approximately \$8,000.00 per year more than the amount set out in the original petition and provided for in the schedules originally filed; that since the filing of such increased rate schedules and of the petition herein and on, to-wit, April 1, 1918, The Portland Gold Mining Company, one of the largest consumers of the company, permanently discontinued the treating of ore at its mill in Colorado Springs; that the consumption of such mining company has been in excess of 4,000,000 kilowatt hours per annum and that the resultant net loss to the respondent on account of the loss of such business will be in the neighborhood of \$20,000.00 per year.

It is further alleged in this supplemental petition that on account of insufficient rates, increased operating expenses, and the loss of business, the total deficit in the electric department of the respondent would be in excess of \$44,000.00 for the coming year; that the schedules of rates for electric service filed with the Commission on January 24, 1918, provide for an increase of revenue of but approximately \$19,000.00 per year; that such rates should be further increased, and that certain other rates of the respondent should be modified in order to produce the revenue required.

It was then prayed that the Commission investigate the representations made in the original petition in this matter, as well as the representations contained in the supplemental petition, and that modifications in the present rates and charges of the respondent be made to the end that the company thereby be permitted to offset the increases in operating expenses therein alleged.

This cause came on for hearing in the city of Colorado Springs on the 23rd day of April, 1918, appearances being entered by J.L.Bennett, Esq., for the city of Colorado Springs, and by Rush L.Holland, Esq., for The Colorado Springs Light, Heat & Power Company.

There is only one point raised in these proceedings, and that is, the adequacy of the present rates of the respondent as now on file for gas and electric service. The order of the Commission dated July 31, 1917, fixed the fair value of the electric property at \$1,900,000.00, the depreciation requirement at \$30,000.00 per annum and the rate of return at 8 per cent. This order likewise fixed the fair value of the gas property at \$850,000.00, the annual depreciation requirement at \$7500.00 and the permissible return on this property at 8 per cent. Since the above order was entered, additions have been made to the electric property of approximately \$12,000.00 and to the gas property of more than \$35,000.00. The operations of the company for the year 1917 produced a net return of \$161,491.00 in the electric department and \$15,325.00 in the gas department. These amounts were available for a return on the investment in these properties. The net return was, therefore, approximately  $8\frac{1}{2}$  per cent for the electric property and 1.8 per cent for the gas property.

While this company generates from 40 to 50 per cent of its output by means of water power, a large amount of coal is required and the increase in the price of this commodity has been considerable. For the year 1917 the average price per net ton at the plants of the company was \$1.73. On the basis of the prices prevailing at this time, the average price per net ton for coal delivered to the plants of the company will be not less than \$2.50. This increase applied to the tonnage used for the year 1917 will result in an increase in the cost of coal alone of approximately \$29,000.00 per year. Necessary increases in salaries and wages will increase the operating expenses \$12,500.00 per year, and the increase in taxes was estimated by witnesses for both the respondent and the Commission at approximately \$3,000.00 per year.

Testimony was submitted on behalf of the company to show that one of the large consumers of the company has permanently suspended operations and that the loss of this business would result in a reduction of net earnings of \$20,000.00 per year. Based on



the testimony submitted and the cross-examination of this witness the Commission is of the opinion that this loss of business will result in a reduction in the net earnings of the company of not to exceed \$10,000.00 per year.

The items having a bearing on the future net earnings in the electric department of the respondent may be summarized as follows:

Increase in the cost of fuel	\$29,000.00
Increase in salaries and wages	12,500.00
Increase in taxes	3,000.00
Reduction in net revenue on account of loss of business	10,000.00
	-----
Total,	\$54,500.00

The above amount deducted from the net earnings for the year 1917 of \$161,491.00 leaves a net return of \$106,991.00, which might be expected to result from the operation of the electric department for a period of one year under the present abnormal conditions. The actual showing would be somewhat better than this for the reason that the present rates for electric service originally designed to produce some additional revenues were in effect for only five months of the year ending December 31, 1917. Since the present rates were designed to increase the earnings of the company by more than \$15,000.00 per year, it is believed that the net earnings of the company under the present rates and present conditions would amount to \$115,000.00 per year. As a return of 8 per cent on the fair value of the electric property at this time is \$152,960.00, the present rates should be so modified as to produce additional revenues of \$38,000.00 per year if a return of 8 per cent is to be earned in the future.

It is fully recognized by the Commission that the rates for gas service cannot be made sufficiently high to enable the respondent to earn a fair return on the money actually invested in its gas property, but under the present conditions some additional revenue must be provided if the operating expenses in this department, including taxes and depreciation, are to be met. The value, rather than cost of service, must govern in establishing gas rates

in this particular locality. Gas is strictly a competitive fuel and if the price is made excessive the consumer will abandon its use in favor of some other form of fuel that may be had at a lower price. So long, however, as a reduction in the number of gas consumers and in the volume of gas sales does not follow an increase in rates, the value of the service to the consumers has not been exceeded. What the result of a further increase in the rates for gas service will be cannot be determined without a trial, but the Commission is of the opinion that under the present conditions the experiment should be made and an adjustment in the present rates designed to offset in part the increase in operating expenses will be ordered.

The Commission is of the opinion that such increases as are necessary at this time should be borne uniformly by the majority of the consumers of the company. Increases made in a prior order in this case were confined entirely to the large power consumers. While an increase in the rates to the small consumers will be made, the Commission desires to call attention to the fact that even under the present war conditions such increased rates are lower than those paid by such consumers prior to the first order affecting the rates of this company. In the opinion of the Commission no change should be made in the present rates for street lighting, sign and display lighting or electric heating.

An appropriate order will be entered in accordance with the findings herein.

#### O R D E R.

IT IS THEREFORE ORDERED, That the rates filed by The Colorado Springs Light, Heat & Power Company on January 24, 1918, and which were temporarily suspended by an order of this Commission on the 16th day of February, 1918, be, and the same are hereby, permanently suspended.

IT IS FURTHER ORDERED, That the rates and charges for electric service which are hereafter to be observed and enforced by The Colorado Springs Light, Heat & Power Company shall be as follows:

Schedule "A"

Commercial Lighting Service.

Rate.

9-1/2 cents net, or 10 cents gross, per kilowatt hour for the first 60 hours' average use per month of maximum demand.

6 cents net per kilowatt hour for the next 120 hours' average use per month of maximum demand.

3 cents net per kilowatt hour for all current consumed in excess of 180 hours' average use per month of maximum demand.

Determination of Maximum Demand.

The maximum demand shall be taken at 90 per cent of the total connected load of the consumer, provided that no maximum demand shall be considered as less than 500 watts. Heating devices, fans and small utility motors not exceeding 1/4 horsepower in size, shall not be included in determining maximum demand; provided, that in the case of laundries, tailor shops and similar establishments making a large use of these utility devices, the same shall be included in determining the maximum demand.

Availability.

This schedule is available to all Commercial Lighting Consumers.

Prompt Payment Discount.

Bills will be rendered at the gross rate for the first 60 hours' use of maximum demand, and discounted to the net rate if paid within the 10-day discount period, as indicated on the bill.

Minimum Guarantee.

The consumer must guarantee a minimum monthly bill of 10 cents net per 100 watts connected, and in any event a minimum monthly bill of not less than \$1.00 net. In determining the connected load for the purpose of calculating minimum monthly bills, heating devices, fans and small utility motors not exceeding 1/4 horsepower in size, shall not be considered as forming a part of the consumers' connected load, except that in the case of laundries, tailor shops and similar establishments making a large use of these utility devices, the same shall be considered as a part of the consumers' connected load.

Schedule "B"

Residence Lighting Service.

Rate.

9-1/2 cents net, or 10 cents gross, per kilowatt hour, for all current consumed during the month.

Prompt Payment Discount.

Bills will be rendered at the gross rate, and discounted to the net rate if paid within the 10-day discount period, as indicated on the bill.

Minimum Guarantee.

The consumer must guarantee a minimum monthly bill of 10 cents net per 100 watts connected, and in any event a minimum monthly bill of not less than \$1.00 net. In determining the connected load for the purpose of calculating the minimum monthly charge, heating devices, fans, small utility motors and domestic appliances shall not be considered as forming a part of the consumers' connected load.

Availability.

This schedule shall be available to all consumers using the company's standard lighting service.

Schedule "C"

Commercial Power Service.

Rate.

8 cents per kilowatt hour for the first 30 kilowatt hours consumed per month per horsepower of demand.

4 cents per kilowatt hour for the next 60 kilowatt hours consumed per month per horsepower of demand.

2 cents per kilowatt hour for all current consumed in excess of 90 kilowatt hours per month per horsepower of demand.

Determination of Maximum Demand.

The horsepower demand shall be considered as the manufacturers' rating of the motors as indicated in horsepower on the name plate of such motors. For installations consisting of more than two motors, the horsepower demand shall be considered as 75 per cent of the horsepower installed; provided, that no demand shall be considered as less than 2 horsepower.

Prompt Payment Discount.

A discount of 1 cent per kilowatt hour on the consumption billed at the 8 cent rate will be allowed on monthly bills if paid within the 10-day discount period, as indicated thereon.

### Minimum Monthly Guarantee.

The consumer shall guarantee a minimum monthly charge of \$1.00 net, or \$1.10 gross, per horsepower or fraction thereof, connected. In no event shall an installation be considered as less than 2 horsepower. The minimum bill shall be rendered in gross, and discounted to the net amount if paid within the discount period. For installations consisting of more than 2 motors, the minimum guarantee shall be based on 75 per cent of the connected horsepower.

### Direct Current.

If direct current is furnished hereunder, the first 30 kilowatt hours of monthly consumption per horsepower of demand shall be billed at 9 cents gross per kilowatt hour and discounted to 8 cents per kilowatt hour, if paid within the discount period.

The company reserves the right to discontinue direct current service at any time upon the approval and consent of the Public Utilities Commission of the State of Colorado.

### Availability.

This schedule shall be available to all power consumers.

### Schedule "D"

#### Large Light and Power Service.

### Rate.

#### Demand Charge.

\$4.00 net, or \$4.50 gross, per month per kilowatt for the first 10 kilowatts of maximum demand.

\$3.00 net per month per kilowatt for the next 15 kilowatts of maximum demand.

\$2.00 net per month per kilowatt for the next 25 kilowatts of maximum demand.

\$1.00 net per month per kilowatt of maximum demand in excess of the first 50 kilowatts of maximum demand.

#### Energy Charges - Base Rates.

##### Alternating Current - Low Tension.

1.2 cents per kilowatt for the first 20,000 kilowatt hours of monthly consumption.

1.0 cent per kilowatt hour for the next 40,000 kilowatt hours of monthly consumption.

0.7 cents per kilowatt hour for all consumption during the month in excess of 60,000 kilowatt hours.

Direct Current:

1.4 cents per kilowatt hour for all energy used.

Alternating Current Untransformed.

1.2 cents per kilowatt hour for the first 20,000 kilowatt hours of monthly consumption.

0.9 cents per kilowatt hour for the next 40,000 kilowatt hours of monthly consumption.

0.6 cents per kilowatt hour for all consumption during the month in excess of 60,000 kilowatt hours.

Fuel Clause.

The energy charges herein provided are based on coal costing not less than \$2.00 nor more than \$2.50 per ton delivered at the main steam plant of the company. When such coal cost is in excess of \$2.50 per ton as shown by the records of the company for the previous calendar month, the above base rates shall be increased 0.15 mills (\$0.00015) per kilowatt hour for each increase of 10 cents per ton, and when such coal cost is less than \$2.00 per ton, the above base rates shall be decreased 0.15 mills (\$0.00015) per kilowatt hour for each 10 cents per ton decrease in the cost of coal, provided that this fuel clause shall not apply to the first 20,000 kilowatt hours of monthly consumption.

Determination of Maximum Demand.

The demand to be considered and paid for hereunder shall be the highest 15-minute peak recorded by demand meter or as indicated by suitable indicating instruments during the 12-month period immediately preceding, such period to include the month for which bill is rendered; or if service has not been rendered for a full 12-month period the demand shall be based on the highest such peak established during the period for which service has been rendered. The company may at its option and in lieu of a measured or tested demand base the demand hereunder on 75 per cent of the total installation of motors and lighting equipment. In the case of extraordinary or abnormal demands, the company may at its option not consider such demands.

Power Factor:

The consumers shall at all times take and use power in such a manner that the power factor shall be as near 100 per cent as possible, but when the actual power factor is less than 80 per cent the demand to be charged and paid for shall be obtained by multiplying the demand at the time of measurement by 80 and dividing this product by the actual power factor.

Prompt Payment Discount:

Bills will be rendered at the gross rate for the first 10 kilowatts of maximum demand and discounted to the net rate, if paid within the 10-day discount period as indicated on the bill.

Guarantee.

The monthly guarantee shall be equivalent to a minimum monthly demand of not less than 40 per cent of the total connected load, but in no event shall such guaranteed demand be less than 10 kilowatts.

Availability.

This schedule shall be available to all consumers using the company's standard service for light and power.

Schedule "E"

Municipal Street Lighting Service.

Rate, All-Night Schedule.

400 c.p., 7.5 ampere, type C, series incandescent lamps,.....	\$61.50 per year
100 c.p., 7.5 ampere, type C, series incandescent lamps,.....	\$24.00 per year
250 c.p., 7.5 ampere, type C, series incandescent lamps,.....	\$45.00 per year
60 c.p., 7.5 ampere, type C, series incandescent lamps,.....	\$21.00 per year
7.5 ampere series alternating current enclosed arc lamps,.....	\$66.00 per year

Terms and Conditions.

The company will, except in the case of ornamental street lighting, furnish and install all lamps, wires, poles, fixtures and other equipment required in rendering municipal street lighting service, and will maintain and operate the same.

Bills will be rendered by the company, and paid by the city in equal monthly installments at the end of each month.

Schedule "F"

Sign and Display Lighting Service.

Rate.

\$1.00 per month per 100 watts connected, burning from dusk to 11:00 p.m.

\$1.50 per month per 100 watts connected, burning all night.

Prompt Payment Discount.

A discount of 10 per cent will be allowed on all bills if paid within the 10-day discount period, as indicated on same.

Minimum Guarantee.

The minimum monthly bill under this schedule shall be \$1.00 per month net.

Lamp Renewals.

The company will furnish free renewals of all carbon lamps, and tungsten lamps in 25-watt sizes and above.

Schedule "G"

Electric Heating and Cooking Service.

Rate.

4 cents per kilowatt hour for all energy used.

Minimum Guarantee.

The minimum monthly bill under this schedule shall be \$2.50 net per month per consumer.

Prompt Payment Discount.

1/2 cent per kilowatt hour.



IT IS FURTHER ORDERED, That the rates and charges for gas service which are hereafter to be observed and enforced by The Colorado Springs Light, Heat & Power Company shall be as follows:

Gas Service.

Rate.

\$1.35 net, or \$1.45 gross, per M cubic feet for the first 5 M cubic feet of consumption per month.

\$1.15 net per M cubic feet for the next 15 M cubic feet of consumption per month.

\$1.00 net per M cubic feet for the next 30 M cubic feet of consumption per month.

\$0.90 net per M cubic feet for all consumption during the month in excess of 50 M cubic feet.

Minimum Guarantee.

The consumer shall guarantee a minimum monthly bill of 50 cents net, or 60 cents gross, per meter installed.

Prompt Payment Discount.

Bills will be rendered at the gross rate of \$1.45 per M cubic feet for the first 5 M cubic feet, or at the minimum and discounted to the net rate, if paid within the discount period indicated on the bill.

Prepay Meters.

\$1.40 net per M cubic feet for all gas sold through prepay meters.

Availability.

This schedule shall be available to all consumers using the company's gas service.

IT IS FURTHER ORDERED, That the foregoing rates and charges for gas and electric service shall be effective on and after June 1, 1918, and shall apply to all service rendered on and after that date.

IT IS FURTHER ORDERED, That The Colorado Springs Light, Heat & Power Company shall file and post the foregoing rates in accordance with Section 16 of the Public Utilities Act.

The Commission as a part of this order expressly reserves the right, either upon its own motion or upon complaint, to further investigate the rates authorized herein, make findings, amend or annul any of the terms or provisions of the said new schedules of rates as above set forth, and to make any other or future order as may be necessary in the premises, and for that purpose retains jurisdiction of the matter herein.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 25th day of May, 1918.

ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 28th day of May, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 24.

In re ADVANCE IN ELECTRIC RATES OF  
THE GLENWOOD LIGHT AND WATER COMPANY.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the State of Colorado by The Glenwood Light and Water Company schedules of rates, effective June 10, 1918, stating advances in the rates for electric service contained in tariff, designated as follows:

Colo. P.U.C. No. 13.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedule enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric service, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 25th day of September, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedule a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 28th day of May, 1918.



was made that the defendant furnish electric service to be used for lighting such mill, and that further the complainant offered to pay such rates as are in effect in that community for lighting service; that the defendant at that time refused, failed and neglected, and has continued to fail, refuse and neglect to furnish the complainant with the lighting service demanded. The complaint further alleges that the power company seeks to require the complainant to sign a contract for a period of five years with a minimum guarantee, and that such demand is contrary to law.

On the 9th day of February, 1918, The Farmers Electric & Power Company, defendant herein, filed with the Commission its answer to the foregoing complaint. The allegations set out in this answer are in substance as follows: That on or about the 3rd day of December, 1917, a letter was received by the defendant from the complainant company requesting that service for electric lighting purposes for the complainant's alfalfa mill at Ault be made available as soon as possible; that on or about the 5th day of December, 1917, the defendant replied thereto informing the complainant in substance that electric lighting service could not be furnished until such time as the necessary material could be obtained and a transmission line of about one-half mile in length constructed; that thereafter and on the 6th day of December, 1917, a further letter was received from the complainant company by the defendant in which letter the complainant in substance demanded that service for electric lighting be provided immediately as previously requested; that thereafter and on the 8th day of December, 1917, the defendant company advised the complainant by letter that on account of the distance of the nearest existing transformer from the premises of the complainant it would be impossible to furnish the service requested until certain high voltage lines could be extended to the alfalfa

mill, and that such extension could not be made immediately for the reason that the necessary material was not at that time available; that thereafter and on the 7th day of January, 1918, the complainant company again wrote to the defendant demanding that service for lighting purposes for the premises in question be supplied without delay; that on or about the 14th day of January, 1918, the defendant replied to this demand, stating in substance that the necessary extension of the present distribution system could not be made for the small amount of lighting available and that unless the complainant would enter into a contract for a term of years at the regular published rates of the defendant for this class of service, providing for a guaranteed annual minimum consumption, such extension would not be profitable and would not be made by the power company.

Further answering the complaint, the defendant alleges that in order to furnish the service desired it would be necessary to construct an entire new line of over 2,000 feet in length at a cost of \$550.00; that there is no other consumer which could be served by such extension of the present lines, and that the only revenue which would be received from the construction of such line is the income from furnishing service for lighting purposes to the mill of the complainant; that on the 7th day of January, 1918, the defendant was informed by the complainant that the entire need for lighting service at such mill was about one hour per day during the months of December and January of each year, and that at the same time the defendant was informed by the complainant that the service was desired exclusively for lighting and had no bearing on service for power purposes. The defendant further avers in its answer that the revenue from such a trivial amount of electrical energy for lighting purposes would be inadequate and insufficient to justify the necessary expenditure therefor unless the complainant should enter into a contract for a

term of years specifying a guaranteed annual minimum charge for such service; that the amount of revenue to be obtained from furnishing such service as specified and requested by the complainant would be wholly insufficient to pay a fair return or any return whatever upon the capital which would necessarily be invested. The defendant in its answer denies that its request that the complainant sign a contract for a number of years with a minimum guarantee is contrary to law.

Upon a motion being filed to strike certain portions of the replication made by the complainant to the answer of the defendant, permission was granted the complainant to file an amended complaint embodying the allegations set out in such replication. Such amended complaint was filed with the Commission on the 19th day of April, 1918, and, in addition to the allegations contained in the original complaint, alleges that the defendant company has on file with the Commission a certain rate for power service for alfalfa meal mills; that such rate has never been approved by the Commission, and that it is not a fair, just or equitable rate for the purposes therein set forth. The complainant asks (1) that the defendant be ordered by the Commission to furnish electric lighting service for its mill at Ault under the same rates and conditions as applied to all other lighting consumers served by the defendant; and (2) that the Commission make and promulgate a fair and just rate for electric power for alfalfa meal mills.

Answer to such amended complaint was filed with the Commission by the defendant on April 22, 1918. This answer in so far as it pertains to the furnishing of electric lighting service at the mill of the defendant is in substance the same as its answer to the original complaint. In further answer to the allegation in the amended complaint to the effect that the rate now on file with the Commis-

sion covering power service for alfalfa meal mills is not a fair, just or equitable rate for such service, the defendant admits that it has on file with the Commission a rate for power service for such mills and that such rate is 3-1/2 cents per kilowatt hour, plus 50 cents per month per connected horsepower, but denies that such rate is not a fair, just or equitable rate for such purposes. Defendant alleges the fact to be that such rate is not only a fair and just rate for such service, but that it is lower than it should be in order to insure a fair return or a reasonable compensation to the defendant for furnishing such service.

Pursuant to notice duly given to all parties in interest, the above cause came on for hearing before the Commission at its hearing room in the State Capitol Building, Denver, Colorado, at the hour of 10 o'clock a.m., May 3, 1918, at which time testimony was submitted in behalf of both the defendant and the complainant herein.

The matters to be decided by the Commission in this case are (1) the reasonableness of the conditions under which the defendant proposed to furnish electric service for lighting purposes only to the alfalfa meal mill of the complainant in the town of Ault; and (2) the reasonableness of the present rate of the defendant for power service to alfalfa meal mills located in the territory which it serves.

At the hearing testimony was submitted in behalf of the complainant to the effect that the defendant had refused to comply with its demands for service for lighting purposes at its alfalfa mill in the town of Ault until such time as the complainant would sign a contract agreeing to take such service for a number of years and making a stipulated yearly guarantee.

The testimony submitted by the defendant shows that the point from which it would be necessary to extend such service is more than 2,200 feet from the point at which it would be used and that the cost of making such extension would be approximately \$550.00. Witnesses



for the defendant further testified that no other consumers are available in the territory through which such extension would pass; that at one time service had been available in a portion of such territory, but that it had been abandoned for the reason that no use was made thereof.

In the opinion of the Commission the demand of the complainant that the defendant make an expenditure of \$550.00 for the purpose of providing lighting service without any guarantee as to the revenue to be received or the length of time that such service would be used is unreasonable. According to the testimony submitted by the complainant, the actual use of such service might be considerable or at times it might be very slight. This extension should not be made unless the complainant will guarantee revenue sufficient to pay a reasonable return on the cost thereof.

The only evidence submitted bearing upon the reasonableness of the present rate of the defendant for alfalfa mill service was that a lower rate is now being paid by the complainant for like service from The Western Light & Power Company. There is no more justification for assuming that the charge of the defendant for this class of service is too high than there is for assuming that the charge made by The Western Light & Power Company is too low, but, considering the conditions under which these two utilities operate, The Western Light & Power Company should be able to furnish such service at a lower rate than the defendant herein. The record shows that the defendant purchases its entire energy requirements at wholesale from The Western Light & Power Company and that the rate paid therefor is only slightly lower than that quoted by such company to alfalfa mill users in the territory which it serves. Considering the price paid for purchased power, the losses in transmission and transformation, the fixed charges on the investment necessa-

ry to serve power consumers in the territory of the defendant, and the conditions under which the property of the defendant is necessarily operated, the charges made to alfalfa mill users must necessarily be higher than those made by The Western Light & Power Company to like users. The contention that the alfalfa mill rate of the defendant is excessive is therefore not sustained.

At the close of the hearing in this case the defendant was requested to submit to the Commission a written statement covering the conditions under which the necessary extension for furnishing power and lighting service to the complainant's mill at Ault would be made. This proposition has been submitted to the Commission, but inasmuch as counsel for the complainant stated at the hearing that it could not and would not take power service unless the present rate is reduced, it is unnecessary for the Commission to pass upon the reasonableness of such proposition.

O R D E R.

IT IS THEREFORE ORDERED, That the foregoing complaint be, and the same is hereby, dismissed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 28th day of May, 1918.

ORIGINAL

(Decision No. )

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

In re ADVANCE IN DENVER & SOUTH PLATTE RAILWAY FARES.

INVESTIGATION AND SUSPENSION DOCKET NO. 23.

Submitted May 22, 1918.

Decided June 4, 1918.

Appearances:

Fred Farrar for the respondent; Luke J. Kavanaugh, attorney for the city of Englewood; J. E. Mitchell, attorney for the town of Littleton.

STATEMENT.

By the Commission:

The respondent herein filed its schedule, Colo. P.U.C. No. 3, with the Commission on April 12, 1918, effective May 12, 1918, proposing certain increases in the fares for transportation between points on its line. Following the filing of this schedule a protest was received from the city of Englewood alleging that the proposed rates were exorbitant and unreasonable. The Commission thereupon issued its order of suspension on May 1, 1918, deferring the use of the rates and charges contained in the schedule until September 9, 1918, in order that an investigation and hearing might be held with respect to the propriety of the increases and lawfulness of the schedule.

The respondent is an electric interurban railway owning 4.25 miles of main line track and road extending from Englewood to Littleton. The following will show the principal communities on respondent's line and the distance of such points from Englewood:

Miles from  
Englewood

Cherrylyn .....	1.0
Belleview .....	2.0
Prescott .....	2.125
Woodlawn .....	2.875
Lincoln Avenue .....	3.625
Leyners .....	3.75
Littleton .....	4.25

Cherrylyn is the largest of the communities located between Englewood and Littleton, having approximately 350 people tributary to that stopping point. In addition to the above points, stops are made by the respondent's cars at any point where passengers may desire to alight or board.

The present schedule of the respondent provides for a 5-cent adult fare between any two points on the line, while the proposed schedule provides for a 5-cent fare between Englewood and Prescott, 10 cents between Englewood and Littleton, and commutation fares between Englewood and Littleton of 25 fares limited to 60 days at a rate of \$1.50, which is based on a 6-cent fare. Fares for children between the ages of 6 and 12 in both the present and the proposed schedule are based upon one-half of the above mentioned fares.

A hearing was held on May 22, 1918, at which appearances were entered by the respondent, the city of Englewood and the town of Littleton. At the hearing the attorney for the town of Littleton stated that the town had no objection to the proposed fares and believed the same to be reasonable and just. Objection was entered, however, with reference to the time limit upon the commutation books which the respondent proposed in its schedule to be 60 days. The request was made for the extension of this time to 90 days, to which the respondent willingly assented, thus removing all objection upon the part of the town of Littleton.

The original protest filed by the city of Englewood was against the entire schedule proposed by the respondent, and it was urged that the matter should be held in abeyance owing to the fact that the question of the company's franchise and rates thereunder is now in the United States Supreme Court for interpretation. At the hearing, however, the only protest made by this protestant was against the fares between Englewood and Cherrylyn. There is no increase proposed in the fares between these points and the remaining question at issue involves the reasonableness of the advanced rates.

The respondent does not own any passenger equipment, but rents two combination closed and open passenger cars from The Denver Tramway Company, the respondent having connection with the Tramway Company at Englewood. The schedule of operation is upon an hourly basis in each direction, from 6:30 a.m. to 11:30 p.m. The following table shows the number of passengers, and the operating revenues and expenses of the respondent from 1911 to 1917 inclusive:

	Passengers					Net
	Revenue			Free	Operating	Operating
	Adult	Children	Transfer	Revenue	Expenses	Revenue
1911	390,000	16,600	122,176	\$19,273	\$16,561	\$2,712
1912	350,898	16,307	125,708	18,015	16,237	1,778
1913	328,034	15,684	109,950	16,951	15,661	1,290
1914	308,501	15,682	99,917	16,156	14,733	1,423
1915	295,988	15,850	104,915	15,639	14,976	663
1916	276,613	17,254	97,607	14,739	15,035	*296
1917	304,404	14,929	(a) 34,423	16,038	15,577	461

\* Deficit.

(a) Handling of free transfer passengers discontinued May 3, 1917.

The interest on funded debt has not been paid during any portion of the period shown above, and the net deficit after the payment of taxes for the year 1916 amounted to \$902.12, and in 1917 to \$151.77. The debit balance of the respondent on December 31, 1917 was \$86,856.81.

By referring to the statement of passengers transported, it is noted that the respondent was required to handle as many as 125,000 passengers in a single year under the free transfer privilege. The witness for the respondent testified that since the elimination of this privilege the number of passengers riding at the regular fare between points formerly covered by the free transfer privilege amounts to approximately 60 per day.

During the hearing it developed that the president of the company receives a yearly salary of \$2,400.00. To the Commission it clearly appears that, as an operating expense, a yearly salary of \$2,400.00 for the president of this company is excessive when measured by the services which he renders in connection with the operation of the property. The respondent therefore should arrange for a readjustment of this salary which will more properly represent in the operating expense account the actual services rendered.

The proposed schedule of the respondent does not provide for fares between points from Prescott to Littleton. The Commission is of the opinion that the proposed fares are reasonable and should be allowed to become effective, provided, however, that the commutation fares shall be limited to 90 days from date of sale, and a fare of 5 cents established between Prescott and Littleton. An order will be issued requiring the cancellation of the schedule herein suspended and permitting the respondent to issue a revised schedule provided for the changes herein suggested.

ORDER.

IT APPEARING, That by order dated May 1, 1918, the Commission entered upon a hearing and investigation concerning the propriety of the increases and the lawfulness of the rates, rules and regulations stated in schedule enumerated and described as Denver & South Platte Railway Company Colo. P.U.C. No. 3, and ordered that the operation of said schedule be suspended until September 9, 1918;

IT FURTHER APPEARING, That an investigation of the matters and things involved has been had and the Commission on the date hereof has made its finding of fact and conclusions thereon:

IT IS ORDERED, That the respondent herein be, and it is hereby, notified and required to cancel on or before June 15, 1918, its Colo. P.U.C. No. 3.

IT IS FURTHER ORDERED, That the respondent be, and it is hereby, allowed and permitted to establish on not less than three days' notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, a fare of 5 cents between Englewood and Prescott, 5 cents between Prescott and Littleton, and 10 cents between Englewood and Littleton; also commutation fare between Englewood and Littleton books containing 25 single fare tickets limited to 90 days from date of sale at \$1.50 per book, and fares for children between the ages of 6 and 12 at one-half of the foregoing rates.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 4th day of June, 1918.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

In the Matter of an Investigation and  
Hearing, on motion of the Commis-  
sion, into the reasonableness of  
the rates and charges of The  
Mountain States Telephone & Tele-  
graph Company within the state of  
Colorado, and into the service of  
The Mountain States Telephone &  
Telegraph Company within the state  
of Colorado, and the Rules, Regula-  
tions and Practices affecting the same.

Case No.22.

Submitted June 26, 1917.

Decided June 14, 1918.

**STATEMENT AND ORDER.**

On June 4, 1915, the Commission decided to investigate into the reasonableness of the rates and charges, and rules, regulations and practices surrounding the same, and adequacy of service of The Mountain States Telephone & Telegraph Company, hereinafter called the Telephone Company. Such investigation and hearing was subsequently had and on January 5, 1917, the Commission issued its order finding valuations in this case, in re Mountain States Telephone & Telegraph Company, 3 Colo.P.U.C.122, P.U.R.1917B, 198. In said decision the Commission ascertained and determined the value for rate-making purposes of the property in use and useful of this utility to be, as of August 31, 1915, the sum of \$14,698,414.00. The Commission found that the revenues from all sources for 1915 were insufficient by \$484,921.37 to meet all the operating expenses, provide for depreciation and pay a return of eight per cent on the fair value of the property, and therefore held that the Telephone Company was not earning in excess of a reasonable rate of return, and it found that a fair rate of return upon the properties of this utility in use and useful was eight per cent per annum.

The Commission held that the methods of charging for telephone service, the adequacy of the service, and the rules, regulations and practices of the company were before the Commission for future adjustment, as well as the reasonableness of one or more rates in one or more communities for any one or more classes of telephone service.

After said decision was made the Commission proceeded to take evidence on the matters then remaining undetermined, and now makes its findings and order as to the rates, methods of charges, and rules, regulations and practices of the Telephone Company.

The engineers, rate experts and telephone experts of the Telephone Company and the Commission have given a vast amount of testimony relative to rules, regulations, practices and contracts of the Telephone Company, and as to rates. The Commission's expert recommended a tariff which, in substance and effect, is a complete set of rules and regulations governing the practices and affairs of the Telephone Company and its relation to the public in rendering service. To the recommendations of this expert the Telephone Company has in the main agreed, and there are modifications in his tariff which have been suggested by the Telephone Company.

The testimony upon the fundamental and underlying principles of rate-making has been very full and complete; a thorough study has been made of the rates in every exchange and section of the state, and evidence has been introduced showing exactly what the present rates are, the nature and character of the exchange, the class of business done in the town or locality in which the exchange is located, and an analysis made of conditions which affect telephone rates in each of these exchanges and towns or cities or other locality. The company has presented in evidence considerable testimony showing why a rate schedule proposed by it should be adopted by this Commission. The telephone or rate



expert has reviewed most carefully all of the evidence presented by the Telephone Company and has given his testimony upon the same subjects. This has involved a great deal of labor, because the subject of rate-making is a most important one, and to obtain a full understanding of it requires an investigation into so many varying and underlying circumstances, facts and conditions that a great deal of time and care has been spent and exercised, not only by the Commission and its representatives, but also by the Telephone Company.

The Commission now comes to a determination of the changes to be made in the schedules of rates in the state of Colorado. Before setting forth the conclusions of the Commission upon this subject it is advisable to review to some extent the financial condition, affairs and business of this utility.

The Telephone Company has in the state of Colorado 152 exchanges. Of these the Denver exchange is the largest, followed by Pueblo and Colorado Springs in the order named. On August 31, 1915, there were 92,219 stations in the state. Of these 41,773 were located in Denver, 5576 in Pueblo, and 5891 in Colorado Springs. Of the 152 exchanges only fourteen have more than 1,000 stations, thirteen have between 500 and 999 stations, twenty have between 300 and 499 stations, sixty-three have between 100 and 300 stations, and forty-two have less than 100 stations. From this statement it will be seen that the telephone reaches practically every town and locality in the state and the development of the telephone in the state of Colorado is good. The majority of exchanges are located far apart and the distances between them are great. The connecting up of these localities with each other and with the principal centers in the state requires a large amount of telephone property and equipment. The exchange business in the smaller localities would not be sufficient to warrant the construction of a system in many of them, but the telephone is for universal use and the people in the larger communities must have access to and communication with the people in

the smaller communities. Therefore the extension of the telephone into the smaller places is for the mutual benefit of the inhabitants of the smaller as well as the larger places. These facts must be considered in determining what a rate schedule should be in any particular locality, and must be considered in arriving at the conclusion that in the larger centers, where the people desire to communicate with the smaller places, the patrons of the Telephone Company should bear a portion of the burden of the expense of reaching the smaller centers. The revenues to be derived from the smaller localities in many cases would not, by themselves, sustain a telephone exchange in those places nor warrant its being installed there, nor could the Telephone Company derive a fair return upon its investment in such localities.

It follows, therefore, that due consideration must be given to the revenues and expenses of the company in the entire state, and that a rate schedule must be adopted which will enable the company to provide service in all parts of the state, because the benefits derived are for all the people in the state, and not merely in any one locality.

For the same reasons the revenues must be commensurate with the entire expense of the Telephone Company in the state, and the Commission must exercise its best judgment in so fixing or adjusting rates as to do justice to every community in the state, bearing in mind that the Telephone Company, being under regulation and compelled to give adequate and satisfactory service, must be placed in a position where it can earn sufficient revenue to give adequate and satisfactory service and be enabled to meet the requirements of the business.

A most important problem before the Commission is to insure good service. The evidence in this case shows that good service has been and is being rendered to the telephone-using public in Colorado. The necessity of insuring a continuance of this service brings the Commission to the problem of adopting a

schedule or system of rates which will enable the Telephone Company to give this efficient service, which means that the company must have competent employes, adequately paid; must buy standard equipment and use and maintain it in such condition that it will render good service, and, in addition thereto, the company must have such earnings as will enable it to accumulate and maintain a depreciation fund sufficient to replace plant which becomes worn out, inadequate or obsolete in service, and pay a fair return on its investment in its property and business. Such a condition, properly maintained, will enable the Telephone Company to secure new money from the investing public for extensions.

In the opinion heretofore rendered in this case the Commission fixed the valuation of the Telephone Company's property used and useful in the state of Colorado, approved of the expenditures made by the company, and found its statements as to revenues and expenses to be correct and in harmony with the evidence of the statistician of the Commission. The Commission found that the company had paid dividends of approximately six per cent per annum during the life of the company and its predecessor, The Colorado Telephone Company; that it had not built extensions out of earnings, but that all extensions had been built out of new capital; that the depreciation reserve was insufficient; that the earnings of the company were insufficient by \$484,921.37 to procure the required amount of revenue, based upon the findings of the Commission and the revenues and expenses for the year 1915, and that the depreciation reserve at that time was inadequate and insufficient in the state of Colorado to the extent of \$1,365,000.00. The Commission enumerates here, in substance, certain contentions made by the Telephone Company in support of its claims as to the amount of actual deficits:

(1) The company contends that there should be added to the deficit found by the Commission for 1915 the sum of \$30,749.86 for occupation and other taxes paid in Denver, Florence, LaJunta,

Grand Junction and Victor, which payments were not shown in the evidence.

(2) The company further contends that the amount of \$42,895.61, which the Commission took out of expense account and put into the investment account in arriving at the deficit for 1915, should be restored to the expense account.

(3) The company further contends that the deficit for 1917, based upon exactly the same figures as to investment, etc., which the Commission used in arriving at the deficit in 1915, is \$706,007.75.

(4) The company further contends that the additional sum of \$136,500.00 should have been added to the 1915 deficit, as found by the Commission, had a rate schedule been adopted in 1915, because of the necessity for immediately installing plant throughout the state, and particularly in Denver; and that there should have been added to said deficit of 1917, \$204,750.00 in case a new rate schedule had been put into effect in 1917, making the sum of \$910,757.75.

(5) The company further contends that the engineers at the time of the appraisal as of August 31, 1915, could only value the physical property in place; that they did not advise the Commission as to plant conditions which existed in certain parts of the state, and particularly in Denver; that Denver was then in need of additional plant and the necessity therefor has constantly grown, and spare plant has been largely utilized in the giving of service; that "spare plant" is reserve plant in excess of the amount which may be considered to be used in the direct sense at any time; that on August 31, 1915, additional plant should have been installed in Denver in the amount of \$825,000.00, and in the remaining portion of the state in the amount of at least \$1,000,000.00, and that on January 1, 1917, the spare plant requirements for the state had increased to \$1,500,000.00. The Telephone Company explains that the reason for the unusual plant

conditions at these respective times was that there was uncertainty as to the amount of earnings the company could make in the state, and particularly in Denver, owing to past controversies in Denver which had resulted in materially reduced rates effective as of April 1, 1914, and the company having passed under the regulation of this Commission, followed by the institution of this proceeding on the motion of the Commission and the ordering of an inventory and appraisal of the entire property of the company within the state. The position is taken by the company that it was therefore unable to determine its status as to earnings and refrained from installing new plant during those years, which ordinarily it would have installed, to maintain the proper percentage of spare plant to plant in place; that the result was, as more service was required in the state, and particularly in Denver, the Telephone Company used up its spare plant by drawing largely upon the same; that new plant must be installed at once to restore the normal percentage of spare plant to plant in use, and that the company should be allowed a return upon such additional investment as is necessary.

The company asserts that it does not seek to change appraisal value, but desires the Commission to consider not only the amount of property actually used in the business as of a given date, but also the amount of property which under normal conditions and on the average must be used to provide continuously the same amount of telephone service; that the company's physical property on August 31, 1915, did not truly represent what the investment should have been, considering the telephone development that was going on and the rapidity with which spare plant was being used for that development. The Telephone Company's contention is that, to restore the normal condition and to safeguard adequate and satisfactory service, additional plant should have been installed in Denver and the state outside of Denver to the extent heretofore set forth under this fifth paragraph, and that upon these additions annual charges should be taken into consideration in making the rate schedule.

(6) The Telephone Company further contends that if rates for 1915 had been so revised as to result in the increase claimed necessary in the net revenue, they must have been revised to produce a considerably larger increase in the gross revenue, for the reason that occupation and income taxes and certain other expenses depend either directly or indirectly upon the amount of gross revenue, and any stated amount of increase in gross revenue is subject to certain deductions prior to such increases becoming increases in net revenue; that the findings of the Commission as of August 31, 1915, ought only to be applied in the revision of rates in event conditions are the same at the time the rates are made as they were at the time of the findings. The company argues that war conditions have caused an enormous increase in the prices of materials used, operators' wages and the wages of all other employees, and that even in normal times the trend of material and labor costs has been upwards; that every operation of the company since 1915 has increased in cost and that the Commission should not ignore these increases in its findings as to rates; that the company estimates the cost of telephone plant per station will be \$184.00 in 1918, as against \$162.00 in 1915 and \$136.00 in 1910; that considering all of these matters its deficits are increasing each year.

(7) The company further contends that for the company to be in a sound business condition and for adequate and satisfactory service to be continuously given, its net earnings should be a very considerable amount in excess of its present net earnings; that while a rate schedule to produce the full sum to which it is entitled under the Commission's findings as to rate of return and depreciation reserve would not be justified considering the best interests of the company and the public, there should be rates provided producing an increase in the net earnings of approximately \$500,000.00.

This concludes the statements of the Telephone Company as to annual deficits in net earnings, and the amount necessary to

be provided.

Some of these contentions have been disposed of by the decision of the Commission as to valuation; others have reference to matters not in the evidence. As to the first claim it is conceded that these tax payments were not in evidence, and therefore the contention is not considered. The second claim is disposed of by the decision heretofore made as to valuation; the third to seventh contentions, inclusive, involve largely matters relating to deficits occurring and plant installation contemplated since the valuation decision was rendered, but as these additions to plant were not then in existence, the Commission will consider the situation only as it existed at the time of the appraisal and valuation as disclosed by the record.

The Commission realizes that conditions have changed since 1915, and that the statements of the company as to increases in the price of labor and materials and the cost of inside and outside construction, and an increase in the expense of handling traffic and all expenses generally, are true. The trend of labor and material costs during the last several years even under normal conditions has been upward, and is especially so at the present time, and the telephone business has been obliged to meet these increases in the expenditures necessary to conduct it. There has been a considerable increase also in state, county, city, school district and other taxes, including income and war taxes. The deficit in the replacement fund was found by the Commission to exist in 1915. This is a situation that must be met so far as possible, and while it is not deemed desirable to revise the rates in such a way as to entirely eliminate this deficit, the record shows that the Commission should prescribe such rates as it believes will enable the company to reduce such deficit and provide an adequate return on the investment, and the facts show that there should be additional earnings and revenue for the Telephone Company.

### Sources of Increase in Revenue.

The problem of securing increases in revenue for telephone service in this state is a perplexing one. Charges should never exceed the value of the service, but they must support the service. They must be sufficient to enable the company to give the particular kind of service demanded by the public. Telephone service which is not universal and not adequate to meet the demands of the public is not good service. The people of Colorado demand and are entitled to good telephone service; the charges must be sufficient to enable the company to continuously maintain and operate its plant to give such service, and the patrons must provide the revenue necessary for that purpose.

As stated above many exchanges are small and far apart, with a large investment per station, due partly to sparcity of settlement. As heretofore stated the company concedes that business conditions generally do not permit of an increase in revenue to meet the full needs of the Telephone Company. The Commission considers that the company in this connection must bear some of the excessive increases caused by war conditions, and rates must be provided for the best interests of both the public and the company. The limitations of each locality as to class, character and extent of business, and other matters, enter into the question of an increase of rates in respective localities. No change should be made in rates which involves a material decrease in the value, usefulness or adequacy of the service now enjoyed by the public, or which would result in restricting development and thereby decrease the value of the service to the public as a whole. There are certain classes of business of the Telephone Company which are sufficiently large in amount and of such a character as to constitute sources of increase in revenue. They are:

- (1) Exchange service outside of Denver,
- (2) Toll rates,
- (3) Service connection and moving charges,
- (4) Miscellaneous charges,
  - (a) Joint user charges,
  - (b) Private branch exchange (P.B.X.) outside of Denver,
- (5) Denver rates.



This opinion will make clear how increases in revenue may be obtained from these sources, and from them the Commission is able to work out schedules which will effect a reasonable increase. Schedules will be so arranged that each person shall pay as nearly as possible the value of the particular service he obtains, and so that no person shall bear an unjust proportion of the charges for the service rendered to any other person or class of persons. No rate schedule can be created without a classification of exchanges and an assignment of rates to each class. It is necessary, therefore, to discuss the defects in the present system of rates and classification of exchanges.

#### Defects in Present Rate System.

A rate schedule or system of rates is far-reaching and affects not only the revenues which the company receives and charges which the patrons pay, but creates fair or unfair relations as between the different classes of patrons. An equitable distribution of charges, proper conduct of the business, equity between subscribers and protection of the service, are all related to the rate schedule. The rate schedule has a bearing upon practically every relation which exists between the utility and the public. As heretofore stated the chief objection to the present rate schedule is the failure to produce sufficient revenue to permit the continued maintenance of adequate and satisfactory telephone service. In addition, there are a number of other important defects, as follows:

The giving of district service where conditions do not warrant it;

An incorrect adjustment or improper differential in charges between certain classes of private branch exchange rates;

A wrong type of business rate schedule in Denver, producing discriminations and an improper bearing of the burdens of cost of service among different classes of users;

A faulty practice as to termination charges;

Failure to employ special toll rates in some cases where warranted, and the use of block toll rates for short haul toll service.

It is believed that all of these defects will be largely eliminated by this order of the Commission.

While it was found that the Telephone Company's exchange rates were divided into a number of groups of schedules, there were many schedules in which were found minor differences, so that the exchange rates could not readily be classified into a few major groups. Likewise, the application of the various groups of schedules to the many exchanges was found to be less consistent than is desirable. Due to lack of proper arrangement of exchange rates, discrimination now exists between the rates in various exchanges to a considerable degree, as there are small exchanges with high rates and large exchanges with low rates.

The Commission's telephone expert in his testimony, page 6239 of the record, stated, in connection with a lengthy criticism of the Telephone Company's lack of classification, that

"At the present time approximately one hundred different combinations of exchange rates are in effect among the company's Colorado exchanges as the result of the application of the twenty-nine principal schedules shown in Table 3, or modifications of these schedules."

One hundred different combinations of exchange rates applied to 150 exchanges is ample evidence of the fact that some sort of classification is necessary. Such a classification was offered in evidence by the Telephone Company. The Commission, however, did not entirely agree with the provisions of this classification, and, accordingly, changes, which seemed desirable, have been made.

In the tables included in the testimony the Commission's expert pointed out that there are thirteen principal groups of urban schedules, twenty-one of rural and three of service stations, but that in all of these groups there are still exceptional rates. On page 6298 of the record he states that

"It is apparent \* \* \* that the present distribution of schedules could be considerably improved in certain respects. For instance, it is noticeable that among the exchanges operating under Group 1 urban schedules there are included several exchanges which are very much larger in population and telephones in service than the majority of the exchanges operating under Group 1 urban schedules. For example, most of the exchanges in this group have less than 200 telephones in service and range in size from a few hundred to 2,000 population. In contrast with these exchanges, the exchange at Arvada, with 6,000 population and 527 telephones in service, and the exchange at Steamboat Springs, with 3,000 population and 420 telephones in service, obviously do not belong in this group. If the rates now charged in the majority of exchanges operating under Group 1 urban schedules are correct, then the application of Group 1 urban schedules to such exchanges as Arvada and Steamboat Springs is incorrect."

Referring to Table 5, page 6276, Comparison of Exchange Characteristics, with Group 1, Urban Schedules, it will be found that the exchanges in this group, all of which have the same or practically the same urban schedules, range in size from fifteen to 527 telephones. Out of the thirty-three exchanges included in this group fifteen have less than 100 stations, twelve from 100 to 200, two from 200 to 300, two from 300 to 400, one from 400 to 500, and one over 500. It will thus be seen that in this group alone there is a wide range in the number of telephones served, without any corresponding differentiation in the prices of the service. Such exchanges as Fowler, Steamboat Springs and Windsor, located in fair-sized and well established communities, and which serve from 350 to 500 subscribers, ought not to be in the same class with exchanges of only thirty, forty or fifty stations.

The same criticism may be made of the Telephone Company's administration of its rates in Group 2, 2A, 2B and 2C, contained at pages 6278 and 6279 of the record. The exchanges included in these groups range from less than twenty-five stations to nearly 1,200, and yet the rates, although varying, are reasonably comparative. The same situation exists in Group 3, page 6287, which range from eighty-one subscribers in the exchange at Aguilar, to 2500-3,000 in the exchanges at Boulder, Fort Collins and Greeley-Evans.

There is likewise an inconsistency in the areas within which such rates are quoted. Urban service, as the name implies,

ought to be quoted only in such areas as are strictly urban in character, yet, in the majority of cases, the base rate area - that is, the area within which urban rates are quoted - extends to a distance of one mile radius from the central office. This is manifestly inconsistent because no two communities are the same in size and the density of settlement varies in general with the number of inhabitants of the city or town. The Commission will therefore order the Telephone Company, when it files the tariff containing the new rates authorized, to include within its filing, descriptions by maps or otherwise of the areas within which the urban rates will be quoted, and such areas must be consistent.

Passing on to the schedules for rural service, the Commission's expert stated, on page 6303 of the record:

"In the application of the seven principal schedules of rural rates, the company apparently has experienced considerable difficulty in the classification of Colorado exchanges for rural rate purposes, and although it appears that the rural rate system of the company in Colorado originally contemplated a consistent segregation of the various exchanges, competitive influences, district service controversies and other factors have resulted in considerable irregularity in the application of the rural schedules, as will be seen from Table 5. For example, exchanges operating under the lower groups of rural schedules are frequently very large, as in the case of the exchanges at Fort Collins, Greeley-Evans and other points, while the exchanges operating under the higher groups of rural schedules include such small exchanges as Gilcrest and Bayfield.\* \* \*

"A general reclassification of the company's Colorado exchanges for the purpose of more consistently applying rural rates appears desirable."

The Commission finds that in addition to the defects of the rate schedules, their application as to areas is faulty. Where exchanges are close together there has been an overlapping of exchange areas so that in many places telephones will be found in the same community served by lines which are part of the exchange plant of two or sometimes three separate exchanges. Another defect in the rural rate schedules is that where they are established on the zone system the zones are too narrow to allow of satisfactory or equitable administration. In many cases the rate increases on rural lines within certain distances at periods of every quarter-mile. This results in neighbors in rural territories, although separated in distance by less than a mile, paying two, three or four

different rates for what amounts to the same class of service.

The Commission will correct this defect when it establishes rural rates, by cutting down the number of zones and widening the territory served by each zone.

In regard to service station rates - that is, where the subscriber furnishes the line and telephone instrument - there are also inconsistencies, hereafter referred to. The same is true of the district service question. In some cases of exchanges local service extends over two or more exchange areas, no charge being made for the use of the toll or trunk lines between the two or more exchanges involved. This has resulted in dissatisfaction to the Telephone Company and the subscribers in general in that it is in the nature of a special privilege to a certain proportion of the subscribers, to the exclusion of the other subscribers. The district service question is so important and offer so many complications that the Commission has decided to defer consideration of it pending further study.

A further defect is that there are at present a considerable number of subscribers who are being furnished service at rates which were once quoted but which have been superseded by other rates, and are therefore obsolete. There are approximately 3,000 such subscribers at the present time. In addition there are certain special reduced rates for exchange service, which are somewhat similar to obsolete rates in that they differ from published rates and are not quoted to the general public. The Commission here refers to rates being charged to irrigation companies in northern Colorado, and to the Colorado Fuel & Iron Company at Pueblo. The quoting of such rates is discriminatory and the Telephone Company is hereby ordered to discontinue this practice. Such other free service and concession rates as are not authorized by law are ordered discontinued. Sufficient has been said to show that the present situation is unsatisfactory and a classification of exchange rates by the Commission is desirable.

### Commission's Classification of Exchanges and Exchange Rates.

The Commission will now proceed with the classification of exchanges for rate-making purposes. The object of the classification is to so arrange the exchange rates in the various communities that they will be equitable as between communities and individual subscribers and at the same time produce adequate revenues. The re-classification, therefore, involves not simply a listing of exchanges where rates can be increased or changed, or where additional revenue can be secured, but it includes an entire re-classification of all exchanges so that there will be an equitable distribution of the charges for service throughout the state in accordance with the many factors which control the sale of telephone service. It must be made because proper operation of the business sometimes renders necessary the assignment of rates and rate classification without direct reference to revenue necessities. The Commission here has reference to the limitations in rate-making in Colorado, which are no different in principle than those effective in other states, and also taking into consideration the physical conditions in this state.

One very necessary consideration in rate-making is that service cannot be sold for more than it is worth, and rates should not be established which are in excess of the value of telephone service. An increase in rates not justified by service value would result in the loss of subscribers, particularly in the residence classes; the consequence of such an increase would be not only a loss of revenue due to loss in the number of subscribers, but also in a reduction in the service value to those who remain, notwithstanding that they would be obliged to pay the increased rates. In making its classification, therefore, the Commission, while authorizing some increases of rates, in view of the inadequacy of the telephone company's revenues, also classified the exchanges so that in no individual case will the rate increase be so great as to result in refusal to take telephone service by any considerable number of the present subscribers.

The classification which the Commission will order the Telephone Company to adopt is not based entirely or even largely upon the proposition that rates for telephone service will be increased. There will be decreases also, made in most cases for the express purpose of increasing the service value by the attraction to the company's system of new subscribers who heretofore have not been able to take service at prevailing prices. This is particularly true in the very small exchanges where the rates - generally lower than those now quoted - will be introduced for residence service for the purpose of increasing the development and the service value in these exchanges. The classification of exchanges in Colorado involves many small and a few large exchanges. Colorado is not a state of large cities, and its urban population is in general gathered into a considerable number of relatively small communities. There are, however, a few large cities, and a few more which, although not large, are substantial places. This classification has been evolved under the conception that each exchange, regardless of its size, is a part of the general system. The Commission considers that the very large number of small exchanges operated by the company -- and which if they had to be operated as individual business ventures would not be in existence at all -- are parts of the general system, and are necessary to the system as a whole. In each of these small exchanges the number of subscribers is limited both by the lack of population and the limited service value. This being the case, no matter what the usual individual rates might be, they could not be considered as material sources of revenue, nor can they be made self-supporting in many cases. The costs incurred locally for the operation of these exchanges, which do not include the cost of general supervision, are not met by the charges for exchange service which are collected. The deficits incurred in their operation are equivalent to the cost of providing a valuable service to the subscribers of other exchanges and the entire system. This being the case it is recognized that service must be furnished in the small exchanges at rates

which are low in comparison with those quoted elsewhere, but this is not an excuse for the quoting of excessively low rates, and the Commission in its classification has arranged that each exchange shall produce the revenue which may reasonably be expected of it. The rates assigned for these small exchanges, while they are the minimum quoted in any of the exchanges, are commensurate with the service value. In such small exchanges few opportunities are offered for development, as there are not many business houses and few possibilities for the sale of business service. Residences are close together and telephone service, if taken, is merely a matter of convenience. On the other hand the expense of establishing and operating a telephone plant in exchanges of this kind cannot be varied as the number of subscribers increases or decreases. The investment in switch-board, pole lines, the service of the minimum number of operators, and such items, remains the same whether the number of stations served is fifty or one hundred. In these towns, if rates are too high, subscribers will not take service, so that there would be no revenue. It is therefore necessary to make rates at a figure to attract as many subscribers as possible in order that the minimum expense may be offset by the greatest amount of revenue, which in turn depends upon the total number of subscribers which can be secured. On the other hand, if rates are too low there will be an unnecessary loss of revenue which cannot be regained by new development because there are no more potential subscribers to be attracted to the taking of telephone service. This situation leads up to the position which the Commission will take, that in the class of exchanges where generally fewer numbers of subscribers are served and rates are lower and the service value is less, the existence of these exchanges is not justified if service cannot be sold to a considerable number of subscribers at the minimum rates which the Commission will establish for such exchanges. In the smaller exchanges also the classification has been so arranged that a considerable number of decreases will be granted, particularly in residence rates,



where it is likely that the minimum amount of expense would not be increased even with the addition of more subscribers to the present plant as explained above. In these cases the decrease in rates is expected to attract new subscribers, hence increasing the gross revenue without materially increasing the expense. Revenue possibilities in these smaller exchanges are not great, and the Commission has endeavored to secure a fair classification resulting in a proper and equitable allotment of the revenues to be secured.

In the larger exchanges the problem bears a different aspect. A large city cannot justly expect to enjoy unwarranted low telephone rates at the expense of other large cities. The service must be furnished, expense must be met, and if the larger exchanges fail to furnish their full share of the revenue there is no other source from which it can be obtained, and in the case of the larger exchanges, when the minimum investment required has been passed, every addition to revenue requires a corresponding addition to expense.

The development of telephone service in the larger exchanges is generally quite satisfactory in that the rates at present quoted are not so high as to preclude a considerable proportion of telephone users to the total population. This being the case, a moderate increase in rates, such as will be ordered, will not curtail the use of the service. In a few of the large cities present revenues are adequate or nearly so, and no changes in those rates will be ordered. In Denver, after full investigation of the situation, the Commission has concluded that revenues are inadequate, that some rates are exceptionally low and increases in some cases must therefore be authorized.

#### Urban Classification.

The matter of classifying the exchanges in the state of Colorado for rate-making purposes will now be considered, and three classifications will be made -- one for the purpose of establishing rates for urban service, one for rural service, and

one for service station service.

The classification for the purpose of making rates for urban service is more complex than either of the other two and requires some explanation in detail. There is no set rule by which exchanges can be separated into blocks for rate-making purposes, particularly in the state of Colorado where conditions vary to a large extent, so that the basis for the entire classification is necessarily one of judgment. In establishing the classification rates have had to be applied over a wide range of differing conditions affecting the sale of telephone service. Without going into detail, some of the factors which have been considered are the value of the service, the geography and topography of the country, the size of the community, its prosperity, the influence which the rates in one exchange may have over rates in neighboring exchanges, and to some extent - though not controlling - the cost factors involved in the rendering of the service. While the discussion here concerns only the grouping of exchanges for rate-making purposes and not the actual rates, the Commission has considered in this grouping the rates which will be assigned and the differences between present and new rates.

In its testimony - pages 6085 et seq. - the Telephone Company has proposed a classification which will be considered in the Commission's decision. The rates which the company proposed in conjunction with this classification are in the majority of cases higher than those which will be allowed, and the Commission does not agree with the classification of some of the individual exchanges. Exchanges will be arranged in seven classes, lettered from A to G, inclusive, those taking the lowest rates being included in Class A, and those taking the highest in Class F. Class G will consist of miscellaneous exchanges which, through peculiar conditions, are not susceptible of classification in the general plan. In some of the classes are exchanges where there are now quoted two schedules of rates, one for local and one for district service. Where this condition occurs the classification in general

will be effective for local rates, but the rates for district service will not be disturbed at present, pending a more complete investigation of the district service situation.

Class A.

The exchanges included in Class A are in general those affording the least market for telephone service. This class includes small towns and cities surrounded by agricultural territories located in the eastern or plains portion of the state. It includes approximately those exchanges so located which have less than one hundred stations at the present time. It also includes a few exchanges with slightly more than one hundred stations, where local conditions are such that the demand for telephone service is small. Such exchanges require low rates, particularly as to residence service, because, as already pointed out, there is an irreducible minimum cost involved in the establishment and operation of any telephone exchange plant. It makes no difference in such exchanges whether there are fifty or one hundred subscribers, because after a switchboard is installed it can take care of either number equally well, and its cost is the same. If the low rate attracts additional residence subscribers there is no increase in the cost of handling them, but the revenue is increased. It is for this reason that in Class A exchanges rates for residence service will be fixed at a low rate. These exchanges also require low business rates, the number of subscribers necessarily being limited by the small number of possible users. The exchanges included in Class A are the following:

Akron  
Calhan  
Flagler  
Gilcrest  
Iliiff  
Limon  
Milliken  
Pierce  
Stratten

Bristol  
Elizabeth  
Fountain  
Hudson  
Johnstown  
Louisville  
Otis  
Platteville  
Sugar City

Burlington  
Erie  
Frederick  
Hugo  
Lafayette  
Merino  
Palmer Lake  
Sedgwick  
Wellington

### Class B.

This class includes (1) small towns and cities similar in character to those included in Class A, but which are not included in that class because, being located in the western or mountainous section of the state, it is necessary to take into account certain cost factors involved in higher freight rates, more expensive maintenance, and sometimes questionable permanency; and (2) towns in general which afford somewhat better telephone markets than those included in Class A. In general the communities in Class B are larger than those in Class A. In Class B are included those exchanges located as described above containing less than one hundred stations, and communities in the plains sections of the state containing approximately from 100 to 300 stations. There are also included a few communities in which are more than 300 telephones, or where the conditions as to the sale of telephone service are not now such that there can be assigned to them higher rates which would normally apply to exchanges containing over 300 stations. This class contains most of the communities which, though small in size, have reached a point where something more than the minimum cost is required for their operation. Rates in Class B exchanges will be such that many reductions, particularly in residence rates, will be effected. The exchanges included in Class B are the following:

Aguilar  
Bayfield  
Buena Vista  
Craig  
Eaton  
Fowler  
Glenwood Springs  
Holly  
Kremmling  
Mancos  
Morrison  
Ordway  
Saguache  
Sulphur Springs  
Wiley

Antonito  
Berthoud  
Castle Rock  
Del Norte  
Monte Vista  
Fraser  
Grand Valley  
Howard  
LaJara  
Manzanola  
Norwood  
Palisade  
San Acacio  
Walden  
Windsor

Ault  
Brighton  
Center  
Fairplay  
Fort Lupton  
Fruita  
Hayden  
Julesburg  
La Veta  
Meeker  
Oak Creek  
Rifle  
Steamboat Springs  
Westcliffe  
Yampa

### Class C.

Exchanges in this class are generally larger than those in Class B, and in most cases are commercial centers of considerable importance for the surrounding areas. This class is intended to contain in general those exchanges which have from 300 to 600 stations. The Commission has included a number of exchanges which are larger than this, but which for the present should not take rates higher than those assigned for Class C. As these larger towns develop and more telephones are connected, it is likely that some of them will be included in Class D. In most of the exchanges in Class C a reduction of the minimum residence rate is ordered. Exchanges included in this class are the following:

Alamosa	Canon City	Florence
Grand Junction	Golden	Gunnison
La Junta	Lamar	Las Animas
Longmont	Loveland	Rocky Ford
Sterling	Walsenburg.	

### Class D.

This class is intended to include cities of substantial size with good telephone development. As a class they should be prosperous communities where the inhabitants can afford to pay substantial rates for a valuable telephone service. No exchanges have been included in this class at present. The classification is made because it is considered that eventually those exchanges now included in Class C, which contain over 600 stations, will have to be included in a class by themselves.

### Class E.

This class includes exchanges in metal mining towns and exchanges depending wholly or in part upon the activities of the metal mining industry, and also exchanges located where satisfactory telephone markets exist or where important cost factors have to be considered. These cost factors include, among others, high cost of materials, labor and transportation, and doubtful conditions

of permanency. For telephone purposes these exchanges may be classed as among the best in the state, their development is adequate to the needs of these communities, and service is now being secured at rates commensurate with the cost involved and higher than those which can be employed in Classes A, B, C and D. The exchanges included in this class are the following:

Central City  
Idaho Springs  
Silverton

Durango  
Lake City  
Telluride

Georgetown  
Salida  
Silt

#### Class F.

This class includes some of the larger, more prosperous and better developed exchanges in the state, outside of those located in Denver, Colorado Springs and Pueblo. The exchanges which eventually will be included in this class should afford excellent markets for the sale of telephone service because a better development can be secured in them than in Classes A, B and C exchanges, and the service being worth more calls for higher rates. A higher standard is required for such cities, and this is met by the installation of systems affording modern, common battery operation, cable plants, underground systems, and other adjuncts of a thoroughly up-to-date and efficient telephone service. The exchanges which naturally belong in this classification if placed there at this time would require an increase in rates in many instances which the Commission is not prepared to grant, hence for the present there will be no exchanges assigned to Class F.

#### Class G.

This class includes a number of exchanges which, on account of peculiarities and conditions, are not included in any of the classes heretofore mentioned, except as hereafter stated. The exchanges listed in Class G-1 are those where district service in some form is being afforded at the present time. In most of

them additional district and local service schedules are quoted and in some the service schedules are for district service only. As heretofore stated the district service problem requires further investigation and for this reason consideration of the rates of these exchanges will be deferred until later. As an exception, however, those exchanges which are marked with an asterisk are susceptible of classification in one of the larger classes for local service rates. They have therefore been included with their proper classes and the rates ordered for these classes will be ordered for local service in these exchanges, no change, however, being made in the present rates for district service. In most cases this classification involves a reduction in local residence rates.

Class G-2 consists of a number of cities and towns depending upon the mining industry. While these exchanges might properly be included in Class E, such classification would in most cases involve increases in rates which the Commission will not order for the reason that there is not a great development in telephone service in any of them and the increase would secure but small amounts of increased revenue. If, in those places, a revival of mining industries caused a considerable increase in development, necessitating an investment by the company in additional plant, some revision of the present rates would be considered. For the present, it is ordered that no change be made in rates for exchanges in this list.

Class G-3 includes the seven largest cities in the state. As such they are distinct from the other cities and cannot properly be included in any classification which deals largely with smaller cities. Each of these exchanges must have separate consideration in the assignment of rates. In Denver, Pueblo and Colorado Springs, this consideration has been given, with the results as set forth in the discussion of specific exchanges later on in this decision. In the case of Boulder, Fort Collins, Greeley-Evans and Trinidad, such consideration has not been completed and they shall continue

in the unclassified list with no changes in rates.

Class G-4 includes miscellaneous exchanges which cannot be included elsewhere on account of peculiar local conditions.

Rate changes for Class G exchanges, if any, will be discussed in connection with these specific exchanges. The list of Class G exchanges is as follows:

G-1	Arvada Brush Center* Colona Delta Edgewater Grand Junction* Lakewood Lyons Montrose Ouray Sullivan	Aurora Carbondale Clifton De Beque Englewood Fruita* Hazel tine Littleton Mead New Castle Palisade* Weldona	Basalt Cedaredge Collbran Del Norte* Fort Morgan Glenwood Springs* Hillrose Longmont* Monte Vista* Olathe Ridgway Whitewater
G-2	Aspen Crested Butte Nederland Ward	Breckenridge Dillon Pitkin	Creede Garfield Red Cliff
G-3	Boulder Denver Pueblo	Colorado Springs-Manitou Fort Collins Trinidad	Greeley-Evans
G-4	Broomfield Cripple Creek-Victor Evergreen Livermore Paradox	Cheraw Keota Manassa	Clifton House Estes Park Leadville Paonia

#### Rural Service Classification.

A classification of exchanges for the purpose of establishing rates for rural service is next to be considered. The company proposed to make but few changes in rural rates, involving minor points. One of the changes proposed was, in certain exchanges where there is little rural service at present, to abandon this method of furnishing service to rural subscribers and to quote rates only for service station service. The other change proposed was that in a few classes there should be increases in the present rates. However, rates for rural service, so far as classifications are concerned, are in better condition than those for urban service, and the company's proposal to leave them materially as at present would not relieve the situation either as to discrimination between



the rates quoted in the various exchanges or as to the faulty structure of the schedules. Even if reductions were not necessary in the interest of the classification, the Commission would grant them for the reason that it follows that, in a great many cases, the present rates paid by the rural subscribers are too high. This service must be furnished at a reasonable rate and at such a rate as will encourage agricultural development and, at the same time, the development of the telephone in those districts. Furthermore, in rural territory, the service must necessarily be upon a multi-party basis, since difficulties attendant upon construction cost are so great that one- and two-party service cannot be furnished, although this form of service is not so satisfactory as the smaller party basis. Rural rates are ordered for all exchanges except seven.

With regard to the specific question of classification the Commission's expert, in his testimony, page 6304 of the record, stated:

"A general reclassification of the company's Colorado exchanges for the purpose of more consistently applying rural rates appears desirable."

Again on page 6400:

"Aside from the fact that the company's proposed re-adjustments of exchange rates in Colorado are, as explained above, somewhat inconsistent and irregular in certain instances, the readjustments proposed are particularly incomplete in that no provision is made for securing a more consistent and equitable distribution of rural and rural switching rates than is now apparent. It is evident that a very considerable improvement could be effected in the present classification of Colorado exchanges for rural and rural switching rate purposes, and some adjustment in rural rates should be effected to secure for the less prosperous sections of the state more advantageous rates than are now charged."

And again at page 6401:

"It is highly necessary that the company's task of furnishing service in the rural sections of the state should not be made more difficult than it is at present, but it is not unlikely that a careful revision of the present rural and rural switching rates charged in the various Colorado exchanges, while it would probably not increase revenues at this time, would, through the application of a more uniform and equitable system of charges, relieve much of the dissatisfaction of rural subscribers in certain sections, and thus tend toward a

more widespread use of the company's rural facilities, and a consequent betterment of the rural situation."

The rural classification has not been made to fit in with the urban classification because the conditions in the making of rural rates differ from those which control the making of urban rates, and because the classification of rural rates has been made principally with a view to reductions, and the new rural rates to some extent must be made in view of present schedules and the effect of the rates established in one exchange upon those established in neighboring exchanges.

Exchanges will be classified for rural rate-making purposes into five schedules, designated K, L, M, N and P. The rates definitely assigned to each class will be discussed in detail. It is sufficient to say here that in all classes, except Class P, the rural rates for business service will be \$42.00 per annum for all distances within six miles of each exchange, and the rates for rural residence service will vary from \$18.00 per annum for the first six miles in Class K, to \$36.00 per annum in Class N. The lists of exchanges and the classes to which they have been assigned follow:

Class K: Akron  
Frederick  
Johnstown  
Merino  
Pierce  
Wellington

Berthoud  
Gilcrest  
Lafayette  
Milliken  
Platteville  
Wiley

Erie  
Hudson  
Louisville  
Paonia  
Sedgwick

Class L: Alamosa  
Bayfield  
Canon City  
Florence  
Fountain  
Holly  
LaJara  
Las Animas  
Manzanola  
Saguache  
Sugar City

Antonito  
Brighton  
Eaton  
Fort Collins  
Fowler  
Ilfiff  
LaJunta  
Loveland  
Ordway  
San Acacio  
Windsor

Ault  
Bristol  
Elizabeth  
Fort Lupton  
Greeley-Evans  
Julesburg  
Lamar  
Mancoos  
Rocky Ford  
Sterling

Class M: Boulder  
Castle Rock  
Durango  
Fraser  
Gunnison  
Kremmling  
Meeker

Broomfield  
Clifton House  
Estes Park  
Golden  
Hayden  
LaVeta  
Morrison

Buena Vista  
Craig  
Fairplay  
Grand Valley  
Howard  
Livermore  
Oak Creek

Palmer Lake  
Steamboat Springs  
Westcliffe

Rifle  
Sulphur Springs  
Yampa

Salida  
Walden

Class N: Colorado Springs-Manitou

Pueblo

Class P-1:Edgewater  
Basalt  
Cedaredge  
Colona  
De Beque  
Fruita  
Hazeltime  
Littleton  
Mead  
Montrose  
Ouray  
Sullivan

Arvada  
Brush  
Clifton  
Englewood  
Delta  
Glenwood Springs  
Hillrose  
Longmont  
Mesa  
New Castle  
Palisade  
Weldona

Aurora  
Carbondale  
Collbran  
Fort Morgan  
Del Norte  
Grand Junction  
Lekewood  
Lyons  
Monte Vista  
Olathe  
Ridgway  
Whitewater

Class P-2:Burlington  
Evergreen  
Hugo  
Paradox

Calhan  
Flagler  
Limon  
Stratton

Cheraw  
Garfield  
Otis

Class P-3:Aguilar  
Breckenridge  
Crested Butte  
Dillon  
Greeley  
Leadville  
Pitkin  
Telluride  
Ward

Aspen  
Central City  
Cripple Creek-Victor  
Fort Collins  
Idaho Springs  
Nederland  
Red Cliff  
Trinidad

Boulder  
Creede  
Georgetown  
Lake City  
Norwood  
Silverton  
Walsenburg

Class P-4:

Center

Manassa

Classification for Service Station Purposes.

Little need be said as to the classification of exchanges for the purpose of assigning rates for service station purposes. The same considerations are involved as in connection with rates for rural service. One defect in the Telephone Company's present rate schedules is that service station rates are not quoted for all exchanges. A rate ought to be assigned for every exchange in the state, except Denver, and this will be done. In exchanges where district service questions are involved the assignment of new rates or changes in existing rates will be deferred.

In the higher class of exchanges, while rates are quoted, service station service is not desirable as a general rule, and in this class of exchanges the Telephone Company has developed a rural territory with its own lines. The rates quoted are therefore somewhat higher than those which will be in general use and

are intended to be used only by an occasional subscriber so situated that it is more advantageous that he be served by means of the service station method. In the classification of exchanges for the assignment of service station rates classes will be designated R to V, inclusive. The rates which will be assigned will be given later. The classification follows:

<u>Class R:</u>	Akron Grand Valley	Burlington Otis	Flagler Stratton
<u>Class S:</u>	Alamosa Ault Bristol Canon City Clifton House Crested Butte Eaton Fairplay Fowler Garfield Golden Holly Hugo Julesburg LaJara Lamar Limon Manaos Merino Norwood Palmer Lake Pitkin Rocky Ford San Acacio Sterling Walden Westcliffe Yampa	Antonito Bayfield Calhan Castle Rock Craig Dillon Elizabeth Fort Lupton Fraser Georgetown Gunnison Howard Idaho Springs Keota LaJunta Las Animas Livermore Manzanola Morrison Oak Creek Paonia Platteville Saguache Sedgwick Sugar City Ward Wiley	Aspen Brighton Buena Vista Central City Creede Durango Estes Park Fountain Frederick Gilcrest Hayden Hudson Iliff Kremmling Lake City La Veta Loveland Meeker Nederland Ordway Pierce Rifle Salida Steamboat Springs Sulphur Springs Wellington Windsor
<u>Class T:</u>	Berthoud Erie Lafayette Milliken Telluride	Breckenridge Florence Leadville Red Cliff Manassa	Broomfield Johnstown Louisville Silverton
<u>Class U:</u>	Aguilar Colorado Springs-Manitou Cripple Creek-Victor Greeley-Evans Pueblo	Boulder  Trinidad	Fort Collins  Walsenburg
<u>Class V-1:</u>	Edgewater Basalt Cedaredge Colona Delta Fruita Hazeltime Littleton Mead New Castle Palisade Weldona	Arvada Brush Clifton De Beque Englewood Glenwood Springs Hillrose Longmont Mesa Olathe Ridgway Whitewater	Aurora Carbondale Collbran Del Norte Fort Morgan Grand Junction Lakewood Lyons Monte Vista Ouray Sullivan

Class V-2:Cheraw  
Center

Evergreen  
LaJunta

Paradox

Assignment of Rates to Each Class - Urban.

The rates for Class A exchanges shall be \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$21.00, \$18.00 and \$15.00 for one-, two- and four-party residence service, respectively.

In proposing rates for exchanges of this class the Telephone Company did not offer to make any changes in them, although a casual study shows that there are at present four different combinations of residence rates in effect. The Commission sees no reason why these rates should not be consistent. Those ordered involve increases in a few business rates and reductions in nearly all residence rates. The Telephone Company stated that if these rates were standardized at all they should be increased instead of decreased, but with this view the Commission cannot agree. The Telephone Company has, with one exception, offered but one- and two-party residence service in Class A exchanges. The introduction of a new four-party rate should have the effect of securing some proportion of the total stations on four-party service, and the result will be that less equipment will be necessary to handle the same number of subscribers and an economy in plant will be effected.

Class B: The rates for Class B exchanges shall be \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively. Business rates for Class B exchanges are the same as for Class A, but residence rates are slightly higher.

Exchanges included in Class B are generally somewhat larger than in Class A and the territory to be served is consequently increased. This involves greater investment in plant, and so increases the number of subscribers connected, so that the service value is increased. The effect of this classification is to reduce residence rates at present in effect in many of the exchanges.

Class C: The rates for Class C exchanges shall be \$42.00 and \$36.00 per annum for one- and two-party business service, respectively, and \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively.

The rates proposed by the Telephone Company were not consistent and the company's rate suggestions as to this class have been disregarded. A number of the exchanges where the rates are higher than those established will secure the benefit of a reduction.

Class D: The rates for Class D exchanges shall be \$48.00 and \$42.00 per annum for one- and two-party business service, respectively, and \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively.

The Commission has not placed any exchanges in this class for the present.

Class E: The rates for Class E exchanges shall be \$60.00 and \$48.00 per annum for one- and two-party business service, respectively, and \$27.00, \$24.00 and \$21.00 for one-, two- and four-party residence service, respectively.

Sufficient has been said as to these exchanges to show that reasonably high rates are justifiable because of the commercial risks, the cost factors and the value of the service.

Class F: The rates for Class F exchanges shall be \$60.00 and \$48.00 per annum for one- and two-party business service, respectively, and \$30.00, \$27.00 and \$24.00 per annum for one-, two- and four-party residence service, respectively. The Commission will not assign any exchanges to this class at present.

Class G: This class includes all exchanges which, due to peculiar local conditions, cannot be included in any of the regular classes. The rate treatment in each of these exchanges is necessarily special and will be found in the discussion of the principles of the classification. In general rates in this class are not changed.

### Assignment of Rates to Each Class - Rural.

In the assignment of rural rates to the various exchanges the Commission has considered that rates for rural service should be made attractive to both present and future rural subscribers and encourage attraction of the rural population to the use of telephone service and the development of agricultural districts. There is a dissatisfaction with the present zone system of the Telephone Company. While a zone system is correct for the establishment of rural rates, misunderstanding can be almost entirely eliminated if the zones are made sufficiently wide that differences in rates occur only occasionally. The proper rural rate system should contain as a first zone, where minimum rates are quoted, all or most of that territory which is or will be most densely settled. With this point in mind the minimum rate which will hereafter be called the prevailing rate for rural line service shall be effective in all territory outside of the base rate area of an exchange and within its exchange area, which is within six miles air line of the central office - all measurements for rural line rates to be measured on an air line basis from the central office. Beyond six miles the zones shall be in successive steps of three miles each to the boundary of the exchange area, wherever it may be located. Except in Class P it has been considered that rates for rural business service should be uniform and lower than at present. The prevailing rates for rural business services includes K, L, M and N, and therefore shall be \$42.00 per annum.

Class K: The rates for business service shall be \$42.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles. The rates for residence service shall be \$18.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles. There are seventeen exchanges included in the list where Class K rates will be ordered.

Class L: The rates for business service shall be \$42.00 per annum for the first six miles, with an addition of \$3.00 for

each additional three miles. The rates for residence service shall be \$21.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles. This class contains thirty-two exchanges.

Class M: The rates for business service shall be \$42.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles. The rates for residence service shall be \$24.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles.

Class N: The rates for business service shall be \$42.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles. The rates for residence service shall be \$36.00 per annum for the first six miles, with an addition of \$3.00 for each additional three miles.

Class P: The exchanges listed in Class P are those which cannot be classified in any of the regular classes heretofore mentioned.

Class P-1 includes those exchanges where district service problems are involved, and, as heretofore stated, a consideration of the district service situation will be deferred. No change shall be made in the rural rates now in existence in exchanges included in list P-1.

Class P-2 includes those exchanges where the Telephone Company does not at the present time furnish service in the country by means of its own pole lines and circuits, such service being furnished under the service station method. It does not seem desirable to require the company to increase its rural investment, and it is believed that the service station method (where the subscriber owns and maintains the lines and instruments) is the cheapest and most satisfactory for these exchanges.

Class P-3 includes those exchanges which, on account of particular local conditions, make it impossible for them to be regularly classified, and also larger exchanges where consideration of rate changes has been postponed until further study can be given.



Most of the exchanges in this list are exchanges where coal or metal mining is the principal industry, and in the case of most of them, the rural lines are located in rugged, mountainous country where costs of construction and maintenance are great and permanency of demand for service is questionable.

Class P-4 consists of the exchange at Center and the locality of Manassa. At Center the company does not furnish rural line service, this service being furnished by a separate connecting company; hence, no rates are quoted for rural line service. At Manassa there is no exchange, but certain special rural rates are quoted which shall be continued without change.

#### Service Station Service.

The classification of exchanges for the establishment of service station rates requires little discussion, since the same reasons which have actuated the Commission in its efforts to make rural line telephones attractive to subscribers applies to this class of service. In many cases at the present time, however, the Telephone Company does not quote rates for service stations and the Commission believes that such rates should be quoted for every exchange except Denver and, has therefore provided such rates generally. All exchanges have been classified for the establishment of service station rates into Classes R, S, T, U and V. Rates quoted are in all cases for local service, the subscriber furnishing and maintaining line and instrument. Rates for service station service are not controlled by distance from the central office, and the rate quoted is to be applied for all subscribers regardless of location. However, except in those exchanges included in Class P-2 for rural rate purposes, where no rural rates are to be quoted, service on lines owned by subscribers shall not be accepted within a distance of three miles air line from the central office. This is for the reason that within this distance, except as to the exchanges mentioned, the Telephone Company has, or should have, existing pole lines upon which subscribers

can be served by the rural line method. The rates quoted apply for each station connected, but the minimum charge per circuit is the individual line business or residence rate of the exchange with which a circuit is connected. If the majority of stations on the service station line are at business locations, the individual line business rate applies as the minimum, otherwise the individual line residence rate.

Class R: Rates for service stations in Class R shall be \$8.40 per annum for business service and \$4.20 per annum for residence service. This class contains a few exchanges where farming operations are difficult and where rates lower than the average should be quoted.

Class S: Rates for service stations in Class S shall be \$12.00 per annum for business service and \$6.00 per annum for residence service. This includes the majority of the exchanges in the state and these rates are considered to be the average service station rates.

Class T: Rates for service stations in Class T shall be \$18.00 per annum for business service and \$9.00 per annum for residence service. This class includes fourteen exchanges.

Class U: Rates for service stations in Class U shall be \$24.00 per annum for business service and \$12.00 per annum for residence service. This class includes principally the larger exchanges where it is not desirable that a considerable number of service stations be connected on account of the serious influence on service standards, and where the Telephone Company itself has amply covered the surrounding territory by its own pole lines, and where, consequently, rural line service is expected to be sold.

Class V: Class V is divided into two sections - V-1, which includes exchanges where no change will be made pending further study of the district service problem, and V-2, in which all subscribers are served by the service station method except at LaJunta. Present rates differ from those set up in the classifica-

tion. These exchanges are not easily classified, and since present rates are not excessive no changes will be ordered.

#### District Service Exchanges.

There are a considerable number of exchanges in which schedules of exchange rates provide for additional district or local service. In these exchanges one schedule of exchange rates is for service within a local service area, usually comprising one exchange, but an additional district service rate is quoted which is higher than the local service rate and which entitles the subscriber to unlimited use of the toll lines between two or more neighboring exchanges. In a few groups of exchanges no local rates are quoted and all rates for exchange service include service to two or more exchanges.

The district service problem has produced so many complications that it cannot be dealt with in a satisfactory manner without further study on the part of the Commission. The establishment of new rates for these exchanges will therefore be deferred. Present rates and service areas shall remain in effect until changed. However, where it has been possible to effect a reduction in present local rates by including certain exchanges in the new classification it has been done, and the names of these exchanges appear in the various lists. In these cases the new local rates shall remain effective with this order, but no change will be made in the service areas or in rates for district service. The exchanges here referred to are those which are marked with asterisks in the list of exchanges included in Class G for the assignment of urban rates.

#### Rates for Specific Exchanges.

Aguilar: Aguilar is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Aguilar

is included in Class P-3 for rural rates, and in Class U for service station rates. The Class U service station rates are \$24.00 per annum for business service and \$12.00 per annum for residence service.

Akron: Akron is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. All service shall be metallic. Akron is included in Class K for rural rates, which shall be \$42.00 per annum for rural business service, and \$18.00 per annum for rural residence service. It is included in Class R for service station rates, which shall be \$8.40 per annum for business and \$4.20 per annum for residence service.

Alamosa: Alamosa is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Alamosa is included in Class L for rural rates, which shall be \$42.00 per annum for business and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business and \$6.00 per annum for residence service.

Antonito: Antonito is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Antonito is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. No change is made from present service station rates, Antonito being included in Class S.

Arvada: Arvada is included in Class G-1. Possible changes in rates at Arvada involve a study of the district service situation. The Commission has not yet finished its consideration of this problem, hence any rate changes in district service will be deferred. There are some stations in the Arvada exchange area being served from the Denver exchange at obsolete rates. The requirements of these subscribers are met by a class of service designated "Foreign Exchange Service", the rates for which are specified in the general tariff which the Commission will order the Telephone Company to place in effect. It is ordered that the company present to such subscribers as do not now have the Denver service a statement of its rates for such service on a foreign exchange basis, and in the case of those subscribers now enjoying this service at rates less than those specified in the general tariff the Telephone Company shall readjust these rates or ascertain from the subscribers affected if they desire to change to some other grade of service.

Aspen: Aspen is included in Class G-2, rates remaining unchanged. No change will be made in the rural rates of \$48.00 per annum for business service and \$24.00 per annum for residence service, the exchange being included in Class P-3. Aspen is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Ault: Ault is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively; Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Ault is included in Class L for rural rates, which shall be \$42.00 per annum for business service, and \$21.00 per annum for residence service. Ault is included in Class S for service station rates, which shall be \$12.00 per annum for business and \$6.00 per annum for residence service.

Aurora: Aurora is included in Class G-1. The situation here is identical with that at Arvada and what has been said of that exchange applies also to Aurora.

Basalt: Basalt is included in Class G-1. Any changes in rates would involve a consideration of the district service problem. Rate changes for this exchange will therefore be deferred.

Bayfield: Bayfield is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Bayfield is included in Class L for rural rates, which shall be \$42.00 per annum for business service, and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Berthoud: Berthoud is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Berthoud is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Boulder: This is one of the larger exchanges which has been included in Class G-3 because further consideration will be necessary before rate changes can be ordered, and present rates therefore shall be maintained. Boulder is included in Class U for service station rates, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

Breckenridge: Breckenridge is included in Class G-2. Present rates shall be maintained. It will be included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Brighton: Brighton is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Brighton is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Bristol: Bristol is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Bristol is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service; It is included in Class S for service station service rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Broomfield: Broomfield is included in Class G-4, and is assigned to Class B rates, which shall be \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively, plus the mileage charges applicable in each case. It is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. Broomfield is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Brush: Brush is included in Class G-1. Present rates are \$42.00, and \$36.00 per annum for one- and two-party business service, respectively, and \$24.00, \$21.00 and \$12.00 per annum for one-, two- and four-party residence service, respectively, which rates shall be maintained. The present rural rates are \$48.00 per annum for business service and \$18.00 per annum for residence service, and these rates shall be maintained. The local service area at these rates includes the exchanges at Brush, Fort Morgan, Weldona and Hillrose. The question of district service is involved here and full consideration is deferred.

Buena Vista: Buena Vista is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Buena Vista is included in Class M for rural rates, which shall be \$42.00 per annum for business service, and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Burlington: Burlington is included in Class A. The rates at present in effect shall be maintained. Rural rates have not been quoted, as it is probable that the surrounding country can best be served on the service station plan. Burlington is included in Class R for service station rates, which shall be \$8.40 per annum for business service and \$4.20 per annum for residence service.

Calhan: Calhan is included in Class A and present rates shall be maintained. Rural rates have not been quoted, as it is probable that the surrounding territory can best be served on the service station plan. Calhan is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.



Canon City: Canon City is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively. Canon City is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Carbondale: Carbondale is included in Class G-1. Consideration of rates in this exchange has been deferred on account of district service problem.

Castle Rock: Castle Rock is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Castle Rock is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for district service and \$6.00 per annum for residence service.

Cedaredge: Cedaredge is included in Class G-1. Consideration of the rates for this exchange is deferred on account of district service problem.

Center: Center is included in Class G-1. Consideration of rates for Center is deferred on account of district service problem. The local rates at present in effect of \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively, shall be maintained. A four-party local residence rate will be \$18.00 per annum, and this will properly place Center in Class B for local rates. No other changes will be made.

Central City: Central City is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party business service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two- and four-party service, respectively. Rural rates will be \$48.00 per annum for business service and \$30.00 per annum for residence service. Central City is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Cheraw: Cheraw is included in Class G-4. The company owns only the switchboard in this exchange and does the operating, furnishing the trunks to LaJunta. Practically all of the outside equipment is owned and maintained by the subscribers. This situation seems to be satisfactory and the Commission will make no changes.

Clifton: Clifton is included in Class G-1. On account of the district service problem, consideration of the rates at Clifton will be deferred.

Clifton House: Clifton House is included in Class G-4. There is no reason for urban service of any kind being furnished in this exchange. It is unlikely there will be a demand for such service and if there is the cost of furnishing wires for the use of an individual subscriber in the mountain territory of this exchange would cause an unwarranted increase in the investment. Clifton House is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Collbran: Collbran is included in Class G-1. Consideration of rates in this exchange has been deferred on account of district service problem.

Colona: Colona is included in Class G-1. No changes will be made in present rates because of district service problem.

Colorado Springs-Manitou: Colorado Springs-Manitou is included in Class G-3. The present rates are \$72.00 and \$60.00 per annum for one- and two-party business service, respectively, and \$36.00, \$30.00 and \$24.00 per annum for one-, two- and four-party residence service, respectively. There is a business coin box service of \$36.50 per annum and residence coin box service of \$18.25 per annum. These rates shall be maintained. Class N rural rates have been assigned, which shall be \$42.00 per annum for business service and \$36.00 per annum for residence service. Class U rates have been assigned for service station service, which shall be \$24.00 per annum for business service, and \$12.00 per annum for residence service.

Craig: Craig is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Craig is included in Class M for rural rates, which shall be \$42.00 per annum for business service, and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Creede: Creede is included in Class G-2. Present rates shall be maintained for all services.

Crested Butte: Crested Butte is included in Class G-2. Present rates shall be maintained except as herein stated. Class S will be assigned for rural rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Cripple Creek-Victor: Cripple Creek-Victor is included in Class G-4. Business rates shall remain as at present. Residence rates shall be \$36.00, \$30.00 and \$24.00 per annum for one-, two- and four-party service, respectively, and the rate for ten-party coin box service shall be \$18.25 per annum. Present rural rates are \$54.00 per annum for business service and \$36.00 per annum for residence service. No changes shall be ordered in these rates. Class U service station rates will be assigned, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

DeBeque: DeBeque is included in Class G-1. No changes are made in present rates for this exchange due to existing district service conditions.

Del Norte: The district service problems appears also at Del Norte, hence it becomes necessary to defer consideration of rate changes. For urban rates Del Norte is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party residence service, respectively.

Delta: Delta is included in Class G-1. Consideration of rates for Delta is deferred on account of the district service situation.

Denver: Denver is included in Class G-3 for urban rates. There are no rural or service station lines served by the Denver exchange because the territory surrounding the city is served by other exchanges and only urban rates will be ordered.

In considering rate changes for Denver it must be considered that the Commission has already determined that the revenues of the company are insufficient to meet the legitimate expenses of the business. Denver has reached the point where telephones added to the system result in direct and substantial

increases in cost, both from the standpoint of investment and the costs of rendering service. This is due to the fact that with the increase in the number of telephones new central offices must be added, and this is particularly true at the present time. The increase in the number of central offices results in an increase in the number of inter-office calls, so that the number of calls originated and handled through two central offices requires for each call a proportionate increase in the use of two switchboards and two operators. This increases the switchboard and central office plant requirements in the new central offices and in those which at present exist; and it is also true that the cost per message in handling messages increases in like manner. At least one new central office is at present being planned for Denver on this account.

The very low rates which became effective in Denver in 1914 brought a large increase of business, and this new business has filled the plant to its ultimate capacity. The 1915 revenues were not sufficient at that time, as heretofore found. Costs have constantly increased and it therefore devolves upon the Commission to arrange and order increases in rates in Denver so that additional revenues may be secured.

Telephone service to Denver subscribers is not rendered exclusively through that portion of the telephone company's plant located in Denver, but is also furnished by means of the toll system and by the plant established in other cities and towns in the state. It is true of Denver that its commercial activities and industrial importance depend upon the existence of a large tributary or supporting territory, containing smaller cities and rural, manufacturing, mining and other industries, and the maintenance of relations permitting the development and growth of Denver depends upon the existence of rapid, direct and convenient means of transportation and communication between Denver, and the rest of the state. The user of toll service is benefitted by the establishment of a state-wide telephone system, and the residents of

Denver derive directly and indirectly substantial benefits from the operation of the telephone system throughout the state. It follows that the revenue from the telephone service rendered in Denver must be considered in the light of necessities of the system as a whole. The increase allowed has been moderate, however, and is hardly more than sufficient to meet the needs of operating the Denver exchange, as determined for the year 1915. Furthermore, Denver service as directly and locally furnished is of far greater importance than any other single class of service rendered in the state, representing as it does almost one-half of the total investment and expense. The people of Denver demand and are entitled to service of the best type, but to maintain such efficiency requires additional revenues.

#### Denver Business Rates.

The making of rates for business service in Denver involves a schedule which includes more classes of service than are necessary in the smaller exchanges. These classes of service and rates are necessary to meet the wide variation in demand and to secure an equitable distribution of the charges. It has been pointed out by the Telephone Company that in the smaller exchanges the difference in demand is not great as between the various subscribers. In Denver, however, there are business subscribers whose demands and needs for telephone service are as limited as those of the small subscribers in the small exchanges, while there are also subscribers in Denver whose needs and demands for service exceed the requirements of whole communities outside of Denver. Any schedule of business rates must therefore make it possible for considerable numbers of Denver subscribers to choose the class of service best suited to their needs. This principle has application to any schedule which might be proposed containing normal rates for flat or unlimited service. The rate schedule which the Commission has established contains a flat rate class. Since such a class has been maintained for business rates it seems just and desirable to

continue such a schedule, with certain changes and modifications.

The present business rates in Denver are seriously at fault because while they provide message or measured service at low rates for small users, who are far in the majority, they do not provide for commensurate charges against the large users, due to the fact that the maximum rate is \$8.00 per month for the one-party flat business service. The Telephone Company has claimed that a schedule of business rates for Denver should not include a flat rate class of service, but the Commission considers that since flat rate service for business use is established in Denver an immediate change from the present rate of \$8.00 per month to any reasonable schedule not providing for a flat rate class would increase the charges to the large users a very considerable amount. The schedule which the Commission will order will contain a flat rate class, but the rate will be increased somewhat over the present amount. The schedule of business rates in Denver which will be allowed follows:

<u>Class of Service</u>	<u>Rate per annum</u>	<u>Message Allowance.</u>	<u>Excess Rate</u>
One-party unlimited	\$120.00	Unlimited	--
One-party measured	48.00	1200	2½¢
One-party coin box*	54.75	1095	3 ¢
Two-party coin box*	36.50	730	4 ¢
Flat rate extension	12.00	-	--
Measured rate extension	9.00	-	--

(\*) No change from present rates.

For all measured service the annual message allowance set out in the above schedule shall be divided into monthly allowances, each equal to one-twelfth of the annual message allowance. When a full one-twelfth part of the annual message allowance is not used during any one month the remaining unused portion of the monthly allowance shall not be carried over into the following month. When messages in excess of one-twelfth of the annual message allowance are used during any one month, the number of messages used during that month in excess of one-twelfth part of the annual message allowance shall be charged at the excess rate per message provided for the class of service in question.

The one-party flat business rate is made \$10.00 per month instead of \$8.00. The Telephone Company pointed out in its testimony that in 1915 the average message use of flat rate subscribers was from three to ten times the average message use of any other class of business subscribers in Denver.

With regard to the new one-party measured rate no change has been made in the initial rate, which is \$48.00 per annum. This will make it possible for the many subscribers who make less than 1200 calls per annum to retain their present service without any increase in price.

The flat rate service is for the special benefit of the very large users, and so long as a flat rate is offered the relation between a measured and a flat rate should be such that heavy users will be inclined to take flat rate service and relieve the company of the added burden of operating and accounting for calls which are charged for by the message. This is an additional reason for reducing the initial allowances of messages and increasing the rate per message for excess messages.

The Commission will discontinue the present two-party measured rate. There are about six hundred subscribers at present in this class of service. The rate is substantially the same as for two-party coin box service.

Fifty-five per cent of the present subscribers to the two-party measured rate can change to the two-party coin box service with substantially no difference in price. Of the remaining forty-five per cent it may be said that these are the larger users who may either change to the two-party coin box service or, if they desire to remain on the measured service basis, may take the one-party measured service. No changes are ordered in the present coin service rates for business use. Inasmuch as thirty per cent of the present Denver business subscribers are on this class of service no change in their present payments will be effected.



The only other changes in business rates are in extension station service. The rate for extensions on the flat rate service shall be \$12.00 per annum, and on message rate service \$9.00 per annum. Present rates for these classes of service in Denver are somewhat lower than similar rates in most other cities.

#### Denver Residence Rates.

The rates which are ordered for residence service in Denver are as follows:

<u>Class of Service</u>	<u>Rate per annum</u>	<u>Message Allowance</u>	<u>Excess Rate</u>
One-party unlimited	\$42.00	--	--
Two-party unlimited	36.00	--	--
One-party measured	30.00	600	3¢
Two-party measured	24.00	480	4¢
Two-party coin box*	25.55	511	5¢
Six-party coin box	21.90	438	5¢
Extension stations	6.00		

(\*) No change from present rates.

For all measured service the annual message allowance set out in the above schedule shall be divided into monthly allowances, each equal to one-twelfth of the annual message allowance. When a full one-twelfth part of the annual message allowance is not used during any one month the remaining unused portion of the monthly allowance shall not be carried over into the following month. When messages in excess of one-twelfth of the annual messages allowance are used during any one month, the number of messages used during that month in excess of one-twelfth part of the annual message allowance shall be charged at the excess rate per message provided for the class of service in question.

The new rates for six-party coin box service will be \$21.90 per annum or a guarantee of six cents per day. Messages will be five cents each. In the case of most of the classes of service offered the new rate is an increase of fifty cents per month over the present rate. An exception has been made in the two-party residence coin box service. The one-party coin box service is discontinued for the reason that there is apparently no demand for it, there being less than fifty subscribers on this class

of service.

Denver has an extremely high development of residence stations. Under the present rate schedule about fifty per cent of the residence subscribers in Denver are paying \$18.00 or less for telephone service, yet \$18.00 is less than the average cost of operation per station. While some classes of service must necessarily be furnished at less than cost, such a proposition could not possibly be applied to so large a proportion as fifty per cent of the Denver residence subscribers without resulting in serious financial difficulties for the Telephone Company. As bearing on this condition it appears from the Telephone Company's testimony, page 6186 of the record:

"A general consideration in connection with residence rates deserves special mention at the present time. The telephone situation in Denver and the telephone-equipment-situation throughout the country is, at the present time, such that it is impossible for this company to meet the demands for telephone connection which are made upon it, and it has been necessary with respect to residence service to restrict the classes of service which are available, and practically to declare an embargo upon any telephone service, under some conditions. This condition is to a large extent the result of the present low residence rates in Denver, which have produced so much development at unremunerative rates that the facilities have been completely used up, so that persons having an urgent demand for the service are prevented from receiving service at any rates, in order that subscribers who can afford or are willing to pay only very low rates may receive service."

The Commission believes that the present rate for residence extension telephones is insufficient. Rates for extension station service should not be based upon mere cost of physical equipment, but even if this were the only basis the present rate of \$3.00 per annum would be less than the physical cost involved. The extension station is desired for greater facility in calling or answering, so that often where a main station may be considered a necessity an extension station becomes a matter of convenience.

Traffic per line originated on main lines with which extensions are connected, is greater than the traffic per line where only main stations are connected, and a main station with two extensions will originate more traffic than a main station with one

extension, and so on. This added traffic creates added operating cost which should also be assessed against the extension station class.

#### Denver Branch Exchange Rates.

There are three kinds of branch exchange service afforded by the Telephone Company, the No.1 cord switchboard system, the No.1 cordless switchboard system, and the No.2 intercommunicating system. The present relation between schedules is incorrect for the reason that it induces a considerable number of branch exchange subscribers to take the No.2 systems instead of the No.1 cordless system. This undue development of the No.2 system is improper because the use of such systems not only involves a more expensive method of providing service than the cordless, but also that the No.2 systems are distinctly objectionable as interfering with proper operation of the telephone system. The cordless system meets the needs of such subscribers as well as the No.2. It is thought to be equally satisfactory to the subscriber, less objectionable from an operating standpoint, and less costly from the Telephone Company's standpoint. In special cases, where subscribers have a peculiar need for the No.2 system, or a personal preference therefor, they should be allowed to continue its use at prices commensurate with the cost, and considering that it is furnished to satisfy a peculiar demand of individual subscribers. The No.1 cord or cordless systems are much more desirable, and for small users such as now use the No.2 system the cordless is considered to be a more proper system. A correct rate schedule directs subscribers to the use of cordless systems by making it to their financial advantage, and the changes ordered in the schedules, while involving necessary increases in rates to all subscribers, will make the rate for cordless systems cheaper than that for No.2 systems under the new rates.

Branch exchange service represents the highest type of telephone service. Branch exchange subscribers as a class are the

larger business houses, which require an intercommunicating system for the rapid and economical conduct of their affairs, and require a very large number of messages. Moreover, branch exchange subscribers as a class are those that make the heaviest demands upon telephone service with respect to equipment, and derive the greatest advantage from the existence and maintenance of an efficient telephone system. Increases in rates for this class of subscribers are therefore justified. Schedules of branch exchange rates for Denver, which the Commission orders, are as follows:

Class of Service	Rate per annum	Message Allowance	Rate per excess message
<u>No.1 cord P.Br.Exchanges</u>			
<u>Measured service systems</u>			
Switchboard	\$48.00	-	-
Additional positions	48.00	-	-
1st trunk 2-way	48.00	1200	2 1/2¢
Add'l trunk 2-way	24.00	-	2 1/2¢
Stations	9.00		
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<u>No.1 cord P.Br.Exchanges</u>			
<u>Unlimited service systems</u>			
Switchboard	\$84.00	-	-
Additional positions	No change		
1st outgoing trunk	270.00	-	-
Add'l outgoing trunks	270.00		
Incoming trunks	30.00	-	-
Stations	12.00		
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<u>No.1 cordless P.Br.Exchanges</u>			
<u>Measured service systems</u>			
Switchboard	\$24.00	-	-
Trunks 2-way	48.00	1200	2 1/2¢
Add'l trunks 2-way	24.00	-	2 1/2¢
Stations	9.00		
-----			
<u>No.1 cordless P.Br.Exchanges</u>			
<u>Unlimited service systems</u>			
Switchboard	\$36.00	-	-
Trunks outgoing	Service discontinued		
Trunks incoming	"	"	
Trunks 2-way	150.00	-	-
Stations	12.00		
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<u>No.1 cord P.Br.Exchanges</u>			
<u>Hotel Measured Service systems</u>			
Switchboard	No change		
Trunks	" "		
Stations	" "		
-----			
<u>No.2 P.Br.Exchanges</u>			
<u>Measured Service systems</u>			
Master Station	\$18.00	-	-
Other stations	18.00	-	-
Trunks 2-way	48.00	1200	2 1/2¢
Add'l trunks 2-way	24.00	-	2 1/2¢
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<u>No.2 P.Br.Exchanges</u>			
<u>Unlimited Service systems</u>			
Master station	\$21.00	-	-
Other stations	21.00	-	-
Trunks 2-way	150.00		
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Dillon: Dillon is included in Class G-2, and the present rates shall be maintained except as herein stated. It is included in Class S for service station rates of \$12.00 per annum for business service and \$6.00 per annum for residence service.

Durango: Durango is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two- and four-party service, respectively. Durango is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Eaton: Eaton is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Eaton is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Edgewater: Edgewater is included in Class G-1, and is a locality served from the Lakewood exchange. The district service problem is involved and no changes will be made on this account except as to those subscribers served out of Denver at obsolete rates. The order as to such subscribers in Arvada is applied to Edgewater.

Elizabeth: Elizabeth is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Elizabeth is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Englewood: Englewood is included in Class G-1. The district service question is involved and consideration of rates will be deferred. The matter of subscribers in suburban exchanges who have Denver service, as included under Arvada, applies to similar subscribers in Englewood.

Erie: Erie is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Erie is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Estes Park: Estes Park is included in Class G-4. Present rates of \$42.00 and \$36.00 per annum for one- and two-party business service, and \$24.00 and \$21.00 per annum for one- and two-party residence service shall be maintained, together with a four-party rate of \$18.00. These rates are for permanent subscribers. In addition there are at present seasonal rates as follows: \$60.00 and \$48.00 per annum for one- and two-party business service and \$36.00 and \$33.00 per annum for one- and two-party residence service. Contracts are taken at these rates for terms of three months with standard installation charges for terms

of like length. This practice shall be continued. Rural rates shall be \$42.00 per annum during the entire year for business service and \$24.00 per annum for residence service, with the exception that the rate shall be \$48.00 per annum for business rural subscribers who are not permanent. Contracts may be taken at this rate for terms of three months with standard installation charges. For residence rural subscribers special rates are now \$12.00 per season where the subscriber furnishes and maintains the telephone, and \$14.50 per season where the Telephone Company furnishes and maintains the telephone. No change shall be made in these rates. Estes Park is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Evans: This exchange has the same rates as Greeley and the local service area includes Greeley. The district service problem is involved.

Evergreen: Evergreen is included in Class G-4. This is a new exchange opened during 1917 on a service station basis, and is seasonal in character. It shall remain as a service station exchange with rates as at present of \$18.00 per annum for business service and \$12.00 per annum for residence service where the subscriber owns and maintains the line and telephone instrument. Where the subscriber makes use of certain existing pole lines and wire belonging to the company, charges in addition to those for switching service shall be made for the use of these poles and wire as follows:

1/2	to 2 miles,	.....	\$ 6.00	per annum
2	to 3 "	.....	9.00	" "
3	to 6 "	.....	12.00	" "
6	to 9 "	.....	15.00	" "

Where contracts are seasonal in character - that is where the subscriber does not contract for service for a period of one year - the Telephone Company shall furnish service at the above rates for a minimum period of three months, plus a charge of \$3.50. The company shall continue to furnish service at the rates at present in effect.

Fairplay: Fairplay is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Fairplay is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Flagler: Flagler is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. The country surrounding Flagler is now served on the service station basis and the Telephone Company has not developed this service by an extension of its own plant. The character of the country is such that the Commission finds it would be more satisfactory to both subscribers and the Telephone Company if the service station arrangement continue. Flagler is included in Class R for service station rates, which shall be \$8.40 per annum for business service and \$4.20 per annum for residence service.

Florence: Florence is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two and four-party service, respectively. Florence is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class T. for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.



Fort Collins: This is one of the larger exchanges which has been included in Class G-3, because further consideration will be necessary before rate changes can be ordered. Fort Collins is included in Class U for service station rates, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

Fort Lupton: Fort Lupton is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Fort Lupton is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Fort Morgan: Fort Morgan is included in Class G-1. The Commission will make no changes in present rates at Fort Morgan as the question of district service is involved.

Fountain: Fountain is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Fountain is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Fowler: Fowler is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Fowler

is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Fraser: Fraser is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Fraser is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Frederick: Frederick is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Frederick is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Fruita: Fruita is included in Class G-1. The district service problem is involved. It is also included in Class B for urban service by the addition of a new urban four-party residence rate of \$18.00 per annum. Present rates of \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively, shall be maintained. All other rates shall remain unchanged.

Garfield: Garfield is included in Class G-2. Business rates will be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00 and \$18.00 per annum for one- and two-party service, respectively. The Telephone Company does not quote rates for rural service in Garfield at present and there are no stations of this class. The possibilities of rural development around Garfield are very small and are confined to an occasional station which probably can be served on a service station basis. Garfield is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Georgetown: Georgetown is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two and four-party service, respectively. Georgetown is included in Class P-3 for rural rates, which shall be \$48.00 per annum for business service and \$30.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Gilcrest: Gilcrest is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Gilcrest is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Glenwood Springs: Glenwood Springs is included in Class G-1. A consideration of rates involves the district service problem. Present urban rates are \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively. A new four-party local residence rate of \$18.00 per annum shall be added and the Class B schedule becomes effective for urban service. No other changes will be made.

Golden: Golden is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Golden is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Grand Junction: Grand Junction is included in Class G-1. Consideration of rates for this exchange will be deferred on account of the district service problem. One change will be ordered at present. Urban rates are \$42.00 and \$36.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively. A new four-party local residence rate of \$18.00 per annum shall be added and Class C schedule will be effective for local rates.

Grand Valley: Grand Valley is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. The local service area combining the two exchanges of Grand Valley and Rifle shall be allowed to remain as at present. Grand Valley is included in Class M for rural rates, which shall be \$42.00 per

annum for business service and \$24.00 per annum for residence service. It is included in Class R for service station rates, which shall be \$8.40 per annum for business service and \$4.20 per annum for residence service.

Greeley-Evans: This is one of the larger exchanges which has been included in Class G-3. No rate changes will be ordered. Greeley-Evans is included in Class U for service station rates, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

Gunnison: Gunnison is included in Class C. Business rates shall be \$42.00 and \$36.00 for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Gunnison is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Hayden: Hayden is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Hayden is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Hazeltine: Hazeltine is included in Class G-1. The situation is identical with that at Arvada and what has been said of the Arvada exchange applies to Hazeltine.

Hillrose: Hillrose is included in Class G-1. District service is now in effect at Hillrose and no changes shall be made.

Holly: Holly is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two and four-party service, respectively. Holly is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Howard: Howard is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Howard is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Hudson: Hudson is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Hudson is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Hugo: Hugo is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Those subscribers in the country around Hugo who now have service are

securing it on a service station basis and this the Commission believes to be proper. Service station rates shall therefore be quoted for the Hugo rural territory. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Idaho Springs: Idaho Springs is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two- and four-party service, respectively. Idaho Springs is included in Class P-3 for rural rates, which shall be \$48.00 per annum for business service and \$30.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Iliff: Iliff is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively; Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Iliff is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Johnstown: Johnstown is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Johnstown is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Julesburg: Julesburg is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two and four-party service, respectively. Julesburg is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Keota: This is an exchange recently opened and the subscribers are served entirely on service station, business rates being \$12.00 per annum and residence rates \$6.00 per annum. The exchange is included in Class S and such rates shall be continued.

Kremmling: Kremmling is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Kremmling is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Lafayette: Lafayette is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Lafayette is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.



LaJara: La Jara is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. LaJara is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

LaJunta: LaJunta is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. LaJunta is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. Service station rates shall be \$18.00 per annum for business service and \$12.00 per annum for residence service. These are the rates quoted for Cheraw, which is a service station exchange having local service area including LaJunta. On this account LaJunta is specially classified as V-2 for service station rates and no change shall be made.

Lake City: Lake City is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two- and four-party service, respectively. Lake City is included in Class P-3 for rural rates, and no change shall be made in present rates. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Lakewood: Lakewood is included in Class G-1. The situation is identical with that at Arvada and what has been said of the Arvada exchange applies to Lakewood.

Lamar: Lamar is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Lamar is included in Class L for rural service rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence rates. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Las Animas: Las Animas is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Las Animas is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence rates. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

La Veta: La Veta is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. La Veta is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Leadville: Leadville is included in Class G-4. No rates shall be changed except that, since no service station rates are now quoted, Leadville shall be placed in Class T with rates of \$18.00 per annum for business service and \$9.00 per annum for residence service.

Limon: Limon is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively; Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Inasmuch as the territory about Limon is entirely served on a service station basis at the present time this policy will be continued. Service station rates only are quoted for the surrounding country. These rates shall be Class S rates -- \$12.00 per annum for business service and \$6.00 per annum for residence service.

Littleton: Littleton is included in Class G-1. The question of district service is involved, and consideration of rates changes therefore will be deferred.

Livermore: Livermore has no urban subscribers for the reason that the exchange is not situated in a city or town. It serves rural subscribers only, some of whom are on an owned station basis, and some on a service station basis. No urban rates will be quoted. It is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. Livermore is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Longmont: Longmont is included in Class G-1. Consideration of rate changes is deferred on account of the district service problem. Longmont is, however, included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. It is included in Class P-1 for rural rates and Class V-1 for service station rates.

Louisville: Louisville is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Louisville is included in Class K rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Loveland: Loveland is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Loveland is included in Class L rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Lyons: Lyons is included in Classes G-1, P-1 and V-1. Consideration of rate changes for this exchange will be deferred on account of the district service problem.

Manassa: Manassa is not an exchange but has service at locality rates of \$42.00 per annum for two-party business service and \$30.00 and \$18.00 per annum for two- and multi-party residence service, respectively. Rural rates are \$48.00 per annum for business service and \$24.00 per annum for residence service. Service station rates are \$9.00 per annum for residence service. These rates are satisfactory and since there are only a few telephones affected no change is necessary.

Mancos: Mancos is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Mancos is included in Class L rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Manzanola: Manzanola is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Manzanola is included in Class L for rural rates, which shall be \$42.00 per annum for business service, and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Mead: Mead is included in Classes G-1, P-1 and V-1. The district service problem is involved and no change in rates will be made.

Meeker: Meeker is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Meeker is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Merino: Merino is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, re-

spectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Merino is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Mesa: The district service problem is involved and no changes in rates will be made.

Milliken: Milliken is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Milliken is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Monte Vista: Monte Vista is included in Classes G-1, P-1 and V-1. The district service problem is involved and with one exception no changes will be made. Present local rates are \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively. A new urban four-party residence rate of \$18.00 per annum shall be added and rates will be those assigned for Class B.

Montrose: Montrose is included in Classes G-1 and P-1. The question of district service is involved and no rate changes will be made.

Morrison: Morrison is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per

annum for one-, two- and four-party service, respectively.

Morrison is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Mountain View: This is a locality served by the Arvada exchange. The district service problem is involved and no change in rates will be made. What has been said under Arvada concerning subscribers in that territory served by the Denver exchange at obsolete rates applies to Mountain View.

Nederland: Nederland is included in Class G-2. The present rates of \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$18.00 per annum for one- and two-party residence service, respectively, shall be maintained. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service, and \$6.00 per annum for residence service.

New Castle: New Castle is included in Classes G-1, P-1 and V-1. The district service question is involved and no change in present rates will be made.

Norwood: Norwood is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Norwood is included in Class P-3 for rural rates, which shall be \$48.00 per annum for business service and \$30.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Oak Creek: Oak Creek is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Oak Creek is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Olathe: Olathe is included in Classes G-1, P-1 and V-1. The consideration of rates for this exchange will be deferred on account of the district service problem.

Ordway: Ordway is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Ordway is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Otis: The present rates are \$30.00 for one-party business service and \$15.00 for one-party residence service. No other urban service is furnished. This is a grounded line plant and undoubtedly a modern metallic plant will have to be installed in order to give a reasonably good grade of service. The Telephone Company is planning to install such a plant in the near future and when installed Class A rates will become effective in order that Otis may conform with other smaller exchanges of this class. At such time Class A rates -- \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party residence service, respectively, shall apply. No rural rates are quoted as the territory



surrounding the exchange is served on the service station basis. This method shall be continued and no rural rates will be assigned. Otis is included in Class R for service station rates, which shall be \$8.40 per annum for business service and \$4.20 per annum for residence service.

Ouray: Ouray is included in Classes G-1, P-1 and V-1. The district service problem is involved and no changes in the present rates will be made.

Palisade: Palisade is included in Classes B, G-1, P-1 and V-1. The district service problem is involved and no changes will be made, with the exception that Class B rates shall become effective for urban service, including the local four-party residence rate of \$18.00 per annum added to the present local schedule. The present urban schedule is \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$21.00 per annum for one- and two-party residence service, respectively.

Palmer Lake: Palmer Lake is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Palmer Lake is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Paonia: Paonia is included in Class G-4. The present rates of \$36.00 and \$30.00 per annum for one- and two-party business service, respectively, and \$24.00 and \$18.00 per annum for one- and two-party residence service, respectively, shall be maintained. Paonia is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station

rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Paradox: All stations connected with this exchange are on a service station basis. Rates are not classified and as the present rates are reasonable no change will be made.

Pierce: Pierce is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Pierce is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Pitkin: Pitkin is included in Classes G-2 and P-3. Present rates are \$48.00 per annum for one-party business service and \$24.00 per annum for one-party residence service, and shall be maintained. Pitkin is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Platteville: Platteville is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Platteville is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Pueblo: Pueblo is included in Class G-3. The present rates of \$72.00 and \$54.00 per annum for one- and two-party business service,

respectively, and \$36.00, \$30.00 and \$24.00 per annum for one-, two- and four-party residence service, respectively, shall all be maintained; also the underlying coin box rate of ten cents per day, (the sale of which is confined to rooming and boarding houses). While the Commission as rule has not taken into account in the reclassifying of rates those stations in the various exchanges which are at obsolete rates and lower than present quoted rates, there are at Pueblo approximately one thousand telephones at a six-party flat rate of \$18.00 per annum. This is a considerable class and it probably would work a material hardship if all these obsolete stations were to be eliminated at once and the subscribers compelled to take the present minimum of \$24.00 per annum or discontinue service. This service should be changed by the introduction of measured rates and the Telephone Company is ordered to furnish this service on a four-party basis instead of a six-party basis, a change which will give better service. The rate shall be \$18.00 per annum for an initial allowance of 360 messages. The message allowance will be divided into a monthly allowance of thirty messages. Where the full allowance of thirty messages is not used during any one month the unused portion of the monthly allowance shall not be carried over into the following month. Where messages in excess of thirty in any month are used the rate for the excess messages will be 3 cents each.

Pueblo is included in Class N for rural rates, which shall be \$42.00 per annum for business service and \$36.00 per annum for residence service. It is included in Class U for service station rates, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

Red Cliff: Red Cliff is included in Class G-2. The present rates of \$48.00 and \$36.00 per annum for one- and two-party business service, respectively, and \$30.00 and \$24.00 per annum for one- and two-party residence service, respectively, shall be maintained. Red Cliff is included in Class P-3 for rural rates, which shall be

\$48.00 per annum for business service and \$30.00 per annum for residence service. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Ridgway: Ridgway is included in Classes G-1, P-1 and V-1. No changes will be made in rates on account of the district service situation.

Rifle: Rifle is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Rifle is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Rocky Ford: Rocky Ford is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Rocky Ford is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Saguache: Saguache is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Saguache is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station

rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Salida: Salida is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00 per annum for one-, two- and four-party service, respectively. Salida is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

San Acacio: San Acacio is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. San Acacio is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Sedgwick: Sedgwick is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Sedgwick is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Silverton: Silverton is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00

per annum for one-, two- and four-party service, respectively. Silverton is included in Class P-3 for rural rates. No change will be made in such rates, as the difficulties attendant upon mountain construction and maintenance justify the present schedules. It is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Steamboat Springs: Steamboat Springs is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Steamboat Springs is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. There are also a few grounded lines running out of this exchange upon which rural service is furnished at \$21.00 per annum, but no suggestion has been made as to what should be done with these lines, and as the present arrangement appears satisfactory to both the subscribers and the Telephone Company the Commission will order this arrangement continued. No more lines of this nature, however, shall be established, and the rate of \$21.00 per annum shall be for service on existing lines only. Steamboat Springs is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Sterling: Sterling is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence service rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Sterling is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Stratton: Stratton is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. The rural territory about Stratton is now served on a service station basis, and this arrangement will not be changed. Stratton is included in Class R for service station rates, which shall be \$8.40 per annum for business service and \$4.20 per annum for residence service.

Sugar City: Sugar City is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Sugar City is included in Class L for rural rates, which shall be \$42.00 per annum for business service, and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Sullivan: The situation here is identical with that at Arvada, and what has been said of the Arvada exchange applies to Sullivan.

Sulphur Springs: Sulphur Springs is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Sulphur Springs is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Telluride: Telluride is included in Class E. Business rates shall be \$60.00 and \$48.00 per annum for one- and two-party service, respectively. Residence rates shall be \$27.00, \$24.00 and \$21.00

per annum for one-, two and four-party service, respectively. Rural rates in Telluride are not subject to classification, due to the difficulties of mountain construction and maintenance. Present rates appear satisfactory and the Commission will order no changes. Telluride is included in Class T for service station rates, which shall be \$18.00 per annum for business service and \$9.00 per annum for residence service.

Trinidad: Trinidad is included in Classes G-3, P-3 and U. No changes will be ordered.

Walden: Walden is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Walden is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Walsenburg: Walsenburg is included in Class C. Business rates shall be \$42.00 and \$36.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Present rural rates in Walsenburg shall be maintained. Walsenburg is included in Class P-3. It is included in Class U for service station rates, which shall be \$24.00 per annum for business service and \$12.00 per annum for residence service.

Ward: Ward is included in Class G-2. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00 and \$18.00 for one- and two-party service, respectively. Ward is included in Class S



for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Weldona: The district service problem is involved at Weldona and no change will be made.

Wellington: Wellington is included in Class A. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$21.00, \$18.00 and \$15.00 per annum for one-, two- and four-party service, respectively. Wellington is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Westcliffe: Westcliffe is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two and four-party service, respectively. Westcliffe is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Whitewater: No changes will be ordered in rates for Whitewater as the district service problem is involved.

Wiley: Wiley is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively.

Wiley is included in Class K for rural rates, which shall be \$42.00 per annum for business service and \$18.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Windsor: Windsor is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Windsor is included in Class L for rural rates, which shall be \$42.00 per annum for business service and \$21.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service.

Yampa: Yampa is included in Class B. Business rates shall be \$36.00 and \$30.00 per annum for one- and two-party service, respectively. Residence rates shall be \$24.00, \$21.00 and \$18.00 per annum for one-, two- and four-party service, respectively. Yampa is included in Class M for rural rates, which shall be \$42.00 per annum for business service and \$24.00 per annum for residence service. It is included in Class S for service station rates, which shall be \$12.00 per annum for business service and \$6.00 per annum for residence service;

### Toll Rates.

The Telephone Company's proposals as to changes in initial particular-person toll rates were as follows:

0 to 20 miles	no change
20 to 30 miles	5 cents increase
30 to 45 miles	10 cents increase
45 to 65 miles	10 cents to 15 cents increase
over 65 miles	15 cents increase.

The Telephone Company proposed that for distances of less than forty miles the rates be quoted on an air-line basis instead of the block mileage basis to avoid a defect which it pointed out, and which is criticized in the testimony of the Commission's expert, a quotation from whose testimony is given below. No change was proposed in the present schedule of two-number rates, although some special particular-person toll rates were suggested for the shorter distances, particularly where district service situations are involved. The company also proposed to establish special toll rates which would be ten cents higher than would normally apply in the application of the schedule proposed, in certain mountainous territory, where it considered that increased costs and increased values justified the quoting of such special rates. There are certain objections to the schedule suggested by the Telephone Company and the Commission has devised a schedule of toll rates as hereinafter stated, which it considers reasonable. Attention is called to the testimony of the Commission's telephone expert, page 6404 of the record:

\*\*\* the application of block-to-block measurements in the computation of toll rates in Colorado for conversations between points less than 35 or 40 miles apart necessarily results in a certain amount of discrimination due to the difference between air-line measurements between centers of rate blocks and direct air-line measurements between actual points of conversation. \*\*\* it appears advisable, \*\* to apply direct air-line measurements to short-haul toll traffic and restrict block air-line measurements to toll traffic over distances greater than 35 or 40 miles. \*\*\*\*

"The application of the 15¢ minimum particular-party toll rate to toll conversations between points in Colorado less than eight miles apart does not appear warranted. Such a rate for very short hauls has a tendency to restrict the normal use of the toll lines by subscribers, and necessitates a two-number rate higher than is generally practical over short distances. In a number of instances in Colorado, the Company has already introduced a 10¢ minimum toll rate and proposes to introduce other similar rates in connection with the modification of district service. The adoption of a standard 10¢ minimum toll rate for conversation over distances not exceeding eight miles seems advisable under the circumstances."

The Commission has established a minimum particular-person toll rate of ten cents, this rate to apply for all distances from zero to ten miles; and in the schedule which it will order has also corrected the discrimination brought about by the quoting of block rates for short distances, by providing that all rates for distances up to forty miles shall be quoted on an air-line basis. The Commission further disagrees with the Telephone Company in regard to increases amounting to fifteen cents over the present rates for certain distances between forty-five and sixty-five miles, and for all distances over sixty-five miles. An increase of fifteen cents on any one toll message is a considerable advance, and the Commission has decided that no increases in excess of ten cents over the present rates shall be allowed.

A further point of difference between the Telephone Company's and the Commission's schedules is that the number of cases where increases of ten cents over the present rate will be allowed are considerably less under the Commission's schedule than under the Telephone Company's. The maximum increase allowed is reduced from fifteen cents to ten cents, and in many instances to five cents. The following table shows the changes from present rates which will be effected by the Commission's schedule:

0 - 10 miles	5 cents reduction
10 - 20 miles	no change
20 - 30 miles	5 cents increase
30 - 35 miles	10 cents increase
35 - 36 miles	5 cents increase
36 - 41 miles	10 cents increase
41 - 42 miles	5 cents increase
42 - 47 miles	10 cents increase

47 - 48 miles	5 cents increase
48 - 53 miles	10 cents increase
53 - 54 miles	5 cents increase
54 - 59 miles	10 cents increase
59 - 60 miles	5 cents increase
60 - 65 miles	10 cents increase
65 - 66 miles	5 cents increase,

and so on to 240 miles. Beyond 240 miles ten cents is added for all distances.

The following particular-person toll rates are ordered and the schedule is applied for all exchanges in the state:

Mileage Steps Air Line Miles	Initial rate Three Minutes	Overtime rate One Minute
0 to 10 miles inclusive	\$.10	\$.05
Over 10 miles up to and Incl. 15 miles	.15	.05
" 15 " " " " 20 "	.20	.05
" 20 " " " " " 25 "	.25	.05
" 25 " " " " " 30 "	.30	.10
" 30 " " " " " 36 "	.35	.10
" 36 " " " " " 40 "	.40	.10

Mileage Steps Block Miles	Initial rate Three Minutes	Overtime rate One Minute
Over 36 miles up to and Incl. 42 miles	\$.40	\$.10
" 42 " " " " " 48 "	.45	.15
" 48 " " " " " 54 "	.50	.15
" 54 " " " " " 60 "	.55	.15
" 60 " " " " " 66 "	.60	.20
" 66 " " " " " 72 "	.65	.20
" 72 " " " " " 78 "	.70	.20
" 78 " " " " " 84 "	.75	.25
" 84 " " " " " 90 "	.80	.25
" 90 " " " " " 96 "	.85	.25
" 96 " " " " " 102 "	.90	.30
" 102 " " " " " 108 "	.95	.30
" 108 " " " " " 114 "	1.00	.30
" 114 " " " " " 120 "	1.05	.35
" 120 " " " " " 126 "	1.10	.35

Etc. 5 cents for each additional six miles up to and including 240 miles; over 240 miles, 5 cents for each additional five miles; over-time rates to be figured at one-third of the initial rate except that where this amount is not divisible by five the next lower multiple of five shall be taken.

Due to the change from block to air-line measurement, and the reduction of the minimum rate from fifteen cents to ten cents,

the Commission has effected reductions in 8.49 per cent of the rates. Taking into consideration the number of messages which will be made at these rates, however, subscribers will secure reductions considerably in excess of 8.49 per cent, and this is because the reductions apply to short haul messages where the traffic is much greater than on long haul messages.

An "A-B" rate is the term applied to a call for a number between exchanges as distinguished from a call for a particular person. Certain modifications in "A-B" rates will be made necessary by the proposed toll rate schedule. With the use of this schedule the "A-B" rate will be five cents less than particular-person rate in every case. The present schedule is seven and one-half miles for five cents, and seven and one-half to fifteen miles for ten cents, and thereafter five cents less than the particular-person rate. However, in a large majority of cases, forty-six in number, where numbered service is now being given under an "A-B" rate of five cents or ten cents, - - and there is an appreciable amount of traffic, or where community of interest exists -- no change will be made in the existing "A-B" rate, and it shall be continued as at present. The rates to be discontinued constitute those cases where there is not developed sufficient traffic under this special method to warrant their continuance. Whatever amount of traffic there is will be handled under an indicated particular-person rate and method of operation. The forty-six cases where no changes in "A-B" rates are ordered are as follows:

#### BETWEEN

Denver	and	Arvada
Denver	and	Aurora
Denver	and	Broomfield
Denver	and	Englewood
Denver	and	Evergreen
Denver	and	Golden
Denver	and	Hazeltine
Denver	and	Lakewood
Denver	and	Littleton
Denver	and	Morrison
Denver	and	Sullivan

# BETWEEN

Arvada	and	Lakewood
Central City	and	Idaho Springs
Ft. Lupton	and	Brighton
Ft. Lupton	and	Platteville
Georgetown	and	Idaho Springs
Boulder	and	Nederland
Ft. Collins	and	Loveland
Johnstown	and	Milliken
Lafayette	and	Louisville
Longmont	and	Mead
Colorado Springs	and	Fountain
Grand Junction	and	Clifton
Grand Junction	and	Fruita
Grand Junction	and	Palisade
Montrose	and	Olathe
Palisade	and	Clifton
Ault	and	Eaton
Ault	and	Greeley
Ault	and	Pierce
Ault	and	Windsor
Eaton	and	Greeley
Eaton	and	Windsor
Greeley	and	Windsor
Julesburg	and	Sedgwick
Sterling	and	Merino
Sterling	and	Illiff
Bristol	and	Holly
Canon City	and	Florence
Hartman	and	Holly
La Junta	and	Rocky Ford
Lamar	and	Wiley
Ordway	and	Sugar City
Monte Vista	and	Center
Monte Vista	and	Del Norte
Durango	and	Bayfield

In the following cases there is not sufficient traffic at present to warrant the quoting of "A-B" rates, and they will be discontinued:

# BETWEEN

Denver	and	Parker
Arvada	and	Littleton
Arvada	and	Aurora
Arvada	and	Englewood
Arvada	and	Hazeltine
Aurora	and	Sullivan
Broomfield	and	Hazeltine
Englewood	and	Morrison
Englewood	and	Sullivan
Evergreen	and	Morrison
Golden	and	Lakewood
Central City	and	Georgetown
Ft. Lupton	and	Frederick

# BETWEEN

Lafayette	and	Erie
De Beque	and	Collbran
Delta	and	Cedaredge
Fruita	and	Clifton
Fruita	and	Whitewater
Glenwood	and	Carbondale
Glenwood	and	New Castle
Mesa	and	Collbran
Palisade	and	Whitewater
Whitewater	and	Clifton
Eaton	and	Evans
Fowler	and	Manzanola
Hartman	and	Bristol
Rocky Ford	and	Cheraw
Arvada	and	Broomfield
Arvada	and	Golden
Aurora	and	Englewood
Aurora	and	Hazeltine
Englewood	and	Lakewood
Golden	and	Morrison
Lakewood	and	Littleton
Lakewood	and	Morrison
Littleton	and	Morrison
Littleton	and	Sullivan
Littleton	and	Louviers
Brighton	and	Hazeltine
Ft. Lupton	and	Hudson
Berthoud	and	Loveland
Berthoud	and	Johnstown
Ft. Collins	and	Wellington
Johnstown	and	Loveland
Louisville	and	Erie
Carbondale	and	Basalt
Delta	and	Olathe
Grand Junction	and	Whitewater
Mesa	and	De Beque
Ouray	and	Ridgway
Rocky Ford	and	Manzanola
Denver	and	Salem
Aurora	and	Salem
Brighton	and	Platteville
Berthoud	and	Fort Collins
Delta	and	Paonia
Fruita	and	Palisade
Glenwood	and	Basalt
New Castle	and	Basalt
New Castle	and	Carbondale
Rifle	and	Grand Valley
Alamosa	and	Antonito
Center	and	Del Norte
Center	and	Saguache
Romeo (La Jara)	and	Antonito

A reasonable increase in toll rates does not restrict development because of the fact that exchange service rates are not thereby affected. Where toll rates are increased some subscribers



may be obliged to economize in their use of the toll system, but no subscriber is obliged to give up exchange service by reason of the increase in toll rates. Many subscribers make little or no use of the toll system, and the Telephone Company in its testimony stated that only about forty per cent of the subscribers make use of the toll system, in any one month, and that of those who do make use of it a very large majority use ten messages per month or less. The bulk of the toll business is between exchanges which are short distances apart, and, inasmuch as the Commission's schedule provides for decreases in rates for many short distances, and no changes in present rates for many others, the net effect to a considerable number of toll users will be a decrease or no change in their toll bills.

#### Service Connection and Moving Charges.

The Telephone Company in its testimony referred at some length to the faulty practice at the present time with regard to making charges for termination of contracts. It has been apparent to the Commission that there are certain costs directly associated with the installation of telephones and the establishment of service. These costs must be met by some method through the rate system, and as they amount to considerable sums the subject requires serious consideration.

There are two extreme methods of assessing these costs. One method is to assess against each subscriber the costs involved in the installation of his station and the establishment of service for him. Under this method the entire cost would be charged against each individual subscriber, and in consequence the rates charged each month would cover only the remaining expense incurred on account of the rendering of service. The other method would be to charge all of the costs involved in rendering service as a part of the scheduled monthly rates. This means that the monthly rates charged would include not only an amount sufficient for the current rendering of service, but

also an additional sum sufficient to cover the cost of all installations indiscriminately. This would require a general level of prices for monthly service considerably higher than would obtain under the first plan, and, carried to extremes, would impose upon the long-term subscribers a considerable amount of the expense incurred as the result of serving short-term subscribers, and might raise the general level of prices to a point where the effect on development might be injurious.

The Telephone Company's present practice is to make no charge other than for actual service rendered, provided the subscriber continues his service a period of one year or longer. Where the contract is terminated in less than one year a charge of \$2.50 is made in the form of a termination charge, added to the charges for the actual period during which service has been rendered. In addition, if the contract is cancelled within a period of three months, the minimum period of service charged for is the full three months. Viewed from the Telephone Company's standpoint, the amount is insufficient because the actual cost of installation of service is claimed to be from one to five times the amount of the termination charge. Present practice would therefore seem to be unsatisfactory to the subscribers generally and to the Telephone Company, and some change should be made. There is a further source of dissatisfaction with this practice which the Telephone Company has pointed out, which is that termination charges where applied are necessarily billed after the service has been discontinued. So long as a subscriber desires service it is likely that he will pay for it with reasonable promptness, and if he does not the Telephone Company is in a position to oblige him to do so by temporarily suspending his service, and this is common practice throughout the country. However, no such action is possible after the subscriber has terminated his contract and ceased to be a subscriber, but the amounts involved are too small to warrant the company taking legal action against such subscriber. The Telephone Company pointed out in its testimony that

sixty per cent of the subscribers against whom termination charges are assessed fail to pay them. This means a considerable loss of revenue to the company in the aggregate, even though the individual amounts are small, and results in a discrimination against the remaining forty per cent of the subscribers who pay their termination charges. Two extreme methods of collection for service connections have been pointed out, but the Commission is of the opinion that neither method can be successfully employed. The Telephone Company proposed a method in the nature of a compromise between the two described, which is as follows:

- (1) The taking of annual contracts for base rate service to be discontinued, excepting branch exchange, rural and miscellaneous service.
- (2) Contracts for base rate service, excepting the classes mentioned above, to be for a minimum period of one month.
- (3) In all cases where service is established for any subscriber at any location, whether for a new subscriber or for one moving from one location to another in the same exchange, a service connection charge of \$3.50 be made before the establishment of service.
- (4) Service connection charge of \$3.50 not to be made in cases where there was already a telephone in place at the premises where service connection was desired, except that where the subscriber desired a change in the location of the instrument in the building, an inside moving charge of \$1.00 be made.
- (5) The practice of assessing termination charges to be discontinued except as to branch exchange, rural and miscellaneous service.
- (6) Moving of telephone instruments from one location to another within the same building to be charged for at the rate of \$1.00 per move. It may be stated in connection with this suggestion that the present practice is to make no charges for inside moves in Denver, but that a fifty cent charge is effective in the exchanges in the state, outside of Denver, except in a very few of the larger ones where the rate is \$1.00.

On this subject the company's testimony, page 6065, is as follows:

"It would unquestionably be sound and strictly equitable to make service-connection charges against all applicants for service, whether receiving service at a location at which a telephone is already installed or not. The general opposition of the public, however, to the payment of such charges in those

cases where service is established at premises where telephones are already in place, is such as to make it desirable not to impose a service-connection charge in those cases where telephones are already in place. This opposition on the part of subscribers, under such conditions, to the payment of a service-connection charge, is not sufficient reason and justification directly for the Company not to propose making such a charge for such cases. The reason that the Company does not propose making it is that, due to this opposition, the costs involved and disputes with subscribers, and in other ways on account of the opposition, are likely to exceed the amount of the charge which ought to be made. It is for this reason that the Company proposes to make a service-connection charge only in those cases where telephones are not in place on the premises at which the applicant is located."

The Commission finds that the plan proposed by the company is fair to all patrons and orders that service connection charge practice be established pursuant thereto.

#### Miscellaneous Charges.

Under miscellaneous charges have been considered branch exchange service outside of Denver and various minor services, such as extension bells, extra listings, etc. All of these services are minor in character and not productive of any considerable amount of revenue, and no change has been made therein.

#### Branch Exchange Rates Outside of Denver.

While some readjustments in branch exchange rates outside of Denver have been suggested, the object was a readjustment in the use of facilities rather than an increase in revenue. There are at present two types of branch exchange systems in use outside of Denver. One is known as the No. 2 intercommunicating system and the other is the No. 1 cord switchboard system. The new schedules which the Commission will order will introduce a new type of branch switchboard known as the cordless switchboard system. The rates for this cordless system will be lower than those for the No. 2 intercommunicating system, so that it will be to the financial advantage of the subscriber to this class

of service to take the cordless system. While the Telephone Company evinced some disinclination to continue furnishing the No. 2 systems, it was willing to do so for the benefit of the occasional subscriber who might desire it. The Commission believes this should be done and will order that rates for No. 2 systems be quoted.

The present rates for these systems will be increased so that they will be somewhat higher than the rates for the cordless system, which is more desirable. There are a few No. 1 cord switchboard systems at present in use in exchanges outside of Denver. The rates for switchboards on these systems are \$60.00 per annum, except in some of the larger cities and in the mining town exchanges, where the present rate is \$84.00 per annum. The list of such exchanges is as follows

Colorado Springs-Manitou	Pueblo
Trinidad	Boulder
Creede	Central City
Georgetown	Idaho Springs
Cripple-Creek-Victor	Breckenridge
Dillon	Red Cliff
Salida	Leadville
Durango	Silverton
Aspen	Crested Butte
Lake City	Ouray
Telluride.	

The present schedule appears to be a satisfactory arrangement and it is ordered continued.

The present system for No. 1 cord switchboard is to charge the individual line business rates, plus \$12.00 per annum, and this the Commission orders continued.

No change is ordered in the rates for branch exchange stations in connection with this type of system.

The No. 1 cordless system has been offered in exchanges outside of Denver heretofore, but at rates which were the same as those for the No. 1 cord system, and, inasmuch as the rates for the No. 2 intercommunicating were considerably less, no No. 1 cordless systems are at present in use. The rates for No. 1 cordless systems will be reduced in order to make this type more attractive than the No. 2. The new rates will be as follows:

Switchboard, including operators' telephone \$42.00 per annum; trunk lines, individual line business rate of the exchange plus \$12.00 per annum; stations, \$12.00 each per annum.

#### No. 2 Intercommunicating Systems.

In accordance with the policy of confining the use of the No. 2 system to those who have a particular desire for it, and who are willing therefore to pay a price commensurate with the increased cost of operation and installation, the new rates for the No. 2 system will be increased. The rate for stations on the No. 2 system shall be increased in all exchanges outside of Denver from \$15.00 per annum to \$21.00 per annum, and the rate for trunks shall be the individual line business rate of the exchange where the system is located plus \$12.00 per annum.

#### Miscellaneous services.

The only changes which will be made in rates for miscellaneous services are in the case of what is known as "joint user service." There are approximately 600 contracts of this kind in the state and the rates in some cases are not changed. This class of service is offered where two or more persons, who would ordinarily be subscribers for telephone service, desire joint use of one service. While some increases are involved, the maximum increases over present rates amount to only fifty cents per month, and a considerable saving is still effected in comparison with the cost of two or more separate main station services.

The following table shows the rates which shall be in effect for joint user service in the various exchanges:-

Denver, flat rate service,	\$30.00 per annum
Denver, other classes,	18.00 per annum
Colorado Springs, flat rate service,	18.00 per annum
Colorado Springs, coin box service,	18.00 per annum
Pueblo, all classes,	18.00 per annum
Other exchanges, all classes	18.00 per annum

Obsolete, Concession and Special Rates.

The evidence showed that there are in Colorado approximately 3,000 subscribers receiving service at rates which were once effective, but are no longer quoted. These subscribers are now receiving service under obsolete rates in accordance with contracts which were in effect prior to the adoption of the present authorized schedules. In most cases the obsolete rates are lower than those at present effective. Prior to public utility regulation it was a custom among utilities, when increases in rates were made, to permit patrons with the older and more favorable contracts then in effect to continue the same as long as they retained service, and to avoid opposition on the part of their subscribers to increases in rates. As applied to the present situation this method of discrimination simply means that the subscribers at obsolete rates are enjoying service at a more favorable price than those who are obliged to subscribe at authorized rates, and under the present statute it is a discrimination to accord more favorable treatment to one subscriber than to another by reason of a prior contractual relation.

A list of the obsolete rates was given by the Commission's expert on page 6346 of the record, and since these rates constitute discriminations, the Commission hereby orders the Telephone Company to eliminate such rates.

There are also a number of subscribers who are securing exchange or toll service at rates less than those authorized. This class differs from the obsolete class in that in this case the rates for which the service is actually sold have never been part of an authorized schedule. In some cases service is furnished free, and in other cases at discounts. The Telephone Company is ordered to cease furnishing service at obsolete, discounted and discriminatory rates, and any other such unlawful free service.

### General Tariff.

A general tariff contains the rules, regulations and practices to be observed in the relations between the Telephone Company and the public in contracting for the giving and terminating of service and the collection of payments therefor. The telephone expert of the Commission made a very exhaustive examination of all the rules, regulations, practices and contracts which the Telephone Company now has, or which it has had in effect in recent years. From the documents and papers on file and an examination at the various exchanges throughout the state, he ascertained the rules, regulations and practices of the company in these respects. He has testified at length the result of his findings and offered a general tariff (Rec.p.5292). This brought to the attention of the Commission inconsistencies or improper practices which exist, and recommended the method and manner of rectifying the same. The expert made it clear that many of the miscellaneous rates and rate regulations of this company have never been officially sanctioned by the Telephone Company or the Commission, and that there are many irregularities which should be corrected.

The Commission will not discuss the object or purpose of each of these rules and regulations, or practices, nor give reasons for an approval or disapproval of existing rules, regulations and practices of the Telephone Company and the ordering of changes therein. The Telephone Company has presented in evidence certain modifications to this general tariff as recommended by the Commission's expert. The general tariff as recommended by the Commission's expert was based upon the prevailing practices at the time he prepared the general tariff, and did not contain all the corrections which he recommended. He studied the changes suggested by the Telephone Company with the view of making them harmonious with the general tariff recommended by him.



The Commission has given careful consideration to this question and in many respects the practices of the Telephone Company have been changed and standardized, with the result that discriminations have been eliminated. The proposed amended general tariff therefore is approved.

IT IS THEREFORE ORDERED, That the general tariff prepared by the Commission's expert, as modified and amended, and with the service connection charge and moving charge practice changed to conform to the Commission's ruling in this order, be now approved, and become effective for all exchanges in the state of Colorado on the 14th day of June, 1918.

IT IS FURTHER ORDERED, That the tariff as thus approved be printed, and within twenty days from the date hereof filed with the Commission, and that copies of it be filed in the various exchanges and offices of The Mountain States Telephone & Telegraph Company throughout the state as required by Sec. 15 of the Public Utilities Act.

IT IS FURTHER ORDERED, That the schedule of toll rates approved in this opinion shall become effective on the 14th day of June, 1918, and that the classifications, charges for services in the various exchanges, and the charges for all classes of service in the different exchanges, as ordered in this opinion, and all other orders herein made as to rates or affecting rates shall be and become effective on the 14th day of June, 1918, and within twenty days from the date hereof there shall be filed with this Commission by The Mountain States Telephone & Telegraph Company a complete printed toll rate schedule and a printed schedule showing the classification of exchanges and of services and the rates for all classes of service rendered in the state of Colorado.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. McLean  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 14th day of June, 1918.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Case No. 22.

Decided June 14, 1918.

## ORDER ON COMPLAINTS.

Prior to the hearing upon complaints the public was informed that complaints would be heard, and certain days were set apart for that purpose. Notices were sent to the commercial bodies in the various cities and towns of the state, and notice of such hearings was

given in the press. The hearings began on February 16, 1917, and at that time some of the complainants appeared in person and presented evidence, and certain complaints were submitted in writing. The total number of complaints, including those on file at the time this proceeding was instituted, down to the time the hearings were completed, was thirty-seven. As to all of them the Telephone Company and the telephone expert of this Commission made a complete and thorough investigation, going upon the ground in many instances and examining into the facts. The Telephone Company presented evidence also respecting these complaints, and the expert of the Commission and representative of the company have presented their views on each of the complaints. To give in detail many of the reasons which controlled the decision of the Commission in these cases would extend this order to unnecessary length. Sufficient will be said to make clear the grounds of the decision.

As heretofore stated the Commission has ordered the adoption of certain rules, regulations and practices, including rules to be followed relative to service connection, moving and other similar charges, and has approved all rate schedules and fixed the rates which shall be charged in the exchanges. In doing so most of these complaints have been disposed of, but it will be necessary to refer to each of them specifically. The comparatively small number of complaints presented seems to justify the Commission's statement previously expressed that the service of the Telephone Company has been adequate.

Complaint of George A. Krause,  
President of the Antlers' Hotel,  
Colorado Springs.

This complaint is that the charges for branch exchange service in the Antlers' hotel, in Colorado Springs, are too high, and that the expenses of the system installed in the hotel should be borne by the Telephone Company because it is little if anything more than a public telephone system.

The report of the Commission's telephone expert and the evidence of Mr. Krause, taken before the Commission, was that the telephone system installed in the Antlers' hotel is similar to the telephone systems installed in hotels throughout this and other states and in large business enterprises. There is installed in the Antlers' hotel a branch exchange connecting the various rooms and apartments of the hotel for hotel inter-communication and for communication with the Colorado Springs exchange and the long distance lines of the Telephone Company. Under this system the hotel company took over the operation of the system in the hotel and acted for the Telephone Company in collecting and distributing incoming and outgoing message charges. It was paid a commission of fifty per cent on local messages based on a ten cent message charge, and ten per cent on toll messages. This payment has been and is the usual payment made for such services at such hotels charging ten cents for local messages, except that at the Antlers' hotel and in other hotels in Colorado Springs there was allowed a free local telephone for the hotel's use in addition to the commissions paid. In the Antlers' hotel contract the hotel was permitted to charge, if it desired, ten cents per local message and to keep fifty per cent as a commission, but should it elect to charge five cents per local message it should pay the Telephone Company three and three-fourths cents for each local message. Ordinarily, throughout the state, the charge is five cents per local message with a commission of twenty-five per cent to agents and no free telephones are furnished. As stated the system provides an intercommunicating system between the guest rooms and from the various guest rooms to the different departments of the hotel. In this respect it is independent of the general telephone system of the Telephone Company; it likewise serves the guests of the hotel in both outgoing and incoming messages, thereby enabling the guests to talk from their rooms without going to the public telephone in the lobby, and the employees of the hotel can transact their business without leaving their desks. It adds to ef-

iciency in the conduct of the hotel company's business, results in a saving of labor, reduces the number of bell-boys and other employees required.

The commissions paid the Antlers' hotel are substantially the same as are paid the other hotels in Colorado Springs. The method of computation varied in the different months, but the gross result was the same. No free service of the nature disclosed by the evidence should be permitted in the Antlers' hotel or other hotels of Colorado Springs. The Commission finds that the system in existence at the Antlers hotel is generally used in large hotels and has considerable value to the hotel and its management, enabling it to give efficient service to its guests. The schedule of rates now being charged for this class of service is reasonable and will be continued. The complaint is therefore dismissed.

Complaints of

Mrs. L.A.Fox, 3809 Sheridan Blvd.,  
Jefferson County.

Charles E. Friend, appearing on behalf  
of citizens of Wheatridge.

M.J.Spaulding, 3917 Sheridan Blvd.,  
Jefferson County.

Written complaint of several  
subscribers in Edgewater.

These complaints involve more or less directly the question of furnishing exchange telephone service to persons located outside of an exchange area, or, in other words, it involves the Telephone Company's practice of establishing boundaries of exchange areas for the purpose of equitably and economically furnishing telephone service. The center of Sheridan boulevard marks the limits of the city of Denver. It also is the boundary between the Denver exchange and the country westerly. The complaints in substance are as follows:

Mrs. L. A. Fox, residing on the west side of Sheridan boulevard, in Jefferson County, desired service at Denver rates. The Telephone Company offered her the choice of Arvada service at Arvada rates, or Denver service at foreign exchange rates.

Mr. Chas. E. Friend complained that persons west of Sheridan boulevard are obliged to take Arvada service and pay a toll charge for conversations with Denver, and that this arrangement is unjust to the subscribers west of Sheridan boulevard, and that they should be allowed to subscribe for Denver service at Denver rates. The Telephone Company contended that this statement of Mr. Friend is not correct for the reason that subscribers west of Sheridan boulevard have the option of taking either the Arvada local service, the Arvada district service, which permits of conversations with Denver, or taking Denver service at foreign exchange rates.

Mr. West made the same contentions as Mr. Friend, and, in addition thereto, claimed that he was charged \$2.50 for the same service that is rendered to a Mr. Davis and Mr. Holly at \$2.10 and \$2.15, respectively. The evidence disclosed that no such subscriber as Mr. Davis appeared in the Telephone Company's records; that Mr. West pays \$2.50 per month for a two-party line, residence, Arvada service, that Mr. Holly pays \$2.15 per month, and that this is due to the fact that Mr. West is located three-quarters of a mile beyond the boundary of the Arvada base rate area, and consequently pays \$1.50, the monthly charge, plus \$1.00 per month for the three-quarters of a mile excess exchange line mileage at \$16.00 per mile per annum, while Mr. Holly is located one-quarter of a mile nearer the boundary of the Arvada base rate area, and consequently pays \$1.50 per month for a two-party line residence service plus 65 cents for the one-half mile excess exchange line mileage at \$16.00 per mile per annum, which is the approved schedule rate for excess exchange line mileage.

Mr. R. T. Davis, Jr., contended that the business relations of persons located in the section west of Sheridan boulevard warrant

the serving of this section from the Denver exchange at Denver rates. Mr. M. J. Spaulding contends that the Telephone Company charges persons located on the east side of Sheridan boulevard \$2.00 per month for one-party line Denver residence service, with an allowance of sixty calls per month, while persons located on the west side of Sheridan boulevard are charged \$4.00 per month for the same service, and the difference in distance from the central office does not warrant the difference in rates.

It appears from the evidence that the \$2.00 rate is the established rate for individual line measured residence service within the Denver city limits, and that the \$4.00 rate cited is the established foreign exchange rate for Denver individual line, measured, residence service within one-half a mile outside of the Denver city limits. These charges are in accordance with the established method of extending the exchange service of one exchange into the prescribed area of another exchange on the foreign exchange mileage basis.

The subscribers at Edgewater complain of the location of the boundary line between the Denver and Lakewood exchange areas, and stated that this boundary line should not exclude from the Denver area subscribers located within the incorporated town of Edgewater, which is now served from the Lakewood exchange, because, by being so excluded from the Denver area, and served from the Lakewood exchange, the subscribers in Edgewater are required to pay a toll charge to talk to Denver subscribers, and vice versa. Similar questions to those involved in the Fox and other complaints above mentioned are herein involved. All of these complaints are directed to the proposition of controlling the boundaries of exchange areas which the Telephone Company may establish for the giving of service. Telephone exchanges and the boundaries thereof are established in the first instance by the Telephone Company. The office buildings are located therein to best serve construction and operating purposes. This results from the experience and study of the Telephone Company's officials and engineers.

It is a question of business management and it is necessary that a telephone line shall not extend too far from the central office if the best class of service is to be furnished with economical operation. These questions are of such importance in the management of the Telephone Company that courts and commissions do not interfere with the determination of telephone companies in this respect, unless there is an abuse or unjust and discriminatory action. In making rates for any particular exchange or exchange area consideration is given to the distance of the telephones from the central office and rates are fixed upon the basis of what is best for the large majority of subscribers, rather than to fit unusual cases. In other words, rates are established in the manner to satisfy the needs of individual patrons, even though such needs are unusual, but it is done without permitting or encouraging the general elimination of boundaries which are required as a matter of general necessity. In applying exchange rates to any area there must be a definition of the boundaries within which the rate will be offered. It is clear from the evidence that these boundaries must be established in accordance with experience, and that the boundaries in this particular case could not readily be extended westward, and that even if extended westward and the limits fixed, people residing westerly of that boundary line would desire to have service at the same rates as those within the boundary. If the base rate area is too extended, it adds to the cost of service, and it would be inequitable to include such areas in the Denver exchange and establish a schedule of rates high enough to meet the costs involved. Denver subscribers generally would be compelled to pay a higher rate for the benefit of the few subscribers located in such locality. It is proper, therefore, to give the Denver subscribers as low a rate as can be done consistent with good service, and to give the person occupying the unusual position an opportunity to have exchange service in his own area, and also to give him the option of having exchange service with Denver at reasonable rates, by paying the cost thereof, which is done by means of the foreign exchange basis.



As was held in the case of Scribner v. Bell Telephone Co. of Pennsylvania, P.U.R. 1917 E. 525, by the Pennsylvania Commission, the most effective way of conducting telephone business is to divide the territory into local exchanges or zones, which divisions should be made by the judgment and experience of the telephone company, and only when the same was unreasonable should the Commission attempt to modify such divisions. It was further held that in making such zones it is unavoidable that neighbors just beyond the boundary line shall suffer an inconvenience, which, however, does not justify a different division of the territory. The Commission stated in that case:

"We recognized in the Bonner case that the most effective way of conducting the telephone business was to divide the territory into local exchanges or zones. How and where these divisions should be made must be left primarily to the judgment and experience of the telephone company, and only when any division which it makes affects disadvantageously and unreasonably the service to the public should we attempt to modify or correct it. \* \* \*

"If the contention of the complainant should be sustained, and that portion of the Melrose territory referred to by her should, for the reason which she advances, be connected with the Oak Lane zone, the residents in the territory adjoining the Melrose area would have as much reason to ask the Commission at some future time to connect that territory with the Melrose and Oak Lane zones, so that against the judgment of the telephone company additional territory would be continually added to its Philadelphia exchange. In any division of territory the inconvenience suffered by the complainant would be borne by some subscribers in different exchanges."

It is an equitable and fair method of distributing the cost of telephone service to cause a person, whose situation is such as to give rise to unusual conditions, to pay the additional cost of rendering him service. The rates covering this locality are included in the Arvada schedule and in the Denver schedule, it being optional with the people living in this territory whether they shall take Arvada local rates, Arvada district service rates, or Denver foreign exchange rates. The evidence shows that there are a few subscribers in this locality who are being served at obsolete rates as the result of some litigation prior to the creation of the Public Utilities Commission, and perhaps others. The Commission finds that such service is discriminatory and the same is ordered discontinued. The Telephone Com-

pany shall offer such persons such service as they may elect to take under the options above stated, at the rates contained in the schedules filed with this Commission. The complaints are therefore dismissed.

Complaint of D. A. Strong,  
Mead.

The Telephone Company stated some time prior to the oral hearing upon complaints that it would eliminate district service between Longmont, Lyons and Mead. At the suggestion of the Commission the Telephone Company deferred action and permitted district service between Longmont and Mead to continue. Mr. Strong appeared before the Commission and urged that such practice be continued. Action on this complaint will be deferred until the Commission is in a position to take up and dispose of the district service question generally. No change will therefore be made in the present service.

Complaints of H. W. Allen, LaJunta,  
The Kintner-Potter Mercantile Co., and  
Hanagan Brothers, of Swink.

H. W. Allen's complaint involves a controversy between the city of La Junta and the Telephone Company over a franchise, the payment by the Telephone Company for the right to the use of the streets, and the payment by the city to the company for service, and raised the question of the boundary line between the exchanges of La Junta and Rocky Ford in relation to the business at Swink and vicinity. At the hearing the Commission held that it would not go into the matter of the granting of franchises by the city of La Junta, or the payment by the Telephone Company to the city of a certain percentage of its receipts for the right to use the streets, except that if payments were made by the company they would be considered in fixing rates; that as

to free service being rendered to the city of La Junta by the Telephone Company such practice was discriminatory, contrary to law, and would not be allowed. The Commission adheres to these rulings in this decision.

The complaints of the Kintner-Potter Mercantile Company and Hanagan Brothers are identical. They contended that in order to secure an adequate telephone service in the community of Swink, the people are required to subscribe for telephone service with both the La Junta and Rocky Ford exchanges. It appears from the evidence that no exchange is now located at Swink and that the subscribers at Swink have the option of being connected with the La Junta or Rocky Ford exchange. Formerly the Telephone Company installed an exchange at Swink, a small town located about midway between La Junta and Rocky Ford, between five and six miles from each of those places, but sufficient business could not be secured to permit the continuance of the operation of the exchange. If an exchange were re-established at Swink it would be necessary to make toll charges to both La Junta and Rocky Ford, whereas now the patrons at Swink have the choice of being connected with the La Junta or Rocky Ford exchange as their business may prompt them to choose, and simply pay a toll to the other exchange. The two-number toll rate is now in effect between La Junta and Rocky Ford and applies to all subscribers in Swink or vicinity who do not have telephones in both exchanges, and is ten cents for the first five minutes and five cents for each additional three minutes or fraction thereof. At the time of the hearing there were twenty-four stations in Swink having local service with Rocky Ford, and sixteen having local service with La Junta. The re-establishment of an exchange at Swink would result in the subscribers in and about Swink paying more for their service with the three communities than they do at present, by reason of the fact that the toll charge would be established between the three exchanges, whereas now it exists between the two exchanges - Rocky Ford and La Junta. There is a boundary line established between La Junta

and Rocky Ford, except as to the town of Swink, but Swink is the one place where subscribers have their choice as to which exchange shall serve them. This situation is exceptional because nowhere else is it necessary to have the boundary line between two exchanges pass through a town, as it does at Swink. Boundaries must be established within which quoted rates shall apply, and the making of the optional zone to the subscribers in Swink results substantially in a waiving of the foreign exchange mileage charge, which would operate if a definite boundary were set up at Swink.

The Kintner-Potter Company and Hanagan Brothers desire an area of local service much larger than could be offered generally at the local service rates. They could afford to pay more for the enlarged area, but the large majority of subscribers having no use for such a service area would be compelled to pay more than would be required to give them service over the lesser area sufficient for their needs. This is a case where two subscribers have unusual needs and the rate system is so set up that these unusual needs may be met, but the subscriber for whom they are met pays a part of the extra cost involved, while the majority of the subscribers are paying an amount commensurate with their requirements. It would be unfair to place the La Junta exchange rates on a district service basis, and thereby raise the rates of eighty-three per cent of the La Junta subscribers in order to enable seventeen per cent of the La Junta subscribers to talk to an adjacent point. The same is true as to Rocky Ford, except that the percentages would be different.

The proper plan is to leave it optional with the people of Swink, and along this boundary line between the exchanges of La Junta and Rocky Ford, as to whether they desire connection with the Rocky Ford or La Junta exchange, or with both. It is necessary to view the situation from the standpoint of the entire district, and not simply that of the subscribers at Swink, and along the boundary line. The Commission's telephone expert recommended that all subscribers within

a quarter of a mile on each side of the boundary line between the two exchange areas of Rocky Ford and La Junta have the option of being connected with either the La Junta or Rocky Ford exchange, thereby making an optional zone along this boundary line one-half a mile wide, and to so fix the rates that no injustice to other subscribers would arise or result in the subscribers of the Telephone Company as a whole being burdened in the interests of the subscribers within this optional zone. The Commission adopts this recommendation and it is ordered that the Telephone Company establish a zone one-half mile wide, being one-quarter of a mile wide on each side of the boundary line between the La Junta and Rocky Ford exchanges, within which any subscriber shall have his choice of taking local service either with the La Junta or Rocky Ford exchanges at the regular quoted rates.

Complaint of

Gus J. Johnson of Grand Junction, representing  
the Farmers Union of his neighborhood.

E. R. Bliss, of Greeley.

J.M. Collins, of Eaton, representing the Weld  
County Farmers Union.

D.C. Armitage, on behalf of the citizens of  
Fort Collins.

Olathe Grange No. 243 of Olathe.

A. De Armon, of Montrose.

These complaints have to do with rural service and are along the lines, generally, that the rates are too high or that there are too many subscribers on the rural lines, or that the lines are congested by reason of subscribers holding the line too long.

Mr. Johnson complained that the parties whom he represents are paying \$10.00 per month on a ten-party line. An investigation shows that there are six parties in all, including Mr. Johnson, on his line, and that each paid \$2.00 per month, which was the schedule rate in

force at that time, and which was not excessive. Upon this general question the Commission has in this proceeding fully discussed rural rate service in its order respecting rates, and has ordered filed and has approved a schedule of rates for rural service.

An examination of the schedules so approved will show that the schedules answer the complaints made upon the question of rates for rural service. Rural lines are operated as a part of the general system and could not generally be operated separately at a profit. As appears in the evidence the rural lines are operated more for the purpose of making the exchange service valuable than they are for the revenues derived directly from rural subscribers. With this principle in view the Commission has had prepared and approved a schedule which has reduced the rural rates in many parts of the state, and in some instances has increased them in order to make them non-discriminatory. The rates which these complainants will be called upon to pay under the new schedule are reasonable.

As to the character of the rural service, complaint is made of the delays in "getting central" and that, when connected, there are too many parties on the line. An investigation has shown that Mr. Johnson is one of six parties on his line; that as to Mr. Bliss there are six others on the line; that as to Mr. Collins there are eight others on the line. The only reason that numbers on the line cause delay in "getting central" is the length of conversations. That is a matter wholly within the control of the subscribers themselves and it is not possible for the Telephone Company to limit the length of conversations held over rural lines or any multi-party lines. It would be economically impossible to time the duration of conversations and to interrupt the patron in the midst of a conversation. As to toll messages this can be done, the charge therefor being much greater. To do so in the case of rural service would render the cost of rural service prohibitive and would soon result in a curtailment of it. It appears from the evidence that practically all of the complaints re-

specting service on rural lines are due to the excessive length of the conversations or to the desire of several subscribers to talk at certain times. The only way to overcome these difficulties is for the subscribers upon a multi-party or rural line to take the matter in hand themselves and curtail the length of their conversations as much as possible.

An examination of the records of telephone companies throughout the country by the Commission's telephone expert shows that from ten to fifteen subscribers can, as a rule, be served from a standard rural party line, and that in most cases that number of subscribers are connected with one line. To reduce the number of subscribers per rural line at the rural rates now charged, or to install four-party or two-party service in a rural community, means an investment so great as to practically make rural service prohibitive.

Mr. Armitage, on behalf of the city of Fort Collins, attributed the congestion on the multi-party rural lines to the subscribers and not to the company, but suggested that perhaps better service could be secured if a time limit were placed on conversations transmitted over lines of this character. This, as has been shown, would be impossible to do.

What has been said about rural service or rates therefor, and the practices in connection therewith, applies to the complaint of The Olathe Grange. This grange suggests that a physical connection be made between the Delta County Co-operative Telephone Company's plant and that of The Mountain States Telephone & Telegraph Company. These companies are in competition at various places in Delta County and under the circumstances a physical connection cannot be required. This subject will be fully discussed in connection with the application of The Bruch Co-operative Telephone Company for a physical connection.

Mr. De Armon's complaints are similar to those of The Olathe Grange and others above mentioned. In addition thereto he complains that wrong rings occur on his line and contends that the operator makes

frequent mistakes. This may be true, or it may be due to the raising of the hook by other subscribers on the multi-party or rural lines before the ring is finally completed, which would cause a wrong number of rings. All the Commission can do in such a matter is to direct the Telephone Company to instruct the different operators to use the greatest amount of care, and the Commission directs that the Telephone Company further comply with this order in this respect.

All of the above complaints are dismissed as having been satisfied by the general rate schedule filed and approved in this case.

Complaint of R. E. Mac Cracken  
of Denver.

Mr. MacCracken's complaints are three in number. First, that he was required to pay an installation charge on account of excessive cost of reaching his place in Estes Park, which charge he contends should be returned. Second, that there are too many subscribers on his line. This matter has already been discussed under preceding complaints. The evidence shows that Mr. MacCracken and five others are the parties on this line. Third, he complains that the Loveland-Estes Park line of poles crosses his property.

The evidence as developed at the hearing, and from an inspection and investigation by the Commission's telephone expert, and the evidence introduced by the Company, are as follows: that Mr. MacCracken's son, Mr. R. T. MacCracken, while residing temporarily in Estes Park, desired a telephone installed in the summer home of Mr. R.E. MacCracken, and made application to the Telephone Company therefor, and a telephone connected with the Estes Park exchange was installed as required. The cost of furnishing and setting the necessary poles was estimated by the subscriber at about \$30.00. The subscriber furnished and set the poles between the main line and his house, and the Telephone Company in return furnished service at its regular rate, maintained the line in proper condition for satisfactory service, and



when the line must be replaced, the Telephone Company will be obliged to replace it. The Telephone Company at its own expense furnished and strung the wire necessary to make the connection, and furnished the telephone instrument, as is usually done. It appears that the regular rule of the Telephone Company as to construction for rural subscribers is to make an expenditure up to \$35.00, and for the subscriber to pay the balance. Unusual conditions exist at Estes Park, which is a seasonal resort, and it has been the Telephone Company's practice to furnish and install a telephone wire, insulators, etc., and to require the subscriber to furnish and set any poles required to connect the subscriber with the company's main line. It is a community where the distance between subscribers is great and where an unusual amount of investment is involved. A majority of the subscribers are not permanent, being summer residents. The revenues derived from most of them is for practically one-quarter of a year. There is a slight difference in the expense of operation between the summer and winter seasons and considerable losses occur through the maintenance of this exchange during the winter months. Consequently a considerable part of the burden of maintaining the investment in, and the expense of the Estes Park exchange must be paid by the general body of subscribers, and it appears to be fair to require that the subscribers at Estes Park, who are not located on existing lines, and whose conditions are unusual, assume a portion of the expense, such as furnishing and setting poles.

While the utility is required to fulfill its obligations to the public, it is not incumbent upon the utility to construct isolated lines for the service of one patron where the cost of construction is great and the revenue is small. To do so would mean that the regular patrons must pay for the construction of the line to render service which it is not the duty of the utility to render. It will be noted that under this plan Mr. MacCracken, on account of his unusual situa-

tion, and in order to obtain this service, assumed a portion of the initial investment. The maintenance, operating and replacement are all taken care of by the company. The regular rate was charged for service and the subscriber was called upon to pay in part for the service under the unusual conditions. The subscriber contended that he had paid for his telephone service the year round. He could, if he desired, under the Telephone Company's rule, cancel his contract after three months by the payment of cancellation charge of \$2.50. The subscriber is charged \$2.00 per month for telephone service; he complained that other persons in Estes Park were receiving two-party service as low as \$1.50 per month. An investigation by the Commission's telephone expert shows this to be a mistake. It was found that the two-party rate in Estes Park in the base rate area is \$1.75 per month for residence service, and outside of the base rate area it is \$1.75 per month plus 25¢ for each quarter mile or fraction thereof beyond the base rate area boundary; that under Mr. MacCracken's contract if he desires to discontinue service at any time he could do so by paying a charge of \$2.50, and the service would be re-instated the following summer, and in this way he could secure service at a figure considerably less than \$24.00, the rate which he would be required to pay for twelve months' service. The evidence also disclosed that the Telephone Company had a right of way agreement with Mr. MacCracken for its Loveland - Estes Park toll line, but this is a matter not within the Commission's jurisdiction. It appears that the complaint is not sustained, and it is hereby dismissed.

Complaint of Mrs. Peter G. Miller,  
3774 Sheridan Boulevard,  
Denver.

Mrs. Miller requested the Commission to require the Telephone Company to use the designation "hoisting engineer" in the directory after her husband's name, for the reason that his telephone number had

been changed after he had distributed a number of business cards with the former telephone number printed upon them.

Changes in telephone numbers at times are necessary. The printing of telephone numbers on business stationery, afterwards followed by changes in the number, interferes with the service by keeping the wrong telephone numbers in circulation, resulting in wrong calls and dissatisfaction to subscribers. The Telephone Company, in endeavoring to prevent such a condition, for service reasons as well as to advise the public, prints in its directory a rule as follows:

"Subscribers are cautioned against using the number of their stations in advertising matter as these numbers, from the necessities of the business, are liable to be changed from time to time. Party line numbers are liable to be changed at any time upon very short notice; but to avoid confusion such changes will be made as near as possible to the time of the distribution of a new telephone directory."

Investigation by the Commission's telephone expert showed that Mr. Miller since March 5, 1916, changed his service from six-party line residence coin service to a two-party line service, and then to an individual line residence service, and that the changes in the numbers of Mr. Miller's telephone were almost entirely due to the changes which he made in his class of service. The special designation which Mrs. Miller requests be placed after her husband's name in the directory is a business designation, and, as such, is included in the directory listings of business telephones only. Mr. Miller's telephone is a residence telephone and the Telephone Company could not, without discrimination, give him a business directory listing. The complaint will therefore be dismissed.

Complaint of R. A. Druley  
of The Western Collection Agency,  
Pueblo.

Mr. Druley complained that his telephone number had been changed after he had received a new supply of stationery bearing the number of the telephone which had been changed. He also complained

of the condition of the telephone instrument. The facts seem to be as follows: Mr. Druley had a two-party line and the other party gave up his telephone, leaving Mr. Druley the only subscriber on a two-party line. He was accordingly changed to another line and his line released for individual line purposes. Changes of this character are unavoidable, as subscribers are constantly discontinuing service or being transferred to some other line on account of the location or class of service, and only by continually re-distributing subscribers in this manner is it possible to maintain a proper distinction between subscribers for rate purposes. It is shown, from the evidence of the Commission's telephone expert, that the difficulties experienced in connection with the change of numbers are due to the fact that telephone subscribers are not aware that telephone numbers are a fixture of the telephone switch-board. The number assigned to a particular line, and which is borne by a telephone connected to that particular line, is the number of the switch-board jack or terminal where the line terminates on the switch-board. These jacks are permanently arranged on the switch-board, and numbered in series, and the location of a particular jack is fixed with respect to the location of the other jacks on the board. It is not these jacks that are changed about when subscribers' numbers are changed, but the subscribers' lines terminating at the jacks or at the cable terminals or other distributing points. If, for example, a subscriber's line terminating at jack No. 1234 is changed to jack No. 1342, the number of the line and the telephone number which appears after the subscriber's name in the directory must be changed. This shifting of subscriber's lines on a telephone switch-board and at cable terminals and distributing points is occasionally necessary to relieve over-loaded cables and lines, maintain party line service, provide service for subscribers moving from one location to another, and for a variety of similar reasons. On account of the foregoing the complaint is therefore dismissed.

Complaint of M. S. Grupp  
1642 Zenobia Street.  
Denver.

This complaint had been before the Commission previous to the present hearing, and on August 26, 1916, the secretary of the Commission advised Mr. F.H.Reid, assistant general manager of the Telephone Company, that Mr. Grupp had complained that the company refused to install a telephone in his residence except upon the payment of \$25.00 deposit. Mr. Reid replied on August 29, 1916, in substance, that Mr. Grupp had applied to the company for service on March 22, 1915; that to install a telephone at the residence, 1642 Zenobia St., would require construction costing about \$45.00 in addition to the cost of installing a telephone; that Mr. Grupp had been advised that the Telephone Company would install the telephone upon the payment of one year's rental in advance, \$24.00, if he subscribed for one-party service, or \$18.00 if he subscribed for two-party service. The company asked no installation charge due to the fact that the prospective telephone is not located within a rural area, but is within the limits of the city of Denver, and therefore simply asked Mr. Grupp for the advance payment. Under such conditions if the advance payment is made it will be credited upon his bill, and the company will not request further payments until he had service up to this amount.

The Commission finds that the Telephone Company was ready to observe this rule and to install the telephone upon payment of either \$24.00 or \$18.00 as above stated. Mr. Grupp not having further requested the installation of a telephone, the complaint is dismissed.

Complaint of Mr. Fred Ault  
Representing The Burgen Ditch & Reservoir Company.

Mr. Ault contended that the service furnished by the Telephone Company to users of the water of The Burgen Ditch & Reservoir Company is inadequate, and that the rates charged are excessive, due largely to the restricted local service area. The Burgen reservoir

is located three and one-half miles southeast of Morrison, about eight miles southwest of Littleton, and is in the Morrison exchange. Some of the farmers served by The Burgen Ditch with water from the reservoir are in the Littleton exchange. There is a toll rate of ten cents for two-number service between Morrison and Littleton, and farmers who live in Littleton are required to pay this charge for calls to the reservoir, which is located in the Morrison exchange area. It appears from the evidence of the Commission's telephone expert that this matter had been brought before the Commission in January, 1915, by Mr. Ault and nine other farmers under the Burgen ditch, because they, being residents in the Littleton exchange area and the head-gate of their ditch being located in the Morrison exchange, were compelled to pay a toll charge to talk to their head-gate man. The Telephone Company endeavored to meet this situation, and as there seemed to be a local or community need for a Littleton telephone at the reservoir, the reservoir was considered located in an optional territory, so that a telephone could be secured connected with the Littleton exchange or with the Morrison exchange as desired, the charge to be \$2.25 per month. This proposition was refused by The Burgen Ditch & Reservoir Company and its patrons for the reason that the Littleton rate would be \$2.25 as against \$2.00 for the Morrison service. Its acceptance would have resulted in an economical solution of the difficulty for the farmers, and would have given them service with the head-gate and vice versa, at a flat cost of \$2.25 per month without payment of toll charge. If they lived in the Morrison exchange they get service with the head-gate at \$2.00 per month.

The extension of service for the Littleton farmers into the Morrison exchange area amounts to a concession on the part of the Telephone Company which is somewhat discriminatory, but it is rather similar to the situation in the neighborhood of Swink and the discrimination is not so great as to warrant the Commission in disapproving such an arrangement should Mr. Ault and his associates desire to accept it.

As to Mr. Ault's complaint that the \$24.00 rate charged for rural service in the Morrison exchange area is too high, it appears that his complaint is not really one of charge but rather of extent of area, in that he thinks for this rate he should be provided with telephone service from the Burgen reservoir to the Littleton exchange and to Denver. The Morrison exchange area contains approximately seventy square miles, and it would be inadvisable to extend this area. The cost of such service with Denver would be wholly out of proportion to the payments and such a service could only be furnished at a considerable increase in rates over \$24.00 per annum.

The Commission therefore will dismiss the complaint, but holds that if Mr. Ault and his associates desire to have the optional zone established so that the Burgen reservoir may be connected with either the Littleton or Morrison exchange, service may be rendered through the Morrison exchange at \$2.25 per month.

Complaint of W. H. Elliott  
814 Summit Street,  
Pueblo.

Mr. Elliott complained that the Telephone Company charges him \$2.00 per month for telephone service in Pueblo while other subscribers having "private telephones" are charged only \$1.50 per month. The evidence disclosed that Mr. Elliott is connected with a four-party residence line, with two other subscribers, the fourth subscriber either having disconnected or not having been obtained in that locality. Each of those subscribers is paying \$2.00 per month. The scheduled rate filed with the Commission for a four-party line residence service in the Pueblo exchange is \$24.00 per annum, which is the charge being made Mr. Elliott. The use of the term "private telephones" by Mr. Elliott is confusing. If he means individual line residence service then the established rate is \$3.00 per month and not \$1.50 per month

as Mr. Elliott states. What Mr. Elliott probably had in mind was an obsolete rate of \$1.50 per month for which subscribers received six-party residence service. The evidence discloses that there are a number of patrons being rendered service under these obsolete rates. This is discriminatory and will not be permitted. The Commission has in this case ordered the company to abandon such obsolete rates and not to give service thereunder.

Written Complaint of Certain Citizens  
of Hooper and Vicinity.

These citizens, fifty-eight in number, desire that a telephone be installed in the depot of The Denver & Rio Grande Railroad Company at Hooper. The Mountain States Telephone & Telegraph Company does not operate in Hooper, and service is being rendered there by The Interurban Telephone Company, consequently no order can be made in this case on this subject and the complaint is dismissed.

Complaint of A. L. Matlack,  
of Grand Junction.

Mr. Matlack's complaint is based largely on hearsay. He had heard indirectly that the Telephone Company charged fifty cents per month extra for a desk telephone connected to a rural line, and in view of the fact that he desired a desk type of telephone rather than a wall telephone he wished to know if the fifty cents per month was the correct rate to pay. It appears that he is located on a service station line, the subscribers of which furnish the poles and wire and the Telephone Company furnishes the instruments. Mr. Matlack seems to be mis-informed as to the price, and the Commission on February 1, 1917, advised him that the charge for a desk telephone is twenty-five cents per month additional and not fifty cents per month as he had been advised.



The practice of charging twenty-five cents per month more for a desk set than a wall set was presented to the Commission by the Commission's telephone expert, and also by the Telephone Company, and the Commission approved of this difference in charge as being a reasonable and proper charge under the circumstances.

Complaint of 15 Denver Subscribers  
of The Telephone Company.

These fifteen subscribers would have the Telephone Company place on their toll bills the names of the "parties called". At the present time the Telephone Company's toll bills issued in Colorado indicate for each particular party toll message the name of the party calling, the name of the place called, the date, and the amount of the charge, and for two-number messages the number of calls at intervals during the month for each place called, and the total charge for such messages. Formerly the Telephone Company inserted on the bills the name of the particular parties called. Furnishing this information was not only an item of expense in the preparation of the subscribers' bills, but was seldom required by the subscriber in identifying toll messages, as the names of the places called are usually sufficient for this purpose. Consequently the practice was abandoned, and experience demonstrated that very few complaints were made because of the lack of the name of the party called being on the bills. All subscribers have access, upon request, to the Telephone Company's toll tickets, which show the name of the party called. If the subscriber desires to see his toll ticket he may do so, or the information may be given him over the telephone upon his request.

It appears to the Commission that such additional information on the bills is an unnecessary expense, and therefore it will not order the names inserted, and the complaint is dismissed.

Complaint of John S. Worthington  
of The John S. Worthington Company,  
Denver.

Mr. Worthington complained of the practice of the Telephone Company of charging in Denver twenty-five cents per month rental for a cam lever or cut-out key used frequently in connection with extension telephones while talking over the main telephone; he further complains of a charge for extension telephones for business and residence service, without bell attachments, of fifty-cents and twenty-five cents per month rental, respectively, and also claims that such equipment is inexpensive and costs nothing for its upkeep, and that the Telephone Company should accordingly bill the subscriber for the initial cost only of such equipment.

It appears from the evidence of the Commission's telephone expert that the cost of this sort of equipment is not the controlling factor in the charges for it, although this term "cost" would include not only the cash value of the equipment, that is, the cut-out key, but also the cost of installing, removing, maintaining, and accounting for it. The use of this key is to enable a subscriber to cut off an extension ordinarily connected with the main station, and the purpose is to prevent anyone at the extension from listening in on the conversation with the main station.

It appears further that an extension telephone is valued as a means of utilizing service, the physical equipment is an incidental or minor consideration in extension station rates, as the factor of cost is only one of several important factors entering into the making of rates for auxiliary equipment; consideration must be given to these other matters in making extension rates and fixing the charge for such extension equipment.

The Commission finds that the complaint of Mr. Worthington must therefore be dismissed.

Complaint of Charles L. Sauer,  
of The Idaho Springs Lumber Company.

Mr. Sauer complained that the present charges for telephone service in Gilpin and Clear Creek counties are higher as compared with the charges for service in effect prior to 1914, at which time free district telephone service between Georgetown, Idaho Springs and Central City was discontinued. The evidence shows that even under present rates the business in this locality is not remunerative and there are no immediate prospects of the localities growing or the telephone business increasing. The monthly rate of \$6.90 charged The Idaho Springs Lumber Company is made up of the regular monthly rate of \$5.00 for individual line business service, the regular monthly rate of fifty cents for the two extension bells, the regular monthly rate of \$1.00 for an extension telephone, and an obsolete monthly rate of forty cents for the one-quarter mile excess radius on the extension telephone. These are the regular scheduled rates except as to the excess radius, which is corrected in the schedules ordered by this Commission.

As to Mr. Sauer's complaint that the equipment at Idaho Springs and vicinity is in bad condition, the inspection by the Commission's telephone expert shows that the condition is good as there has recently been installed at Idaho Springs an entirely new, complete, central office equipment.

Complaint of Mr. George Fechter,  
of Colorado Springs.

Mr. Fechter complains that the Telephone Company had been charging subscribers, who had been temporarily disconnected on account of non-payment of their current accounts, for the time during which service was withheld. The Commission finds this complaint well taken. The rules, regulations and practices prepared on this subject, and the charges for re-connection of such telephones, which have received the approval of the Commission, and are now in effect, cover this case completely.

Complaint of H. A. Keeley  
Principal of the Trinidad High School.

Mr. Keeley objected to the rule of the Telephone Company which requires bills to be paid monthly in advance. This, of course, can only refer to charges for exchange service since other charges, such as tolls and, in measured service exchanges, for excess local messages, are made after the service has been rendered, for the reason that collection cannot be made until the charges are known. This practice of billing in advance for exchange service is generally approved throughout the country. The telephone companies are public agencies and they are charged with certain public duties which they must perform. Their obligations must be met from revenues derived from the public, and the rule requiring payment in advance for exchange service is a reasonable one, and enables the company to promptly collect its bills.

It was held in the case of Hare v. N. Y. Telephone Co., 164 N. Y. Supp. 732, as follows:

"To exact payment in advance is only a reasonable exercise of the power vested within the province of the company. Southwestern Telegraph & Telephone Co. v. Danaher, 238 U.S. 482, 35 Sup.Ct. 886, 59 L.Ed. 1419, L.R.A. 1916 A,1208. Mr. Justice Van Devanter, in delivering his opinion in this case, said:

"It also was strongly supported in reason, for not only are telephone rates fixed and regulated in the expectation that they will be paid, but the company's ability properly to serve the public largely depends upon their prompt payment. They usually are only a few dollars per month, and the expense incident to collecting them by legal process would be almost prohibitive. It uniformly is held that a regulation requiring payment in advance, or a fair deposit to secure payment, is reasonable, and this is recognized in the brief for the plaintiff, where it is said that, to protect themselves against loss, telephone companies "can demand payment in advance.""

The complaint is therefore dismissed.

Complaint of Benjamin Griffith,  
Grand Junction.

Mr. Griffith desired that the Telephone Company be compelled to allow a discount of five to ten per cent on its current accounts when paid in advance, and that the company be not permitted to collect in advance for its service unless a discount is made. It is true that utilities, such as gas, water and electric light companies, allow discounts for advance payments, but in such instances the discounted rates constitute the normal rates and what are ordinarily <sup>by the consumer as</sup> considered the normal rates are essentially penalty rates for deferred payment. The amount of the discount is in no sense a deduction from the average rate of service. The utility, in order to earn the required revenue, must have a fixed rate, regardless of whether it is called a normal rate or a discounted rate. Consequently, telephone companies throughout the country have been allowed to fix their normal rates to meet the required revenue and to require that they be paid in advance, where the amount is known in advance. The complaint is therefore dismissed.

Complaint of R. M. Wetzberger,  
of Brush.

This complaint relates to the methods of furnishing service, and the rates in Morgan county, Colorado. The Commission has treated this service in full under the complaint of Mr. J. P. Epperson in relation to The Brush Co-operative Telephone Company.

Complaint of R. E. Farley  
of Idaho Springs.

Mr. Farley complained of the condition of one of the Telephone Company's exchange rural lines in the locality known as Chicago Creek, near Idaho Springs, and that the Telephone Company refused to give him connection with the Idaho Springs exchange at what he calls a reasonable rate. The evidence disclosed that the line referred to

by Mr. Farley as being in bad condition is a branch from one of the multi-party rural lines served from the Idaho Springs exchange, running to a sawmill located near where Mr. Farley resides; that the telephone connected with this branch line was discontinued some two years previous to Mr. Farley's complaint, and there being no use for the line it has not been maintained. Mr. Farley desired to build a line from his residence to the end of the Telephone Company's branch line at the sawmill, the Telephone Company to repair and restore its branch line, and then to furnish Mr. Farley service over his line and the company's line from the sawmill to Idaho Springs, involving the use of the Telephone Company's line for a distance of twelve miles. Mr. Farley offered to pay \$1.50 per month for this service and to maintain his portion of the line and telephone.

The regular rate quoted for rural lines is \$2.50 per month. If Mr. Farley's proposition had been accepted it would give him telephone service at the sawmill, twelve miles from the central office, at a reduced or discriminatory rate of \$1.50 per month. The Telephone Company offered to furnish him service on a standard rural line basis at \$2.50 per month, or on a service station basis at fifty cents a month, with a minimum of five telephones on the line, which is in accordance with the rates and practices established by the Telephone Company and filed with the Commission, and any deviation from such a plan would be discriminatory and unlawful. The Commission's telephone expert recommended that this practice be not departed from, and the Commission holds that such practice be maintained. The complaint is therefore dismissed.

Complaint of Stephen A. Stafford,  
of Cardinal.

Mr. Stafford complained of the quality of the toll service furnished by the Telephone Company in upper Boulder county, and of the

rates which the company charged for toll service in that section, and, in addition thereto, says there was lack of necessary equipment, and that the character of the equipment installed was not good.

The evidence discloses that in the year 1916 there developed a tungsten "boom" at Nederland and other points in Boulder county, and there was immediately an unusual demand for telephone service. Prior to this, the switchboard at Nederland was a one-position board, requiring one operator, and was entirely sufficient for the demands upon it. Immediately after the "boom" began, toll traffic between Nederland and Boulder greatly increased, and for a while the toll service was slow. The evidence further shows that the Telephone Company undertook to meet the situation as promptly as possible; extra circuits to Boulder were installed; four switchboard sections were added to the one which was originally sufficient; extra operators were employed at Nederland and vicinity, and the company built an addition to its office at an expense of \$1,000.00 in which to accommodate its operators. The appraisal filed in this case shows the value of the Nederland exchange to be about \$12,000.00. During this "boom" the company added \$15,000.00 more in plant to take care of the increase in business. No increases in rates were made and the money invested in the additional plant would become a considerable loss as soon as the "boom" was over. The extra business has largely disappeared, revenues have been reduced, and a considerable portion of the plant is standing idle. It would seem that the company had reasonably met the demand for additional telephone service at Nederland and vicinity.

With reference to Mr. Stafford's complaint that the company charges twenty-one cents for three minute talks for a distance of nine miles, neither the Commission's telephone expert nor the Telephone Company has been able to understand what he refers to, unless it was the federal revenue tax on messages then in effect. The Telephone Company's rates for toll service are in amounts always divisible by five, the

rates from Cardinal to Ward, Caribou, Eldora, Rollinsville and Central City are fifteen cents for three minutes, while the rate from Cardinal to Boulder is twenty cents for three minutes, and it is possible that Mr. Stafford was referring to a talk from Cardinal to Boulder for three minutes, twenty cents, plus one cent federal revenue tax.

The complaints will therefore be dismissed.

Complaint of F. D. Stackhouse,  
Denver.

This complaint involves a charge of thirty-five cents a month additional for listing two names in the directory where two persons make use of one telephone, if the two persons are associated in business, or if the two persons are not associated in business the Telephone Company charges \$1.00 a month additional for listing both names. Mr. Stackhouse also complained of the practice of the Telephone Company in allowing a subscriber, whose service has been temporarily suspended on account of non-payment, to enjoy outward service while inward service is denied.

This complaint involves the subject of an ordinary extra listing and the service furnished a joint user subscriber. The rules and regulations recommended by the Commission's telephone expert, and which have been approved and are contained in the general tariff ordered by the Commission, cover all of the propositions involved in Mr. Stackhouse's complaint and answer it fully.

With reference to the subscribers, whose service has been suspended for non-payment, being able to enjoy outward service while inward service is denied, it may be said that under the practices approved by this Commission such condition is no longer permitted, as after notice is given of non-payment the telephone is removed.



Complaint of W. A. Page,  
of Fort Collins.

Mr. Page complained of installation and other charges made against him by the Telephone Company on account of the removal of his business and residence from place to place. The evidence shows that on August 15, 1914, Mr. Page had a telephone installed at Longmont and the Telephone Company, being of the opinion that he would not keep the telephone for a year, the time contracted for, collected \$2.50 for the cancellation charge, in case he did not keep it for a year, which it was authorized to do under its practices. Mr. Page did not keep the telephone a year and the company credited his deposit to his account to cover the cancellation charge necessary by reason thereof. Mr. Page removed to Fort Collins and on June 10, 1915, demanded telephone service. The Telephone Company required a deposit of \$2.50 to cover the cancellation charge in case he did not keep the service at Fort Collins for one year. This \$2.50 cancellation charge is in accordance with the general practice of telephone companies in quoting service on an annual basis, and making such charge in lieu of requiring service charges for twelve months to be paid in case the subscriber fails to keep the service. Certain items of expense are involved in installing telephone service and removing the instrument when service is discontinued by the subscriber. The particular subscriber must bear this charge or it must be borne by the subscribers generally, by including such charges in the rates for telephone service. Notwithstanding the cost of connecting and disconnecting a telephone is considerably in excess of \$2.50, this charge was made against those subscribers only who failed to keep their service for a year, and the balance paid for through revenue accruing through the furnishing of telephone service in general to all subscribers. In the rules and regulations approved by the Commission a service connection charge is made in connection with all contracts for services and the practice is thereby changed. The complaint will therefore be dismissed.

Complaints as to service at Silverton.

The Commission's telephone expert examined into the question of the character of service at Silverton and found it generally satisfactory, and came to the conclusion that complaints against the service were due to the fact that the people of Silverton desired a common-battery system installed, rather than a magneto system. A common-battery system would be uneconomical for an exchange of this size, but the evidence discloses that the Telephone Company has ordered a new switchboard of the proper type for Silverton, which will be installed as soon as it can be received from the manufacturer. The installation of the new switchboard will satisfy this complaint.

Complaint of James H. Clarke.

Mr. Clarke called on the Commission's telephone expert and contended that in view of the fact that he had been a permanent subscriber for a number of years and paid his bills promptly, the Telephone Company should make an exception in his case and permit him to pay for his service at the close of the month, instead of at the beginning of the month. He was advised that no such exception could be made, and that regular practices had been established to the contrary. The Commission finds that no such exception can be made and the complaint is dismissed.

Complaint of Mrs. Bell,  
Denver. Tel. So. 1968.

On April 20, 1917, Mrs. Bell telephoned the Commission's expert and complained of the service she had received in connection with a certain long-distance call for a Mr. McGilvray at Red 39 J 2, Boulder. Upon being connected with that telephone, according to her complaint, she had found it impossible to converse with Mr. McGilvray over the line, and was advised by the operator that Mr. McGilvray's telephone was out of order and that he would go to a neighboring tel-

ephone; that when Mr. McGilvray attempted to call Mrs. Bell over the neighboring telephone, that also proved to be out of order, whereupon Mrs. Bell, after some argument with the operator, reported the matter to the Commission. The facts are that Boulder Red 39 J 2 was reported out of order at 6 a.m. on April 20, 1917, and again at 2 p.m. on the same date. Boulder Red 60 J I, the second telephone used by Mr. McGilvray, was reported out of order at 2 p.m. April 20. Boulder Red 39 J 2 was tested on April 20 and the line was not in good order. On May 9, 1917, however, it was found that an unused branch of the line connecting Boulder Red 39 J 2 paralleled a high tension power circuit and this branch line was accordingly disconnected from the main line. The trouble on Boulder 60 J I was cleared on April 20 at 4:20 p.m. by replacing the batteries. Such incidents happen, and it would seem that the Telephone Company had used at least reasonable diligence in repairing the defects.

Complaint of The Brush Co-operative Telephone Company,  
Through J. P. Epperson.

The Brush Co-operative Telephone Company, hereinafter called the Co-operative Company, complained that The Mountain States Telephone & Telegraph Company has refused to make a physical connection of its toll lines with the lines of the Co-operative Company for toll purposes or any purpose in the town of Brush, Colorado. The evidence introduced discloses that for several years prior to August, 1913, the Mountain States Company had constructed and had in operation in Morgan county, Colorado, a telephone system with adequate and sufficient equipment, properly maintained, to furnish telephone service to the inhabitants of that county. The amount of the investment in Morgan county was in excess of \$125,000.00. The lines of the Co-operative Company were thereafter built, parallel in practically every instance to the lines of the Mountain States Company, and it is admitted by the Co-operative Company that its system is in active competition with the Mountain States System. There is no claim by either side that the

Mountain States Company had not fully developed the territory or was not in a position to render adequate service. The Co-operative Company undertakes to serve Brush, Hillrose, Snyder and the surrounding territory from the one exchange which it has constructed, located at Brush, and as stated these lines parallel the Mountain States Company's lines in practically all cases.

Under Sec. 27 of the Public Utilities Act, Session Laws of Colorado 1913, page 477, the Commission is given power under certain conditions to order a physical connection between the lines of non-competitive telephone corporations. The evidence in this case is clear that these corporations are competitive, and no physical connection can, under the statute, be ordered. It was held in the case of Shafor v. P.U.Comm. of Ohio, 94, Ohio St.230,113 N.E.,809; P.U.R.1916 F,432, under a statute giving the Public Utilities Commission of Ohio power under certain conditions, to order a physical connection between competing telephone companies, that the evidence was not sufficient to show a public necessity for the connection, and it was stated:

"In the exercise of this authority the Commission must act pursuant to law. If conditions prerequisite to the making of the order asked for in the present case do not exist, the Commission is without power to act."

As stated, this Commission is without power under the statute to order this connection, and the complaint is therefore dismissed.

IT IS THEREFORE ORDERED, that the disposition of all of the complaints filed with the Commission in this cause shall be and is as hereinabove outlined for each specific complaint.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

George T. Bradley.  
Leroy J. Williams

Dated at Denver, Colorado  
this 14th day of June, 1918.

A. O. Anderson  
Commissioners.

ORIGINAL

MAKE

NO

COPY

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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THE DENVER & SALT LAKE RAILROAD  
COMPANY,

Complainant,

v.

CHICAGO, BURLINGTON & QUINCY RAILROAD  
COMPANY; THE CHICAGO, ROCK ISLAND &  
PACIFIC RAILWAY COMPANY and UNION  
PACIFIC RAILROAD COMPANY,

Defendants.

Cases Nos. 33, 34, 35.

Submitted June 5, 1918.

Decided June 19, 1918.

Appearances: Charles R. Brock and Elmer L. Brock for The Denver & Salt Lake Railroad Company; W. V. Hodges and D. Edgar Wilson for The Chicago, Rock Island & Pacific Railway Company; E. E. Whitted and A. S. Brooks for Chicago, Burlington & Quincy Railroad Company; C. C. Dorsey and J. Q. Dier for Union Pacific Railroad Company.

STATEMENT AND ORDER.

By the Commission:

On February 10, 1916, the Commission made its orders in these cases, 2 Colo. P. U. C. 8, and fixed the divisions of certain joint rates. The Denver & Salt Lake Railroad Company obtained a review by the Supreme Court of Colorado of these orders of the Commission, and on February 4, 1918, the Supreme Court rendered its decision in Supreme Court Case No. 8938, reversing and setting aside the action of the Commission and remanding the causes for further proceedings not inconsistent with the views expressed in the opinion. *Denver & S. L. R. Co. v. Chicago, B. & Q. R. Co.*, \_\_\_ Colo. \_\_\_, 171 Pac. 74.

The Chicago, Rock Island & Pacific Railway Company also obtained a review of the said order of the Commission, and, on February 4, 1918, the Supreme Court of Colorado rendered its decision in such review, being *Chicago, R. I. & P. Ry. Co. v. Public*

Utilities Commission, \_\_\_\_ Colo. \_\_\_\_; 171 Pac.86, Supreme Court case No.8939. As stated in that opinion:

"When before the Public Utilities Commission, this case was a part of Denver & S.L.R.Co.v. Chicago, B.& Q.R.Co., (No.8938) 171 Pac.74, decided at this term. Both roads were dissatisfied with the Commission's divisions and asked for reviews, the Mof-fat road in the other case, the Rock Island in this. We allowed one record for both."

The order of the Commission covered a division of rates effective as of August 1, 1915. This order remained in force until December 27, 1917, on which date the Commission made its order in the case entitled: In re Advance of 25 cents per ton in coal rates from Oak Hills district. This latter order granted an increase of 25 cents per ton on all the rates involved in these present cases. The divisions of the present rates are not in dispute before the Commission.

On February 25, 1918, the remittitur of the Supreme Court was received by the Commission, remanding both cases, and, on March 29, 1918, C.Boettcher and W.R.Freeman, Receivers of The Denver & Salt Lake Railroad Company, by their attorneys, requested the Commission to set these cases for further hearing and determination. Thereupon the Commission caused notice of further hearing to be served upon all the parties hereto, and the cases were set for April 18, 1918. On that date the parties appeared at the hearing room of the Commission, capitol building, Denver, Colorado. The petitioner, The Denver & Salt Lake Railroad Company, stated its position in substance as follows:

"The position of The Denver & Salt Lake Railroad Company is, in a word, this: The Denver & Salt Lake applied for and procured a review by the Supreme Court, without making any application for a supersedeas or stay of the judgment of the Commission. Accordingly, that judgment of the Commission became effective pending the review of the Supreme Court and we assumed the terms of the Commission were in all respects complied with by the parties in interest. The judgment has now been reversed and the case has been remanded. In the meantime, and before the reversal, there has been a subsequent order of the Commission, as I understand, which was made December 27, 1917. The Denver & Salt Lake Railroad,

therefore, through its receivers, asks that an order be entered now as of the date of the original order of the Commission, covering the period of time which elapsed between the date of that order and this change made in December last, and we ask that the order be now entered so as to make the division for that period of time precisely as it would have been if the order now required by the Supreme Court had been entered as the original order."

The defendants, Chicago, Burlington & Quincy Railroad Company, The Chicago, Rock Island & Pacific Railway Company and Union Pacific Railroad Company, interposed eight objections to the Commission proceeding further in these matters. Briefs were requested by the Commission from petitioner and defendants on certain of the objections, and such briefs were filed and considered. The Commission will now dispose of said objections in their order.

(1) The defendants above named contended that this Commission exceeded and acted outside of its jurisdiction when it attempted to review coal rates in Case No.10, In Re Eastern Colorado Coal Rates, 1 Colo.P.U.C.48. This objection is overruled, as Section 50, Public Utilities Act, Session Laws Colorado 1913, page 496, provides--

"In all collateral actions or proceedings, the orders and decisions of the Commission which have become final shall be conclusive."

The decision of the Commission in Case No.10, made May 10, 1915, has become final, and the question of the jurisdiction of the Commission to make that decision cannot be raised in these cases. The Commission finds further that the matter of jurisdiction raised in this objection should have been urged on the original hearing and appeal, and not having been raised at that time cannot now be considered.

" On a second appeal the court will not consider an objection that it had no jurisdiction on the first review."

4 C.J.,1108, Sec.3089B, and cases cited,  
Washington B.Co.v.Stewart, 3 Howard,413,  
In Grand Central M.Co.v.Mammoth M.Co.,36 Utah,364;  
104 Pac.,573, at page 576, the following is quoted  
from Clary v.Hoagland,6 Calif.,685, where the  
court held:

"For the purposes of the first trial in this court the jurisdiction was as much determined as though the point

"had been made and passed upon. Certain it is that, unless made, it cannot now be questioned."

(2) The defendants further objected that, in view of the first objection, the Commission acted outside of and exceeded its authority and jurisdiction in attempting to fix the divisions of the joint rates established in Case No.10, upon the filing of the petitions in Cases Nos.33, 34 and 35 before this Commission.

(3) The defendants further objected that under the provisions of the Public Utilities Act, Session Laws of Colorado 1913, page 464, and the Railroad Commission Act, Session Laws of Colorado, extra session 1910, page 45, the Commission has no jurisdiction or authority to establish through routes and joint rates.

(4) The defendants further objected that the Commission lacked authority and jurisdiction to fix divisions of any such joint rates established in Case No.10.

These objections, Nos.2 to 4 inclusive, are overruled for the same reasons as set out in ruling upon the first objection.

(5) The defendants further objected that the prescribing of divisions is, like the establishment of rates, a legislative act applying only to the future.

(6) The defendants further objected that to inquire at this time as to whether the divisions made of former rates were reasonable, and, if found unreasonable, to order reparation, would be to perform a judicial function beyond the powers of the Commission.

(7) The defendants further objected that to order reparation now would result in depriving the defendants of property without due process of law, in violation of constitutional provisions; it was also urged that the statute of limitations included in the Public Utilities Act had run against the claims of the petitioner.

Under the decision of the Commission on the eighth objection it is unnecessary to pass upon any of the questions presented by the fifth, sixth and seventh objections.



(8) The defendants further objected that--

"The Denver & Salt Lake, upon its application to the Supreme Court for a writ of review, neither made an application for nor filed an application for a suspension, nor filed any suspending bond, as provided by Section 53 of the Public Utilities Act. The order fixing divisions consequently was in effect all of the time the writ of review was pending, and furthermore during all of the time the writ of review was pending, the Moffat road voluntarily and without protest accepted the divisions ordered in by the order in the three cases at bar."

It is conceded on the record that no order was made by the Supreme Court staying or suspending the orders of the Commission made in these cases on February 10, 1916. It is further conceded that the rates, of which divisions were theretofore made, were changed and new rates went into effect December 27, 1917, so that the period for which divisions are in dispute was from August 1, 1915, to December 27, 1917. It has been contended that these cases have become moot on account of the changes in the rates which were divided. A somewhat similar objection was urged in *Boise Irrigation & Land Co. v. Clark*, 131 Fed. 415, at 418 and 419, where the court held:

"It is contended on the part of the appellees that, as the period for which the rate in question was fixed has expired, the case has become but little, if any, more than a moot case; but the courts have entertained and decided such cases heretofore, partly because the rate, once fixed, continues in force until changed as provided by law, and partly because of the necessity or propriety of deciding some question of law presented which might serve to guide the municipal body when again called upon to act in the matter."

The above rule appears to have been adopted in the following cases:

*Southern P. Ry. Co. v. I. C. C.*, 219 U.S. 433; 55 L.E. 283, at 290;  
*Southern P. Ry. Co. v. I. C. C.*, 219 U.S. 498, at 515; 55 L.E. 310,  
at 315 and 316.

While the courts have thus disposed of cases on appeal, this Commission does not understand the rule to be that on reversal it must revise an order made by it, respecting divisions of rates, which rates have been changed, and where the period for which such divisions were in operation, has expired.

It now becomes necessary to consider the effect of Section 53(a), Public Utilities Act, Session Laws of Colorado 1913, page 498, and preceding legislation. Under Section 17, Railroad Commission Act, Session Laws Colorado extra session 1910, page 56, after a decision had been made by the State Railroad Commission any carrier affected thereby might appeal therefrom to the district court of the district in which the violation of the act was alleged to have occurred, which court might either sustain the decision, or set aside, suspend or annul all or any part thereof. That section further provided:

"The taking and pendency of such appeal shall of itself stay or suspend the operation of the decision, order or requirement of the Commission and any and all penalties for failure to comply with the requirements thereof."

This section 17 was expressly repealed by the Public Utilities Act, Section 69, Session Laws Colorado 1913, page 508.

The Public Utilities Act, Section 53(a), Session Laws Colorado 1913, page 498, provided:

"The pendency of a writ of review shall not of itself stay or suspend the operation of the order or decision of the Commission, but during the pendency of such writ, the supreme court in its discretion may stay or suspend, in whole or in part, the operation of the commission's order or decision."

Sub-divisions (b), (c) and (d) of Section 53 provide further for a suspending bond and other requirements to be complied with in obtaining a suspension.

The language of Section 53(a) is so positive and opposed to the language above quoted from the Railroad Commission Act that the Commission is of the opinion that the legislature intended thereby to make it imperative upon the person, desiring to have suspended an order of the Commission, that he proceed in the manner provided by law to obtain such suspension, otherwise an order shall become immediately operative. The above provision of the Railroad Commission Act practically nullified orders of the Railroad Commission, as it was a simple matter to temporarily stay and suspend them by an appeal to the district court. The Pennsylvania Public Service Commission held in the case of Citizens Electric I. Co. v. Consumers

Electric Co., P.U.R.1916D, 711, at page 714:

"No order of supersedeas upon said appeal was applied for by respondent, although respondent had the opportunity under the act of assembly to make such application, and therefore the determination of the Commission remains of record in full force and effect."

It remains to decide in these cases the effect of the failure of the complainant to obtain an order from the Supreme Court staying or suspending the Commission's order.

The Commission finds the effect of such failure to be that the divisions fixed by it in these cases were in operation for the period from August 1, 1915, to December 27, 1917, and that the Commission's order was never stayed or suspended; that the Commission is without power to change such divisions, as the rates under which these divisions were made are no longer in existence, and the Commission cannot now make divisions operative for the period from August 1, 1915, to December 27, 1917.

The eighth objection of the defendants is therefore sustained and these cases, Nos.33, 34 and 35, are hereby dismissed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo T. Bradley

Leroy J. Williams

A. P. Anderson

Dated at Denver, Colorado,  
this 19th day of June, 1918.

Commissioners.

# ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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THE CONSUMERS' LEAGUE OF COLORADO,  
a corporation,  
Complainant,

v.

THE COLORADO & SOUTHERN RAILWAY COMPANY;  
CHICAGO, BURLINGTON & QUINCY RAILROAD  
COMPANY; UNION PACIFIC RAILROAD COMPANY;  
THE DENVER & SALT LAKE RAILROAD COMPANY;  
THE DENVER & RIO GRANDE RAILROAD COMPANY;  
THE DENVER & INTERMOUNTAIN RAILROAD COM-  
PANY,

Defendants.

Case No. 6.

and

THE CONSUMERS' LEAGUE OF COLORADO,  
a corporation,  
Complainant,

v.

THE COLORADO & SOUTHERN RAILWAY COMPANY;  
CHICAGO, BURLINGTON & QUINCY RAILROAD  
COMPANY, and UNION PACIFIC RAILROAD  
COMPANY,

Defendants.

Submitted June 5, 1918.

Decided June 20, 1918.

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## APPEARANCES:

Carle Whitehead and A.L.Vogl for the complainants; E.E.  
Whitted and A.S.Brooks for The Colorado & Southern Railway Co., and  
Chicago, Burlington & Quincy Railroad Co.,; C.C.Dorsey and J.Q.Dier  
for the Union Pacific Railroad Co., and The Denver & Inter-Mountain  
Railroad Co.,; E.N.Clark and J.G.McMurry for The Denver & Rio Grande  
Railroad Co.,;

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STATEMENT.

By the Commission:

This cause involves two complaints originally filed before the State Railroad Commission July 3, 1914, and numbered on the docket as Cases 73 and 74; subsequently the cases were consolidated and numbered as Case No. 6 on the docket of the Public Utilities Commission. The complainants asked that the Commission enter an order determining and fixing just and reasonable rates for the transportation of lignite coal from the coal fields in Boulder and Weld counties, Colorado, known as the Northern Colorado coal fields, to Denver; and a further order determining and fixing a maximum rate for switching in the Denver terminals.

The cause was heard and the Commission entered its order November 6, 1914. Public Utilities Commission 1st Ann.Rep. 163. The allegations and pleadings are fully set out in the opinion of the Commission. The Commission, in its order, established and prescribed a through route from all mines in the Northern Colorado coal fields to any industry in Denver located on the terminals of the originating carriers and their direct connections, and fixed a joint rate including switching. From the order of the Commission the complainant sued out a writ of review to the Supreme Court of Colorado. On May 6, 1918, the Supreme Court entered its opinion vacating and setting aside the order of the Commission, holding that the order as made was erroneous. On May 25, 1918 the remittitur of the Supreme Court was received by the Commission, remanding the cause for retrial with direction to the Commission to fix separate rates for each service performed.

The cause came on for retrial on June 5, 1918, at the hearing room of the Commission at the Capitol Building in Denver, Colorado, all the parties herein excepting The Denver & Salt Lake Railroad Company being represented by counsel.

Terminal switching is one of the services for which the court has directed the Commission to determine reasonable rates. Since the order of the Commission of November 6, 1914, and prior to the reversal of the same by the Supreme Court as aforesaid, the Commission, on December 18, 1916, after an exhaustive hearing and careful consideration, determined and fixed rates for switching within the different zones in the city of Denver. Missouri Lumber & Supply Co., v.A.T.&S.F.R.Co. 3 Colo.P.U.C. 73. The switching rates having been heretofore determined by this Commission, the only remaining issue now before the Commission is the determination and fixing of reasonable rates from the Northern Colorado coal fields to Denver.

At the hearing in this case pursuant to the order of the Supreme Court, the complainant offered in evidence the record of the testimony presented at the former hearing and did not offer any additional testimony. The said record was admitted by the Commission notwithstanding the objections of the defendants as to jurisdiction hereinafter stated. The defendants, at the hearing offered no testimony, protested against action on the part of the Commission changing rates existing on May 25, 1918, and filed with the Commission a communication from the general counsel of the United States Railroad Administration to R.B.Scott, general solicitor for Chicago, Burlington & Quincy Railroad Company, directing that all rates hereafter established for all roads under federal control shall be initiated from the office of the director general of railroads. The defendants also filed with the Commission General Order No. 28 of the director general of railroads, prescribing passenger and freight rates, including rates on coal of all railroads under federal control. The defendants contended therefore that at the time of the hearing they were forbidden to change or to participate in or to consent to any change in any railroad rates existing in Colorado on the date of May 25, 1918. The defendants fur-

ther contended that at the time of the hearing all power to fix or change any rates had been taken from this Commission by the order of May 25, 1918, of the director general of railroads, acting under an act of congress, approved March 21, 1918.

It was ordered by the Supreme Court of Colorado in the opinion hereinabove referred to that this Commission proceed to ascertain and to fix reasonable rates for each separate service, and it is the duty of this Commission so to do. The Commission, as above stated, having heretofore fixed rates for switching, will now proceed to fix reasonable rates from the Northern Colorado coal fields to Denver.

The Commission has re-examined and re-considered all the testimony and exhibits in this case and after due consideration is of the opinion and so finds that rates of sixty-five, sixty and fifty-five cents per ton on lump, mine-run and slack coal, respectively, in carload lots, from the Northern Colorado coal fields to Denver, are just and reasonable rates for that service and the Commission will so order.

#### ORDER.

IT IS THEREFORE ORDERED, That the defendants, The Colorado & Southern Railway Company, Chicago, Burlington & Quincy Railroad Company, and Union Pacific Railroad Company, be, and they are hereby, notified and required to cease and desist, on or before June 24, 1918, and thereafter to abstain, from applying to the intrastate transportation of coal from the Northern Colorado coal district to Denver their present rates.

IT IS FURTHER ORDERED, That the defendants, The Colorado & Southern Railway Company, Chicago, Burlington & Quincy Railroad Company, and Union Pacific Railroad Company, be, and they are hereby, notified and required to establish, on or before June 24, 1918, and thereafter to maintain, rates of sixty-five, sixty and fifty-five cents per ton for the transportation of lump, mine-run and

slack coal, respectively, from the mines located on the lines of the said defendants in Boulder and Weld Counties, Colorado, in what is known as the Northern Colorado coal district, to Denver, Colorado.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley

Leroy J. Williams

A. J. Anderson

Commissioners.

Dated at Denver, Colorado,  
this 20th day of June, 1918.



# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

In the matter of the application of )  
The Denver & Rio Grande Railroad )  
Company for permission to con- )  
struct railroad tracks across Hunt ) Application No. 18  
Avenue in the City of Alamosa, )  
Colorado. )

(June 27, 1918)

### STATEMENT

#### By the Commission:

This proceeding arises upon application from The Denver & Rio Grande Railroad Company in compliance with Section 29 of the Public Utilities Act, as amended April 16, 1917, for permission to construct trackage over and across Hunt Avenue, in the City of Alamosa, Colorado.

There appearing no reason why this application should not be granted and it appearing further that on June 5, 1918, the applicant obtained authority from the City of Alamosa to occupy the above named street, the Commission will issue an order permitting the construction of this trackage in conformity with the provisions of Section 29 of the Public Utilities Act, as amended April 16, 1917.

### O R D E R

IT IS THEREFORE ORDERED, That the applicant, The Denver & Rio Grande Railroad Company, be, and it is hereby, permitted

to construct a railroad track at grade across Hunt Avenue in the City of Alamosa as specifically set out and indicated upon plat filed with the Commission in this cause.

The Commission reserves the right to make such further orders relative to the construction, operation, maintenance and protection of this crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Leroy J. Williams  
Geo. T. Bradley  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 27th day of June, 1918.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the 28th  
day of June, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 16.

In re ADVANCE IN ELECTRIC RATES AT AGUILAR.

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IT APPEARING, That by order dated February 16, 1918 the Public Utilities Commission of the state of Colorado entered upon a hearing concerning the propriety of the new rates and charges for electric service stated in schedules contained in tariffs designated in the order of hearing and investigation.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended and that the use of the rates and charges therein stated be deferred until the 29th day of June, 1918.

IT FURTHER APPEARING, That such investigation and decision thereon cannot be concluded within the period of suspension above stated.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation be further suspended and that the use of the rates and charges therein stated be further deferred until the 29th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That pending said hearing and decision thereon, the utility respondent herein shall file no schedule providing for any increases in the rates as now in effect and force, which the schedules suspended herein are proposed to cancel.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility respondent herein a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 28th day of June, 1918.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the 28th  
day of June, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 18.

In re ADVANCE IN ELECTRIC RATES OF  
THE HOME GAS AND ELECTRIC COMPANY.

----

IT APPEARING, That by order dated February 23, 1918 the Public Utilities Commission of the state of Colorado entered upon a hearing concerning the propriety of the new rates and charges for electric service stated in schedules contained in tariffs designated in the order of hearing and investigation.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended and that the use of the rates and charges therein stated be deferred until the 29th day of June, 1918.

IT FURTHER APPEARING, That such investigation and decision thereon cannot be concluded within the period of suspension above stated.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation be further suspended and that the use of the rates and charges therein stated be further deferred until the 29th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That pending said hearing and decision thereon, the utility respondent herein shall file no schedule providing for any increases in the rates as now in effect and force, which the schedules suspended herein are proposed to cancel.

IT IS FURTHER ORDERED, That the secretary of this Commission be, and he is hereby, directed to serve upon the utility respondent herein a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy Williams  
A. F. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 28th day of June, 1918.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the 28th  
day of June, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 19.

In re ADVANCE IN COMMERCIAL POWER RATES OF  
THE WESTERN LIGHT & POWER COMPANY.

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IT APPEARING, That by order dated February 23, 1918 the Public Utilities Commission of the state of Colorado entered upon a hearing concerning the propriety of the new rates and charges for electric service stated in schedules contained in tariffs designated in the order of hearing and investigation.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended and that the use of the rates and charges therein stated be deferred until the 29th day of June, 1918.

IT FURTHER APPEARING, That such investigation and decision thereon cannot be concluded within the period of suspension above stated.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation be further suspended and that the use of the rates and charges therein stated be further deferred until the 29th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That pending said hearing and decision thereon, the utility respondent herein shall file no schedule providing for any increases in the rates as now in effect and force, which the schedules suspended herein are proposed to cancel.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility respondent herein a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. Williams  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 28th day of June, 1918.

ORIGINAL

MAKE NO COPY

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

IN THE MATTER OF AN INVESTIGATION  
AND HEARING, ON MOTION OF THE COM-  
MISSION, INTO THE REASONABLENESS OF  
THE RATES AND CHARGES OF THE MOUN-  
TAIN STATES TELEPHONE AND TELEGRAPH  
COMPANY WITHIN THE STATE OF COLO-  
RADO, AND INTO THE SERVICE OF THE  
MOUNTAIN STATES TELEPHONE AND TELE-  
GRAPH COMPANY WITHIN THE STATE OF  
COLORADO, AND THE RULES, REGULATIONS  
AND PRACTICES AFFECTING THE SAME.

Case No. 22.

ORDER ON APPLICATION OF INTERSTATE BUSINESS  
EXCHANGE CORPORATION ET AL. FOR A  
REHEARING.

The question of jurisdiction raised by this petition is disposed of adversely to the contention of the petitioners in the opinion rendered on this date on the application of the City and County of Denver for a rehearing. The other questions presented by the petition have been carefully considered, but we fail to find that any of the alleged errors mentioned in the petition have any support whatever in the record, and therefore the petition should be and is denied.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 2nd day of July, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

July 2, 1918

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IN THE MATTER OF AN INVESTIGATION  
AND HEARING, ON MOTION OF THE COM-  
MISSION, INTO THE REASONABLENESS OF  
THE RATES AND CHARGES OF THE MOUN-  
TAIN STATES TELEPHONE AND TELEGRAPH  
COMPANY WITHIN THE STATE OF COLO-  
RADO, AND INTO THE SERVICE OF THE  
MOUNTAIN STATES TELEPHONE AND TELE-  
GRAPH COMPANY WITHIN THE STATE OF  
COLORADO, AND THE RULES, REGULATIONS  
AND PRACTICES AFFECTING THE SAME.  
-----

CASE NO. 22.

OPINION AND ORDER ON APPLICATION OF THE CITY AND COUNTY  
OF DENVER FOR A REHEARING.

A final order was entered in the above proceeding on June 14, 1918. On June 27, 1918, the City and County of Denver filed a petition for a rehearing challenging the jurisdiction of this commission, insofar as its order affects the City and County of Denver, and averring generally that the order of the commission is not supported by the evidence.

Section 3 of the public utilities act of this state, Chapter 127 session laws 1913, defines the term "public utility" as including all telephone corporations, and section 14 of the act makes it the duty of the public utilities commission to regulate the rates, charges and practices of every public utility in the state.

The City and County of Denver contends, however, that this commission has no jurisdiction to regulate the rates of public utilities operating in the City and County of Denver, and particularly no jurisdiction to regulate the rates to be charged by

The Mountain States Telephone and Telegraph Company within the City and County of Denver.

Denver is what is commonly known as a Home Rule city, operating under a charter form of government as provided in Article XX of the constitution of the state of Colorado and amendments thereto. The special charter adopted by the City and County of Denver purports to grant to such municipality the right to control its local and municipal affairs, and it is contended that in all such local and municipal matters the powers of the City and County of Denver, under its charter, supersede any law of the state of Colorado in conflict therewith.

That the powers of a municipality operating under Article XX of the constitution of the state of Colorado are limited to matters strictly local and municipal, has been declared by repeated decisions of the supreme court of the state of Colorado.

People v. Prevost, 55 Colo. 199.

Mauff v. People, 52 Colo. 562.

Hiltz v. Markey, 52 Colo. 382.

People v. Cassidy, 50 Colo. 502.

It is urged, however, that the regulation of telephone rates within the City and County of Denver is a strictly local and municipal matter. This is by no means a new question to this commission. It has already been called upon in several cases to give this question its most careful consideration.

Castle Rock Mountain Railway & Park v.  
The Denver Tramway Co., 1 Colo.P.U.C.126.

Thormann v. The Denver & Interurban Railroad Co.,  
2 Colo. P.U.C. 171.

In re Rates and Rules of The Colorado Springs Light,  
Heat & Power Co., 2 Colo.P.U.C. 23.

The East Denver Business & Property Assn. v.  
The Denver Tramway Co., 3 Colo.P.U.C. 333.



M. B. Ratner et al. v. Denver Gas & Electric  
Light Co., 3 Colo. P.U.C. 379.

Campbell v. City of Grand Junction, 5 Colo. P.U.C. \_\_\_\_  
Decided November 27, 1917.

In all of the foregoing cases this commission has held that its jurisdiction extends to all public utilities within the state of Colorado regardless of whether or not the utility operates within a charter city. As supporting the same doctrine see also:

Portland Railway Light & Power Co. v. City of  
Portland, 210 Fed. 667.

City of Woodburn v. Public Service Commission of  
Oregon, 161 Pac. 391.

State v. M. & K. Tel. Co., 189 Mo. 83.

The supreme court of Ohio has within the last week or two adopted the same view with respect to the powers of the Ohio public utilities commission in a case involving the regulation of telephone rates in the city of Cleveland. Specific consideration was given to the fact that Cleveland is a Home Rule City.

In the Portland case above mentioned, Judge Beam in his opinion said:

"Now the right to regulate rates of public service corporations is a governmental power vested in the state in its sovereign capacity. It may be exercised by the state directly or through a commission appointed by it, or may delegate such power to a municipality, but I do not understand that a municipality may assume to itself such power without the consent of the state where there is a general law on the subject emanating from the entire state. It is true that under the Oregon system the legal voters of every city or town are given power to enact or amend their municipal charter subject to the constitution and criminal laws of the state, but this does not authorize the people of a city to amend its charter so as to confer upon the municipality powers beyond what are purely municipal or are inconsistent with the general law of the state constitutionally enacted \* \* \* all authority over the subject must emanate from the state. The effect of the amendment to the charter of the city of Portland is an attempt to ignore the state authority and to assume sovereign right superior and contrary to the expressed will of the state as manifested in its legislation. If the amendment is valid and takes the public utilities within the city of Portland out of the operation of the public utility act and the jurisdiction of the commission created by it,

then every municipality of the state may amend its charter with like effect and the public utility act will become a useless and emasculated piece of legislation; the will of the entire people as expressed therein be practically ignored, and the will of a part of the state become greater than the law."

In the Woodburn case, decided by the supreme court of Oregon, Mr. Justice Harris, speaking for the court, said:

"The power to fix rates by compulsion as distinguished from the power to fix rates by agreement, is not granted to cities or towns, nor is the right of the legislative assembly to legislate on that subject curbed by section 2, article XI of the state constitution because in its essence it is neither a municipal power nor incident to a pure municipal power."

Also,

"The power to regulate rates does not appertain to the government of a city, is not municipal in character, nor is it even incident to a grant of authority to enact or amend a charter for a city or town."

Also,

"The right of the state to regulate rates by compulsion is a police power and must not be confused with the right of a city to exercise its contractual power to agree with a public service company upon the terms of a franchise. The exercise of the power to fix rates by agreement does not include or embrace any portion of a power to fix rates by compulsion."

It is the opinion of this commission that the regulation of the rates of the defendant telephone company can in no sense be regarded as a local or municipal matter. This is true not only with respect to the City and County of Denver, but also with respect to every other municipality within the state of Colorado. The operations of The Mountain States Telephone and Telegraph Company are statewide. The Mountain States Company has in the state of Colorado one hundred and fifty-two (152) exchanges. On the 31st day of August, 1915, there were ninety-two thousand two hundred and nineteen stations in the state. Denver is only one of the exchanges. It will thus be seen that the telephone reaches practically every town and locality in the state. These exchanges are located far apart, and are all connected up with the principal centers in the state, and

with each other. The telephone is for a universal use. The smaller exchanges are connected with Denver, and Denver is connected with all of the smaller exchanges, and the whole system is for the use and convenience of the inhabitants of the entire state. Consequently the regulation and fixing of rates of the Telephone Company in the City and County of Denver, in the opinion of this commission, can in no sense be regarded as a matter of strictly local or municipal concern, but must be taken as a comprehensive whole, applying to the whole state, and subject to the jurisdiction of the public utilities commission, to the exclusion of any municipality or other body.

As said in *Iowa Telephone Co. v. City of Keokuk*, 226 Fed.

101:

"There are reasons for withholding such power from municipalities, and retaining it in the state, at least so far as general telephone systems composed of long distance lines and local exchanges are concerned. The limit in rate making, whether by state or municipality, is that they must be reasonable and shall not be confiscatory. Where a corporation, as the complainant, owns an extensive system, it would be difficult, if the rate-making power existed in each separate municipality to fix rates for the service within the city, to have such uniformity in rates prescribed by the different cities as would insure a reasonable rate to all users of the telephone system, especially for long distance service."

As indicated by the decisions of this commission above cited, a number of them have affected utilities operating in the City and County of Denver, and so far as this commission is advised the City and County of Denver, until the present time, has never questioned this Commission's jurisdiction.

The present telephone case No. 22 was initiated by this Commission on June 4, 1915. Notices of the proceeding were published at the time in different newspapers in the state, and the proceeding given the widest publicity. Many hearings were held. Special notices were sent to the mayors of all municipalities within the state of Colorado, including the mayor of the City and County

of Denver, advising them of the pendency of the proceeding, and of the time when the hearings would be held. Every opportunity was given to all parties in interest to attend and present such evidence as they desired to introduce. The commission employed a special telephone expert who made an exhaustive inquiry and search into the operations, rules and practices of the Telephone Company, and who submitted his reports from time to time to the commission in writing, which reports were read at the hearings and embodied in the record of the case. The commission also had its own engineer make a thorough investigation and examination of the Telephone Company, and his reports were also received and considered by the commission, and made a part of the record in this case. The commission's statistician also made a thorough examination of the accounts of the company, including the receipts and disbursements, and all operating revenues and conditions. Through its staff and employes the commission made a thorough check of the inventory of all of the property of the Telephone Company, and on January 5, 1917, this commission rendered an opinion, fixing the value of all of the property and business of The Mountain States Telephone and Telegraph Company in the state of Colorado for rate making purposes. The commission's opinion and findings with respect to rate of return, annual requirements for depreciation, revenues and expenses, and many other matters, were fully set forth. (3 Colo. P.U.C. 122).

Since that time the engineers, rate experts and telephone experts of the commission have given a vast amount of testimony relative to rules and regulations, practices, rates and contracts of the company. The commission at all times has given the greatest publicity possible to its hearings and rulings, with the end in view that the public may at all times be informed as to this and every other proceeding before the commission. The work and efforts of the commission have covered many months, and involved a very considerable expense to the state. This commission was of the opinion at

the time said final order was entered, and is of the opinion now, that it has given its best efforts to the work, and that its findings are fair and just and in accordance with the law.

Moreover, in the course of the hearings of this proceeding a representative from the office of the attorney for the City and County of Denver was present, and although requested so to do by the commission, declined to introduce any evidence or to examine witnesses.

The petition for rehearing filed in this cause does not set forth specifically any ground on which the applicant considers the decision and order of this commission unlawful or unreasonable, except insofar as it questions the commission's jurisdiction with respect to the City and County of Denver.

For the reasons above given, this commission has no doubt as to its jurisdiction of this entire proceeding, and since there has been no showing in the application for a rehearing of any particular in which the order of the commission is unsupported by the evidence, the application for a rehearing should be and is denied.

However, the commission is willing, pursuant to section 46 of the public utilities act, and within the time prescribed by the act for the prosecution of writs of review, to enter into a proper stipulation with the City and County of Denver for the purpose of certifying to the supreme court of this state for its judgment the sole question of jurisdiction raised by the petition for a rehearing.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. O. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 2nd day of July, 1918.

# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

-----

In the Matter of the Application of )  
The Denver & Interurban Railroad )  
Company, Wm.H.Edmunds, Receiver, ) Application No.19.  
for permission to abandon service )  
upon its Fort Collins Street Railway )  
Line. )

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Submitted July 1, 1918.

Decided July 9, 1918.

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### Appearances:

E.E.Whitted, for The Denver & Interurban Railroad Company,  
Wm.H.Edmunds, Receiver; F.J.Annis and Paul W.Lee, for the  
city of Fort Collins; Claude C.Coffin, for the Commercial  
Club of Fort Collins.

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### STATEMENT AND ORDER.

#### By the Commission:

On the 25th day of June, 1918, there was filed with the Commission a petition and application by Wm.H.Edmunds, Receiver of The Denver & Interurban Railroad Company (hereinafter called the Interurban Railroad) for an order of the Commission authorizing the Receiver to cease operation of the street railway in the city of Fort Collins, Colorado, on account of the losses incurred in operating the same. This street railway has 7.51 miles of main track and .73 miles of side track in Fort Collins, Colorado, and has five motor cars and one trailer car in service. The Interurban Railroad operates this line and also an electric interurban line between Denver and Boulder, these being the only properties owned or operated by this company.

The application states in substance that on June 11, 1918, in the case of the Guaranty Trust Company of New York against The Interurban Railroad, Wm.H.Edmunds was appointed receiver of the Interurban Railroad by the District Court of the United States for the District of Colorado; that such receiver filed his bond and is

now in possession of and operating the properties pursuant to the orders of the court; that the Fort Collins street railway has never, since the completion of its construction, about January 1, 1908, at a cost of more than \$250,000.00, earned in any one year a sufficient amount of money to pay its operating expenses and taxes; that there was a deficit amounting to \$11,992.86 in its operation for the calendar year ending December 31, 1917, exclusive of taxes, and there were deficits for the year 1916 and for the four months ending April 30, 1918; that in the receiver's opinion it is not possible under present conditions for the Fort Collins street railway to earn its operating expenses and taxes; that its operation produces a heavy deficit and charges against the income in the hands of the receiver and that said street railway line should be abandoned; that the operation of the Interurban Railroad between Denver and Boulder for the period of four months ending April 30, 1918, showed a deficit after paying operating expenses and taxes and the earnings of the Denver-Boulder line will be insufficient to pay any deficit resulting from the operation of the street railway in Fort Collins; that the income from the Fort Collins line has never been sufficient to pay anything on the investment in said property. The applicant then prays for an order authorizing the receiver to cease the operation of the said street railway on account of the losses incurred in operating the same.

The city of Fort Collins and the Fort Collins Commercial Club filed their respective protests and answers to the petition, and prayed that the application be denied.

This case came on for hearing before the Commission in the district court room at Fort Collins, Colorado, at the hour of 11 o'clock a.m., Monday, July 1, 1918. Evidence was introduced by the applicant and the protestants. The applicant showed that he had been ordered on June 22, 1918, by Hon. Robert E. Lewis, judge of the United States District Court for the District of Colorado, to apply to this Commission for an emergency order to abandon operation of the street railway line in Fort Collins. He also produced a

statement of revenues, expenses, taxes, and operating income for the period from January 1, 1908, to December 31, 1917, as follows:

Year-	Revenues	Expenses	Net Revenue	Taxes	Operating Income.
1908	\$25,399.35	\$24,709.41	\$ 689.94	\$ --	\$ 689.94
1909	24,644.46	27,777.00	3,132.54	1,237.34	4,369.88
1910	24,784.10	29,858.08	5,073.98	2,361.75	7,435.73
1911	21,727.37	27,637.70	5,910.33	2,509.48	8,419.81
1912	23,788.80	32,553.53	8,764.73	2,467.84	11,232.57
1913	23,384.70	29,600.28	6,215.58	2,721.58	8,937.16
1914	22,858.73	31,518.10	8,659.37	2,582.97	11,242.34
1915	20,393.31	26,745.41	6,352.10	2,546.09	8,898.19
1916	21,260.72	28,014.36	6,453.54	2,546.33	9,299.97
1917	20,838.87	32,831.73	11,992.86	2,568.56	14,561.42

It will be noted that this exhibit shows a constant yearly decrease in revenues, a large yearly increase in expenses and in the deficits of net revenue and operating income, and that the deficit for the year 1917 was \$11,992.86 exclusive of taxes and \$14,561.42 including taxes.

In Re Denver, Laramie & Northern R.R.Co., 4 Colo.P.U.C. 316, the Commission examined the authorities respecting discontinuance of service and abandonment of railroads, and ruled that before a public utility operating within the state of Colorado will be permitted to withdraw entirely from public service, it must first show that after a fair trial its property is unable to earn its legitimate operating expenses, and increases in rates commensurate with the value of the service performed, if permitted by the Commission, will not increase the revenues of such public utility sufficiently to meet legitimate operating expenses.

The applicant seeks to "cease the operation of said street railroad." This does not extend to removal of tracks, poles or wires, but the language used in the Laramie case applies to the discontinuance of service by the applicant requested in this case. See also: In re. Crystal River & S.J.R.R.Co., 4 Colo.P.U.C.469. The evidence shows that, after a fair trial for a period of ten years, the Fort Collins street railway property has been unable to earn



its legitimate operating expenses and taxes. The matter of increased rates was gone into by witnesses for applicant and protestants. The evidence of applicant was to the effect that to produce sufficient revenue to meet these expenses a fare of about 10 cents would be required, providing the same number of passengers would be carried as at present. It was further shown that such number of passengers could not be expected and it seems to be conceded by both applicant and protestants that an increase in fare would afford little if any relief, and rather would result in a decrease of patronage. The evidence is that during the last ten years the revenues of the Fort Collins street railway has shown a steady yearly decrease notwithstanding Fort Collins is a growing and prosperous community, which fact shows a considerable lack of public demand for the service.

As stated in Re Crystal River & S.J.R.R.Co., supra--

"While the Commission looks with disfavor upon an attempt of a railroad to abandon or discontinue service upon its line, yet a situation here confronts the Commission which warrants an order permitting the temporary discontinuance of train service upon the line of the applicant."

The Commission is of the opinion that the applicant ought not to be required to operate the Fort Collins line under conditions as they now exist and have existed. The discontinuance of service will unquestionably work a hardship upon some of the residents of Fort Collins, but the business is not sufficient to warrant the operation by the receiver, the applicant herein. The operation of this line is also found to be a burden upon the operation of the Denver-Boulder line of the Interurban Railroad, which, the evidence shows, is hardly able to pay its own operating expenses and taxes. It may be that upon a foreclosure sale in the Federal Court a purchaser will be found for the Fort Collins street railway property who will be able to operate it. The applicant may cease operations of the Fort Collins street railway until the further order of the Commission, but no portion of the line, tracks, poles, wires or equipment should be removed.

O R D E R.

IT IS THEREFORE ORDERED, That Wm.H.Edmunds, receiver of The Denver & Interurban Railroad Company be, and he is hereby, permitted to discontinue the operation of the Fort Collins line of street railway until the further order of the Commission.

IT IS FURTHER ORDERED, That the line, tracks, poles, wires and equipment or any part thereof shall not be removed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy Williams  
A P Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 9th day of July, 1918.

ORIGINAL

(Decision No. )

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

-----

In re Advances in rates and charges )  
of The Aguilar Light & Power Company )  
for electric service at Aguilar, )  
Colorado. )

Investigation and Suspension Docket No.16.

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Submitted April 30, 1918.

Decided July 12, 1918.

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Appearances:

A.E.Bent, for the respondent company; A.I.Lindsey, mayor,  
for the town of Aguilar.

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STATEMENT AND ORDER.

By the Commission:

On January 31, 1918, The Aguilar Light & Power Company filed with the Commission its rate schedule Colo.P.U.C.No.3, cancelling Colo.P.U.C.No.2, by which new schedule it was proposed to advance the rates for electric service in the town of Aguilar. It appeared that the Commission should enter upon an investigation and hearing as to the propriety of the proposed rates, and pending such investigation and hearing and decision thereon, the proposed rates were suspended on January 16, 1918, by order of the Commission, until June 29, 1918, and were subsequently suspended on June 28, 1918, until December 29, 1918, or until the further order of the Commission.

Pursuant to notice duly given to all parties in interest, the above cause came on for hearing before the Commission at the town council chamber in Aguilar, Colorado, at the hour of 10 o'clock a.m., on the 30th day of April, 1918. At this hearing evidence was received by the Commission relative to the reasonableness of the present and proposed rates of the respondent company.

The present rates of the respondent company now on file with the Commission, and covering the rates for electric service in the town of Aguilar and vicinity, are as follows:

Residence Lighting:

Rate 12 $\frac{1}{2}$ ¢ per Kw-hr.;  
Prompt payment discount 10 per cent;  
Minimum monthly guarantee \$1.00 net.

Business Lighting:

Rate 10¢ per Kw-hr.;  
Prompt payment discount 10 per cent;  
Minimum monthly guarantee \$1.00 net.

Street Lighting: (All night service)

250 watts multiple Mazda lamps, \$6.00 per month net;  
40 watts multiple Mazda lamps, \$1.75 per month net.

Municipal Water Pumping:

First 300,000 gals.pumped per month, 12¢ per M.gal.net;  
Next 300,000 gals.pumped per month, 11¢ per M.gal.net;  
All over 600,000 gals.pumped per month,  
10¢ per M.gal.net.  
Minimum monthly guarantee \$50.00 net.

The schedule filed on January 31, 1918, makes no change in the rates for municipal street lighting and municipal water pumping. The rates for business and residence service are sought to be cancelled and the following schedule substituted therefor, to apply to all commercial lighting, both residence and business:

Rate:

First 50 Kw-hr.of consumption per month, 15¢ per Kw-hr.;  
Next 50 Kw-hr.of consumption per month, 14¢ per Kw-hr.;  
Next 50 Kw-hr.of consumption per month, 13¢ per Kw-hr.;  
For all consumption in excess of 150 Kw-hr.  
per month, 12¢ per Kw-hr.

Minimum Monthly Guarantee:

\$1.50 gross per consumer.

Prompt Payment Discount:

10 per cent on all bills, including minimum bills, when paid on or before the 10th day of the month next succeeding that in which service is rendered.

On December 2, 1907, a franchise was granted by the town of Aguilar to the Hawkins & Barnett Machine Company for a period of twenty years, authorizing the grantee "to construct, operate and

maintain an electric light, heat and power plant within or near the corporate limits of the town of Aguilar \* \* \* for the purpose of furnishing electric light, heat and power to the town of Aguilar and its inhabitants". In June, 1908, the plant and franchise of the Hawkins & Barnett Machine Company were transferred to The Aguilar Light & Power Company, the consideration being \$12,500.00. The property has been operated by The Aguilar Light & Power Company since that date.

From the date of purchase up to December 31, 1917, additions to plant in the sum of \$4,680.30 were made, and property in the sum of \$2,648.37 was abandoned, making the net plant investment as of December 31, 1917, \$14,531.93. When this property first began operations a steam power plant, consisting of boilers, engines and generators, was installed, and operated up to about March, 1912. At that time the generating plant was closed down and a contract entered into with The Trinidad Electric Transmission, Railway & Gas Company for the energy requirements at Aguilar. The generating plant has not been operated since this contract was entered into, and the electric generators and switchboards have been sold. The steam engines and boilers, however, have not been disposed of.

An inventory and appraisal of the property of the respondent was made by the engineering staff of the Commission and was submitted for the consideration of the Commission at the hearing in this cause. A summary of this appraisal is set out in Table No.1, the amounts therein shown being exclusive of intangible values such as going concern value, cost of money, promoters' remuneration, etc.

The revenues and expenses of the respondent for the years 1913 to 1917, inclusive, as compiled from the books of the respondent company by the statistician of the Commission, are set out in Table No.2.

Table No.1.

Acct. No.	Classification	Normal Reproduction Cost.
101	Organization	\$ 235.
102	Franchises	200.
105	Land	263.
106	Buildings	1,306.
140	Distribution system	4,324.
141	Line Transformers	735.
142	Consumers' Meters	1,385.
160	Municipal Street Lighting System	922.
162	Office Equipment	133.
166	Customers' Installations	159.
168	Miscellaneous Equipment	172.
	Total of Fixed Capital Accounts,	9,834.
	Working Capital	1,000.
	Total	\$10,834.
<u>Abandoned Property</u>		
107	Steam Power Plant Equipment	\$ 2,000.
111	Boiler Plant Equipment	3,000.
	Total	\$ 5,000.

Table No.2.

	1913	1914	1915	1916	1917
<u>OPERATING REVENUE</u>					
501 Commercial Lighting	5,735.58	3,226.56	3,699.25	3,511.00	3,917.21
502 Municipal St. Lighting		1,673.25	1,810.25	1,299.00	1,275.00
503 Commercial Power		227.65	170.00		
504 Municipal Power			411.65	505.35	559.90
506 Elec. Mdse & Jobbing		328.99	384.89	247.19	336.80
507 Miscellaneous Earnings			96.05		
Total Operating Revenue	5,735.58	5,456.45	6,572.09	5,562.54	6,089.00
<u>OPERATING EXPENSES</u>					
657 Purchased Power	2,423.97	1,845.00	2,157.90	1,884.45	1,949.80
700 Distribution	639.27	905.69	626.87	575.26	781.20
720 Utilization	56.62	118.84	380.03	265.15	140.30
747 New Business	91.50	6.50	40.50	45.75	45.60
760 General Expense	1,548.64	1,580.50	1,776.81	1,492.57	1,492.00
Total Above Items	4,760.00	4,456.53	4,982.11	4,263.18	4,409.10
775 Depreciation					400.00
779 Taxes		346.52	145.50	95.62	220.10
Total Operating Expense	4,760.00	4,803.05	5,127.61	4,358.80	5,029.20
Net Operating Income	975.58	653.40	1,444.48	1,203.74	1,059.70

The general expense account includes an item of \$600.00 as salaries of general officers and represents a management account of \$50.00 per month paid to A.E.Bent for management and supervision of the property. The Commission is of the opinion that this amount, which is approximately 10 per cent of the annual gross revenue, is excessive, as the services actually rendered are small. According to the testimony of Mr.Bent, his general office force supervises the operation of seven properties, of which the total gross revenue is approximately \$80,000.00 per year. The service rendered to these properties consists in the main of auditing and accounting and requires the time of two employes, who perform other duties as well. If engineering service is rendered to one of these properties in connection with additions or extensions thereto the cost of such engineering should be charged to the capital accounts, and should not be treated as an operating expense. In the appraisal submitted by the engineering staff an allowance for engineering of 5 per cent on the principal capital accounts has been made, and the Commission is of the opinion that such allowance for engineering is ample to cover such engineering services as have been rendered to this property. The amount of engineering required in the operation of a small distribution system of this kind is almost negligible. The Commission is of the opinion that \$300.00 per annum is a reasonable allowance for the services rendered by the general officers of the company. This is approximately 5 per cent of the present annual gross revenue.

The operating expenses for the year 1917 include the sum of \$400.00 for depreciation. The engineering staff of the Commission estimated the annual depreciation requirement for this property at \$358.00 when set aside on the straight line basis, and \$211.00 when set aside on the sinking fund basis. In fixing the value of this property for rate-making purposes the Commission will, in line with previous decisions, not make a deduction on account of accrued depreciation, and will estimate the depreciation requirement on the sinking fund basis.

On account of some errors on the part of the county assessor and tax assessing bodies the taxes shown on the books of the respondent company are not correct, there being \$700.99 still due for the five year period under consideration. The sum of \$346.52, shown as taxes for the year 1914, includes taxes for both 1913 and 1914. Taking into account the back taxes now due and unpaid, the actual taxes for this property for the period under consideration have averaged approximately \$300.00 per year. On account of recent increases in taxes the Commission is of the opinion that in the future the taxes on this property will amount to approximately \$400.00 per year. This is the rate at which the respondent is accruing taxes at the present time.

At the hearings in this case the respondent contended that full allowance should be made by the Commission for its abandoned steam plant, which was appraised by the engineering staff at \$5,000.00. The Commission is of the opinion that some consideration is to be given to this claim, but that it cannot be allowed in full. This plant was installed in good faith and was abandoned much before the end of its useful life for the purpose of improving the service and reducing the operating expenses. The electric generators have been disposed of, so that as the plant now stands it is of no value to the property even for standby service. The boilers and engines should, in the opinion of the Commission, also be disposed of, especially at this time when they are much in demand and will command a fair price. It cannot be assumed, as urged by the respondent, that the existence of this plant is of value for the purpose of securing a reasonable rate for energy at wholesale from The Trinidad Electric Transmission, Railway & Gas Company, since that company is entirely under the jurisdiction of this Commission and the present rate cannot be increased, without the consent of the respondent unless a proper showing that such increase is necessary be made to the Commission.

After hearing and considering the evidence presented in this case, and being fully advised in the premises, the Commission



finds as follows:

1. That the rate-making value of the property of The Aguilar Light & Power Company as of December 31, 1917, including a reasonable allowance for abandoned property and working capital, and considering all elements of value both tangible and intangible, was \$13,500.00.

2. That a proper annual depreciation requirement at this time to be set aside on the 5 per cent sinking fund basis is the sum of \$211.00.

3. That a fair return to the owners of this property is 8 per cent on the above rate-making value.

4. That the average annual cost to the company of furnishing service under the conditions prevailing at this time is as follows:

Purchased power,.....	\$1,950.00
Distribution expense,.....	980.00
Utilization expense,.....	200.00
New business expense,.....	50.00
General expense,.....	1,300.00
Taxes,.....	400.00
Depreciation,.....	211.00
Return, 8 per cent on \$13,500.00..	1,080.00

Total,.....	\$6,171.00
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5. That the annual gross revenue of the respondent company under the rates now in effect and on file with the Commission will not exceed \$6,100.00 per annum.

6. That the rates of the respondent for municipal street lighting, municipal water pumping and commercial power are adequate and reasonable, and that for commercial lighting, including both residence and business lighting, the following rate is reasonable and should be substituted for the rates now on file with the Commission for these classes of service:

Commercial Lighting:

Rate:

First 25 Kw-hr. of consumption per month, 13¢ per Kw-hr.  
Next 50 Kw-hr. of consumption per month, 11¢ per Kw-hr.  
Next 100 Kw-hr. of consumption per month, 9¢ per Kw-hr.  
For all consumption during the month in excess  
of 175 Kw-hr., 7¢ per Kw-hr.

Prompt Payment Discount:

A discount of 10 per cent will be allowed on all bills paid on or before the 10th day of the month next succeeding that in which service is rendered.

Minimum Monthly Guarantee:

\$1.00 net or \$1.10 gross per consumer or per meter.

O R D E R.

IT IS THEREFORE ORDERED, That the rates filed by The Aguilar Light & Power Company on January 31, 1918, suspended by an order of this Commission until June 29, 1918, and subsequently suspended until December 29, 1918, or until the further order of this Commission, be and the same are hereby permanently suspended.

IT IS FURTHER ORDERED, That The Aguilar Light & Power Company be and it is hereby permitted to file, in accordance with Section 16 of the Public Utilities Act, schedules effective as of August 1, 1918, providing for the following rates and charges to apply to all service rendered on and after that date:

Commercial Lighting:

Rate:

First 25 Kw-hr. of consumption per month,	13¢ per Kw-hr.
Next 50 Kw-hr. of consumption per month,	11¢ per Kw-hr.
Next 100 Kw-hr. of consumption per month,	9¢ per Kw-hr.
For all consumption during the month in excess of 175 Kw-hr.	7¢ per Kw-hr.

Prompt Payment Discount:

A discount of 10 per cent will be allowed on all bills paid on or before the 10th day of the month next succeeding that in which service is rendered.

Minimum Monthly Guarantee:

\$1.00 net or \$1.10 gross per consumer or per meter.

Commercial Power:

Rate:

\$1.00 per month per horse power of connected load, plus  
5 cents per Kw-hr. for all energy consumed.

Minimum Monthly Guarantee:

\$1.00 per horse power of connected load.

Prompt Payment Discount:

The above rates are net.

Municipal Street Lighting: (All night service)

Rate.

250 watt multiple Mazda lamps, \$6.00 per month, net.  
40 watt multiple Mazda lamps, \$1.75 per month, net.

Terms and Conditions.

The company will furnish and install all lamps, wires, poles, fixtures and other equipment required in rendering street lighting service, and will maintain and operate the same.

Municipal Water Pumping:

Rate.

For the first 300,000 gals.pumped per month,  
12¢ per M.gals., net.  
For the next 300,000 gals.pumped per month,  
11¢ per M.gals., net.  
For all over 600,000 gals.pumped per month,  
10¢ per M.gals., net.

Minimum Monthly Guarantee. \$50.00 net.

Terms and Conditions.

The company will bear the entire expense of operating, maintaining, oiling, starting and stopping the motor-driven pumps operated hereunder.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo T. Bradley

Leroy Williams

A J Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 12th day of July, 1918.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the  
13th day of July, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO.25.

In re ADVANCE IN DENVER TRAMWAY INTER-  
URBAN FARES.

-----  
IT APPEARING, That there have been filed with the Public  
Utilities Commission of the state of Colorado by The Denver Tramway  
Company schedules of rates, effective August 6, 1918, stating advanc-  
es in the interurban fares contained in tariff, designated as follows:

Colo.P.U.C.No.3.

IT IS ORDERED, That the Commission enter upon an investi-  
gation and hearing to be held at a date to be later designated con-  
cerning the propriety of the increases and the lawfulness of the  
schedules enumerated.

IT FURTHER APPEARING, That the said schedules make in-  
creases in the interurban fares, and the rights and interests of the  
public appearing to be injuriously affected thereby, and it being  
the opinion of the Commission that the effective date of the sched-  
ules above specified should be postponed pending said hearing and  
decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules  
above specified be suspended and that the use of the rates, rules  
and charges therein be deferred until the 3rd day of December, 1918,  
unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall  
file no schedule providing for any increases in the rates as now in  
effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commis-  
sion be, and he is hereby, directed to serve upon the utility issuing  
the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo T. Bradley  
Leroy J. Williams  
W. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 13th day of July, 1918.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

-----  
In the Matter of the Application of  
The Denver & Interurban Railroad  
Company, Wm. H. Edmunds, Receiver,  
for permission to abandon service  
upon its Fort Collins Street Rail-  
way Line.

)  
(  
) Application No.19.  
(  
) *July 24, 1918*  
(

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STATEMENT.

By the Commission:

On July 9, 1918, the Commission issued its order in this cause permitting the receiver of The Denver & Interurban Railroad Company to discontinue service on its street railway line in the city of Fort Collins, but prohibiting the receiver from removing the line, tracks, poles, wire and equipment. On the 20th day of July, 1918, the City of Fort Collins, by F.J. Annis, its attorney, and Paul W. Lee, special counsel, filed a petition with the Commission praying for a rehearing of the above cause, and as grounds for such motion alleged error on the part of the Commission.

The Commission now being fully advised in the premises is of the opinion that the petition of the City of Fort Collins for a rehearing should be denied.

O R D E R.

IT IS THEREFORE ORDERED, That the petition for rehearing, filed with the Commission July 20, 1918, by the City of Fort Collins, be, and it is hereby, denied.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

*Geo T. Bradley*  
*Leroy J. Williams*  
*A. J. Anderson*

Dated at Denver, Colorado  
this 24th day of July, 1918.

# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

### IN RE ADVANCE IN COMMERCIAL POWER RATES OF THE WESTERN LIGHT & POWER COMPANY.

### INVESTIGATION AND SUSPENSION DOCKET NO. 19.

July 27, 1918.

#### STATEMENT.

By the Commission:

On the 29th day of January, 1918, there was filed with the Commission by The Western Light & Power Company 4th Revised Sheet No. 15 to Colo. P.U.C. No. 4, proposed to become effective March 1, 1918, and providing for certain increases in the commercial power rates applicable to all cities and towns served by the company.

On the 23rd day of February, 1918, the Commission entered upon an investigation concerning the propriety of the increases contained in the said schedule, and issued an order deferring the operation of the rates until the 29th day of June, 1918. Subsequently on June 28, 1918, an order was issued further deferring the operation of the rates until December 29, 1918.

On July 22, 1918, an application was filed with the Commission by the respondent company to withdraw and cancel its schedules under suspension, which was granted by the Commission in its short notice authority No. 1214 of July 25, 1918. On July 25, 1918, a schedule was received by the Commission from the respondent, issued under the authority conferred upon it, withdrawing and cancelling the rates contained in 4th Revised Sheet No. 15 to Western Light & Power Company Colo. P.U.C. No. 4.

It appears, therefore, that as the issues contained in this cause have been withdrawn by the respondent, the cause should be vacated and taken from the docket, and an order will therefore be issued dismissing the same.

#### ORDER.

IT IS THEREFORE ORDERED, That this cause be, and it is hereby, dismissed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams  
A. P. Anderson

Commissioners.

Dated at Denver, Colorado,  
this 27th day of July, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

IN RE ADVANCE IN ELECTRIC RATES OF  
THE WESTERN LIGHT & POWER COMPANY.

INVESTIGATION AND SUSPENSION DOCKET NO. 22.

July 27, 1918.

STATEMENT.

By the Commission:

On the 28th day of February, 1918, there was filed with the Commission by The Western Light & Power Company Colo. P.U.C. No. 5, proposed to become effective March 31, 1918, providing for certain increases in the rates for electric service applicable to all cities and towns served by the company.

On the 13th day of March, 1918, the Commission entered upon an investigation concerning the propriety of the increases contained in the said schedule, and issued an order deferring the operation of the rates until the 29th day of July, 1918.

On July 22, 1918, an application was filed with the Commission by the respondent company to withdraw and cancel its schedules under suspension, which was granted by the Commission in its short notice authority No. 1214 of July 25, 1918. On July 25, 1918, a schedule was received by the Commission from the respondent, issued under the authority conferred upon it, withdrawing and cancelling the rates contained in Western Light & Power Company Colo. P.U.C. No. 5.

It appears, therefore, that as the issues contained in this cause have been withdrawn by the respondent, the cause should be vacated and taken from the docket, and an order will therefore be issued dismissing the same.

ORDER.

IT IS THEREFORE ORDERED, That this cause be, and it is hereby, dismissed.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. McLean  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 27th day of July, 1918.



# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

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In re Application of The Western Colorado  
Power Company for a certificate of public  
convenience and necessity in the Town of  
Ridgway. )

*August 6, 1918*

Application No.24.

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### STATEMENT.

#### By the Commission:

This is the application of The Western Colorado Power Company for a certificate of public convenience and necessity to exercise the rights and privileges granted to it by the Town of Ridgway under Ordinance No.91, passed and adopted March 4, 1918, by the mayor and board of trustees of the town of Ridgway.

On July 18, 1918, the applicant The Western Colorado Power Company was duly notified that hearing in this case had been set for the 31st day of July, 1918, at 2:00 o'clock p.m. On the same date notice of said hearing was also served on the mayor and board of trustees of the town of Ridgway.

A public hearing in this cause was held before Commissioner Anderson in the hearing room of the Commission on July 31, 1918, at 2:00 o'clock p.m. Mr. Bulkeley Wells, president of The Western Colorado Power Company, appeared on behalf of the applicant company. There were no other appearances.

The testimony shows that The Western Colorado Power Company is engaged in furnishing electric current for lighting, heating and power purposes in the town of Ridgway; that there is no other company now engaged in the public service of supplying electricity for said purposes in said territory; that there are no other means by which the town of Ridgway or the surrounding country can be supplied with electricity for said purposes, except by the construction of a new plant; that the applicant, The Western Colorado Power Company, on March 4, 1918, obtained a franchise from the town of Ridgway granting it permission to engage in the business of



supplying electricity for the purposes above stated; that the applicant company has been engaged in the supplying of electricity for said purposes in the town of Ridgway for some years past, but that the present franchise was obtained and granted for the purpose of curing certain defects in the passage of a previous ordinance under which the company had been doing business.

In filing its application herein the company also filed with the Commission a copy of the franchise granted to it by the town of Ridgway, and a copy of its articles of incorporation, as required by Sec.35 of the Public Utilities Act.

The testimony shows that there is now a demand and necessity for a supply of electricity for lighting, heating and power purposes in the town of Ridgway.

O R D E R.

The Western Colorado Power Company, having applied to this Commission for a certificate to exercise the rights granted to it by Ordinance No.91 of the town of Ridgway, and a public hearing having been held thereon, and the Public Utilities Commission being fully advised in the premises--

IT IS HEREBY DECLARED that the present and future public convenience and necessity require and will require the exercise by The Western Colorado Power Company, its successors and assigns, of the rights and privileges conferred by Ordinance No.91 of the town of Ridgway, adopted by the mayor and board of trustees on the 4th day of March, 1918.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Greg T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 6th day of August, 1918.

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF COLORADO.

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In re ADVANCE IN DENVER & INTERURBAN RAILROAD FARES.

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APPLICATION NO. 23.

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Submitted August 5, 1918.

Decided August 7, 1918.

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APPEARANCES: E. E. Whitted, for the applicant.

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STATEMENT.

By the Commission:

This cause arises on application of The Denver & Interurban Railroad Company, by William H. Edmunds, receiver, for permission to increase fares upon its line between Denver and Boulder.

The applicant is a common carrier under the Public Utilities Act and was organized September 10, 1904, under the laws of the state of Colorado. It owns an interurban line extending from Globeville to Boulder and a street railway line in the city of Fort Collins. Operations were commenced upon its interurban line about July 1, 1908.

On May 4, 1918, the Commission issued an order in I. & S. Docket No. 17 in which the interurban fares of the applicant were passed upon. Tariffs had been filed providing for: An increase in the one-way fares from  $2\frac{1}{2}$  cents to 3 cents per mile; increase in 25-ride family commutation tickets from  $1\frac{1}{2}$  cents to 2 cents per mile; elimination of the 10-ride individual commutation tickets, which had been based on rate of  $1\frac{3}{4}$  cents per mile; elimination of 50-ride family commutation books, based on rate of  $1\frac{1}{2}$  cents per mile; a 15-day limit on round

trip tickets instead of a 3-day limit, and certain other rules and provisions not provided for by the tariffs theretofore on file with the Commission.

The Commission found that the respondent was not earning sufficient revenue and that increases should be granted in its fares, and on May 4, 1918, issued its order increasing certain of the respondent's fares. It did not, however, grant the full amount of increases as provided by the tariff suspended. The Commission ordered that no change be made in the one-way or round trip fares, but ordered the elimination of the 10-ride individual commutation tickets, an increase in the 25-ride family commutation tickets to 2 cents per mile, and an increase in the 50-ride family commutation books to  $1\frac{3}{4}$  cents per mile. A tariff was filed in conformity with the order of the Commission, effective May 26, 1918.

On June 11, 1918, in the case of Guaranty Trust Company of New York as Trustee, v. Denver & Interurban Railroad Company, the Honorable Robert H. Lewis, judge of the United States District Court of the District of Colorado, appointed William H. Edmunds receiver of The Denver & Interurban Railroad Company. Subsequent thereto the Court ordered the receiver to apply to the Commission for permission to discontinue operations of the street railway line of the Denver & Interurban in the city of Fort Collins. On July 9, 1918, the Commission issued its order permitting the discontinuance of service upon said line.

Statements of the financial conditions of the applicant and of the mileage, etc., are set out in the Commission's order of May 4, 1918, In re Advance in Denver & Interurban Railroad Fares, 5 Colo. P.U.C.--. In that case the evidence showed that the respondent had never paid interest on its funded debt, and that the accrued debit balance on December 31, 1917 was \$734,992.45.

In the former cause protests were entered on behalf of the city of Boulder, the town of Louisville and The Boulder Commercial Association. At the hearing in the instant cause no protests were entered and no appearances were entered other than those of the applicant. On July 18, 1918, subsequent to the filing of the application, the Commission received a communication from the city

manager of the city of Boulder advising that the city of Boulder would make no protest against the petition for increased rates.

Exhibits were filed by the applicant giving complete statistics of its operations upon the interurban line and also for the company as a whole. It appears from these exhibits that the net loss upon the Denver-to-Boulder line for the six months from January 1, 1918, to June 30, 1918, was \$40,418.24, and that while the operating revenues are fairly constant, the operating expenses are continually increasing and without doubt will continue to do so. In addition to the exhibits filed in this cause it was stipulated that the evidence and testimony of the former cause be considered herein. The greater portion of the traffic on the applicant's interurban line is to and from Denver. An exhibit was filed by the applicant showing a statement of tickets sold from Denver to all stations on the interurban line during the month of March, 1918. A summary of this statement is as follows:

	<u>Tickets</u>	<u>Revenues</u>
One-way . . . . .	5,251	\$ 2,610.70
Round-trip . . . . .	3,115	3,080.10
Commutation, 10 trip .	12	36.40
Commutation, 25 trip .	33	250.50
Commutation, 50 trip .	31	197.50

Since the issuance of the Commission's order of May 4, 1918, the applicant has made an estimate of the increased revenue that would accrue by reason of the Commission's order of that date and found that upon the basis of the business of the year ended December 31, 1917, the increase in revenue would amount to approximately \$8,000.00 per annum.

In the opinion of the Commission, it is clearly evident that the increases allowed in the Commission's order of May 4, 1918 are not sufficient to enable the company to pay its operating expenses and taxes and that, unless further relief is granted, it will become necessary to discontinue service upon the interurban line of the company.

The Commission is further of the opinion that the increases prayed for by the applicant should be granted and an order therefore will be entered authorizing the establishment of the rates hereinafter set forth in the

Commission's order.

ORDER.

IT IS ORDERED, That the applicant, The Denver & Interurban Railroad Company, by William H. Edmunds, receiver, be, and it is hereby, allowed and permitted to establish on not less than 3 days' notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, the following rates between points upon its line between Globeville and Boulder, Colorado:

1. Local one-way fare, between all points, 3 cents per mile; minimum fare in any one case 10 cents.
2. Round-trip, between all points, 10 per cent less than the double local one-way fare.
3. 25-ride commutation tickets, between all points, 2.20 cents per mile; minimum charge for any 25-ride book \$2.00.
4. 50-ride commutation tickets, between all points, 1.925 cents per mile; minimum charge for any 50-ride book \$4.00.
5. Special cars at regular round-trip rates, with a minimum guaranty of \$50.00 per car.

ELDORADO SPRINGS DURING SUMMER SEASON.

6. Special Sunday excursion rates, Globeville to Eldorado Springs and return, round-trip \$1.20.  
Week-day rate, Globeville to Eldorado Springs and return, round-trip, \$1.40.  
Special cars, Globeville to Eldorado Springs, round-trip, \$1.20 per person; minimum guaranty of \$50.00 per car.

SPECIAL CHARGE FOR PERSONS NOT HOLDING TICKETS.

An addition of 5 cents to the regular ticket fare  
will be made in all cases where passenger has failed  
to purchase a ticket at stations where agents are located  
and tickets are available.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 7th day of August, 1918.

ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 16th day of August, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 26.

In re ADVANCE IN ELECTRIC AND GAS RATES AT COLORADO SPRINGS.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Colorado Springs Light, Heat & Power Company schedules of rates, effective September 1, 1918, stating advances in the rates for electric and gas service at Colorado Springs contained in tariffs, designated as follows:

1st Revised Sheet No. 3 to Electric Colo. P. U. C. No. 4.	
1st " " " 4 " " " " " " 4.	
1st " " " 5 " " " " " " 4.	
1st " " " 3 " Gas " " " " " 4.	

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric and gas service at Colorado Springs, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 30th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 16th day of August, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the Application )  
of The Crystal River & San Juan )  
Railroad Company to discontinue )  
operations. )

Application No. 5

(Extension of Order.)

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Submitted August 22, 1919.

Decided August 25, 1919.

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Appearances: S. D. Crump, Esq., for the Applicant Company.

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STATEMENT.

By the Commission:

An order was entered in the above application on October 27, 1917, that The Crystal River & San Juan Railroad Company be permitted to discontinue operations upon its line of railroad until April 1, 1918; and by subsequent orders this permission was extended to May 1, 1919.

On August 22, 1919, the applicant filed verified petition, alleging that the same conditions respecting the financial affairs and general condition of the applicant's railroad still exist, except that applicant is now engaged in making all necessary repairs to the roadbed, rails, ties, bridges, and rolling stock owned by it, and at this time has a force of employes engaged in making such repairs as rapidly as possible; that it is the intention of the applicant to resume operations and commence the running of trains so as to serve



the public in both freight and passenger business on or about December 31, 1919, and requests that the last order permitting discontinuance of service be extended to December 31, 1919.

The Commission finds that the permission for the extension of the order heretofore made should be granted.

O R D E R

IT IS THEREFORE ORDERED, That the permission for discontinuance of operation heretofore granted to The Crystal River & San Juan Railroad Company of its line of railroad, be, and is hereby, extended from May 1, 1919 to December 31, 1919, unless this order be modified or extended by the Commission, or unless the said company be sooner able to operate its trains, in which event train service shall be resumed.

IT IS FURTHER ORDERED, That The Crystal River & San Juan Railroad Company shall not remove its line of railroad or any part thereof.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Leroy J. Mumma  
A. P. Anderson  
Grant E. Hall  
Commissioners.

Dated at Denver, Colorado, this  
25th Day of August, 1919.

ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 26th day of August, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 27.

In re ADVANCE IN ELECTRIC RATES AT OAK CREEK.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the State of Colorado by The Oak Creek Service Company schedules of rates, effective August 28, 1918, stating advances in the rates for electric service at Oak Creek contained in tariff, designated as follows:

1st Revised Sheet No. 3 to Colo. P.U.C. No. 2.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric service at Oak Creek, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 26th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. McIsaac  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 26th day of August, 1918.

# ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 26th day of August, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 28.

In re ADVANCE IN ELECTRIC RATES AT PALISADE.  
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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Palisade Service Company schedules of rates, effective August 28, 1918, stating advances in the rates for electric service at Palisade contained in tariffs, designated as follows:

1st Revised Sheet No. 3 to Colo. P.U.C. No. 2.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric service at Palisade, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 26th day of December, 1918, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley

Leroy J. Williams

A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 26th day of August, 1918.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the  
10th day of September, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 29.

In re ADVANCE IN GAS RATES AT TRINIDAD.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Trinidad Electric Transmission Railway and Gas Company schedules of rates, effective September 16, 1918, stating advances in the rates for gas service at Trinidad contained in tariffs, designated as follows:

Colo. P.U.C. No. 3.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for gas service at Trinidad, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 8th day of January, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
J. J. Williams  
A. P. Anderson

Commissioners.

Dated at Denver, Colorado,  
this 10th day of September, 1918.

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ORIGINAL

(Decision No. \_\_\_\_)

Before the  
Public Utilities Commission  
of the  
State of Colorado

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In re ADVANCE IN DENVER TRAMWAY INTERURBAN FARES.

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INVESTIGATION AND SUSPENSION DOCKET NO. 25.

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(September 12, 1918.)

S T A T E M E N T.

By the Commission:

On the 5th day of July, 1918, a tariff was filed with the Commission by The Denver Tramway Company, its Colo.P.U.C. No. 3, effective August 6, 1918, in which it was proposed to make effective changes in fares and charges on the interurban lines of The Denver Tramway Company between the city and county of Denver and Golden, Leyden and Leyden Junction upon the basis of the fares as initiated for railroads under federal control by General Order No. 28 of the Director General of Railroads of the United States Railroad Administration. On July 13, 1918, the Commission suspended the proposed schedules contained in the tariff referred to and deferred the operation of the schedule until the 3rd day of December, 1918.

In the matter of the application of The Denver Tramway Company for permission to increase its rates and fares, Application No. 17, the Commission has this date issued an order

upon the supplemental petition for emergency relief permitting The Denver Tramway Company to increase its fares and charges upon its interurban lines to the basis of fares and charges in General Order No. 28 of the Director General of Railroads. Inasmuch as the only changes herein under suspension are those rates of The Denver Tramway Company proposed on the basis of the fares in General Order No. 28, this cause should be dismissed and the order of suspension of July 13, 1918, vacated.

O R D E R

IT APPEARING that, by order dated July 13, 1918, the Commission entered upon a hearing and investigation concerning the propriety of the increases and the lawfulness of the rates, rules, and regulations contained in Colo.P.U.C. No. 3 of The Denver Tramway Company, and ordered that the operation of the said schedules be suspended until the 3rd day of December, 1918.

IT IS ORDERED, That the order heretofore entered in this proceeding suspending the operation of said schedules be, and it is hereby, vacated and set aside as of September 15, 1918.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams

Dated at Denver, Colorado  
this 12th day of September, 1918.

Commissioners.

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE  
STATE OF COLORADO, held at its  
office in Denver, Colorado, on  
the 18th day of September, 1918.

INVESTIGATION AND SUSPENSION DOCKET NO. 24.

In re ADVANCE IN ELECTRIC RATES OF  
THE GLENWOOD LIGHT AND WATER COMPANY.

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IT APPEARING, That by order dated May 28, 1918 the Public Utilities Commission of the state of Colorado entered upon a hearing concerning the propriety of the new rates and charges for electric service stated in schedules contained in tariffs designated in the order of hearing and investigation.

IT FURTHER APPEARING, That pending such hearing and decision thereon the Commission ordered that the operation of the schedules contained in tariffs enumerated and described in said order of investigation be suspended and that the use of the rates and charges therein stated be deferred until the 28th day of September, 1918.

IT FURTHER APPEARING, That such investigation and decision thereon cannot be concluded within the period of suspension above stated.

IT IS ORDERED, That the operation of the schedules contained in the tariffs enumerated and described in said order of investigation be further suspended and that the use of the rates and charges therein stated be further deferred until the 28th day of March, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That pending said hearing and decision thereon, the utility respondent herein shall file no schedule providing for any increases in the rates as now in effect and force, which the schedules suspended herein are proposed to cancel.

IT IS FURTHER ORDERED, That the secretary of this Commission be, and he is hereby, directed to serve upon the utility respondent herein a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley.

A. J. Anderson

Commissioners.

Dated at Denver, Colorado,  
this 18th day of September, 1918.

①  
ORIGINAL

At a General Session of the  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO,  
held at its office in Denver,  
Colorado, on the 7th day of  
October, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 30.

In re ADVANCE IN GAS RATES AT DENVER.  
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IT APPEARING, That there have been filed with the Public Utilities Commission of the State of Colorado by The Denver Gas & Electric Light Company schedules of rates, effective November 4, 1918, stating advances in the rates for gas service at Denver, contained in tariffs, designated as follows:

Colo. P.U.C. No. 3.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for gas service at Denver, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 4th day of March, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo. T. Bradley  
Leroy J. McLean  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 7th day of October, 1918.



# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

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In the Matter of the	)	
Application of	)	<u>Application No.5.</u>
THE CRYSTAL RIVER AND	)	
SAN JUAN RAILROAD COMPANY	)	(Extension of Order.)
to discontinue operations.	)	

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Submitted October 18, 1918.

Decided October 22, 1918.

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Appearances: Messrs.Crump and Allen for the Applicant Company.

### Statement.

#### By the Commission:

An order was entered in the above application on October 27, 1917, that The Crystal River and San Juan Railroad Company, petitioner herein, be permitted to discontinue operations upon its line of railroad until April 1, 1918, unless such order be modified or extended by the Commission; on March 27, 1918, the Commission ordered that the permission for discontinuance of operations theretofore granted to said Railroad Company be extended to May 1, 1918; on April 29, 1918, a similar permission was granted to petitioner until November 1, 1918.

On October 18, 1918, the said petitioner filed its verified petition showing that since the issuance of the order dated April 29, 1918, there has been no change in the facts and circumstances recited in the petitions heretofore filed herein, and that petitioner is still without money with which to repair and operate the Crystal River and San Juan Railroad; that the Colorado-Yule Marble Company is still in the hands of a receiver and without funds, and that the affairs of the Colorado-Yule Marble Company will remain unaltered during the duration of the war, so that it becomes necessary for petitioner to further discontinue operations.

The Commission finds from the verified petition filed herein on October 18, 1918, and the record heretofore made in this application, that permission for the extension of the order heretofore made should be granted; that this is not a matter in which a further public hearing is necessary.

O R D E R.

IT IS THEREFORE ORDERED, That the permission for discontinuance of operation heretofore granted to The Crystal River and San Juan Railroad Company of its line of railroad, be, and is hereby, extended from November 1, 1918, until May 1, 1919, unless this order be modified or extended by the Commission.

IT IS FURTHER ORDERED, That The Crystal River and San Juan Railroad Company shall not remove its line of railroad or any part thereof.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley

Leroy J. Williams

A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 22nd day of October, 1918.

# ORIGINAL

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO.

In the Matter of the Application of  
The Denver and Rio Grande Railroad  
Company for permission to construct  
railroad track across Walnut Street  
between Eighth Street and Ninth Street,  
in the city and county of Denver, Colo-  
rado.

Application No. 28.

(October 23, 1918.)

### STATEMENT.

#### By the Commission:

This proceeding arises upon application from The Denver and Rio Grande Railroad Company, in compliance with Section 29 of the Public Utilities Act of Colorado as amended April 16, 1917, for permission to construct railroad track across Walnut Street between Eighth Street and Ninth Street, in the city and county of Denver, Colorado, to serve the Plains Iron Works Company, which is at present engaged in the production of machinery for the United States Fleet Corporation.

It appearing that application has been made to the city council of the city and county of Denver for a revocable permit for track across Walnut Street between blocks 67 and 68 in West Denver, and there further appearing no reason why this application should not be granted, provided the revocable permit is secured from the city council, the Commission will issue an order permitting the construction of this trackage in conformity with the provisions of Section 29 of the Public Utilities Act of Colorado as amended April 16, 1917.

### ORDER.

IT IS THEREFORE ORDERED, That the applicant, The Denver and Rio Grande Railroad Company, be, and it is hereby, permitted to construct a railroad track at grade across Walnut Street, between Eighth Street and Ninth Street, in the city and county of Denver, in accordance with the plans

submitted and in accordance with the provisions of the Commission's order in Case No. 156; provided that the applicant first obtains from the city council of the city and county of Denver a revocable permit authorizing the construction of the track across Walnut Street, heretofore described.

The Commission reserves the right to make such further orders relative to the construction, operation, maintenance and protection of this crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy McLean  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 23rd day of October, 1918.

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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In the Matter of the Application       )  
of The Georgetown & Gray's Peak       )  
Railway Company to discontinue       )  
operations.                               )

Application

No. 30.

Submitted November 8, 1918.       -----

Decided November 9, 1918.       -----

Appearances: W.W.Garwood, for the Applicant company.

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STATEMENT.

By the Commission:

On the 24th day of October, 1918, there was filed with the Commission by The Georgetown & Gray's Peak Railway Company a notice of intention to dismantle the property of the Applicant company and remove its tracks therefrom. On October 26, 1918, the Commission notified the communities of Georgetown, Silver Plume and Idaho Springs that such application had been made for the dismantling of Applicant's property. On November 8, 1918, the Applicant filed its verified petition for an order of this Commission permitting Applicant to remove the rails and dismantle its property forthwith.

It appears from Applicant's petition that it was organized in July 1913 to take over the property of The Argentine Central Railway Company, which company had been operating the property and had thereby sustained heavy losses, which resulted in a receivership and foreclosure proceedings. The railway operated by the Applicant is a scenic line running from Silver Plume, Colorado, a distance of 15.9 miles to the summit of Mt. McClellan, where operation is difficult and expensive. The operations of the road resulted in an operating loss for the years 1913 to 1918, inclusive. It appears from the petition that mining properties situated at the terminus

of the railroad ceased operation and shipped no freight during the year ~~1917~~ 1918; that there are no towns or industries located along the right of way, that no objections or protests against the proposed dismantling of said property have been received by the Commission, and that there is no public necessity for the operation of the road; that no freight was offered to or carried by the applicant during the year 1918; that during the year 1918 the railroad carried a few sight-seeing passengers and operated for a period of about six weeks, sustaining a loss from such operation of approximately \$3,000.00.

The petition further shows that it will be impossible to operate such railroad in the future except at a great loss. It alleges that an emergency exists requiring immediate action in order that it may remove its tracks and dispose of its steel and iron at the present market value before weather conditions render it impossible to remove the tracks.

The Commission finds that the Applicant has been unable to earn its legitimate operating expenses after a fair trial of operation, and that an increase of rates, if granted by the Commission, would not produce sufficient revenues to pay the legitimate operating expenses of the Applicant; that on account of weather conditions an emergency exists whereby the Applicant should be permitted immediately to dismantle its tracks; that there is no public demand for the continued operation of this railroad; that this is not a matter requiring a public hearing.

O R D E R.

IT IS THEREFORE ORDERED, That The Georgetown & Gray's Peak Railway Company, be, and it is hereby, permitted to discontinue operations upon its line of railroad, and to remove the rails and dismantle its railroad property.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy J. McLean

Commissioners.

Dated at Denver, Colorado,  
this 9th day of November, 1918.

ORIGINAL

Decision No.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

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INVESTIGATION AND SUSPENSION DOCKET NO. 30.

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In re Advance in the Rates and Charges of  
THE DENVER GAS & ELECTRIC LIGHT COMPANY  
for Gas Service in the City and County of Denver.

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Submitted November 4, 1918.

Decided November 9, 1918

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Appearances:

Messrs. Bardwell, Hecox and McComb, for The Denver  
Gas and Electric Light Company; Thomas L. Gibson,  
Esq., for the City and County of Denver.

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STATEMENT

By the Commission:

On October 5, 1918, The Denver Gas & Electric Light Company filed with the Commission rate schedule P.U.C.Colo.No.3 cancelling rate schedule P.U.C.Colo.No.2 by which it was proposed to advance the rates for general gas service in the city and county of Denver, such advance to become effective 30 days after filing with the Commission as provided by law. It appeared that the Commission should enter upon an investigation and hearing concerning the propriety of the proposed rates, and pending such investigation and hearing and decision thereon the proposed rates on October 7, 1918, were suspended until March 4, 1919, or until the further order of the Commission.

Protests against these rate advances were filed by the city and county of Denver and by The Consumers' League of Denver, and due notice having been given to all parties at interest the case came on for hearing in the hearing room of the Commission at the hour of 10 o'clock a.m. on the 4th day of November, 1918. Appearances were entered by Bardwell, Hecox and McComb for The Denver Gas & Electric Light Company, and Thomas L. Gibson, assistant city attorney, for the city and county of Denver, but no appearance was entered in behalf

of The Consumers' League of Denver.

As stated, The Consumers' League of Denver, and the city and county of Denver, filed protests against the proposed rates and schedules, and alleged that the Commission has no jurisdiction over the rates and schedules of the Respondent Company operating within the city and county of Denver, because said city and county operates under charter pursuant to Article XX of the constitution of the state of Colorado, and therefore such city and county has full and exclusive control of rates of public service companies operating within its boundaries; it is further alleged that the respondent company has been and is operating under a franchise contract granted and entered into on May 15, 1906, which is inviolable, and this Commission has no jurisdiction to enter any order in violation of or contrary to the provisions of such franchise.

These contentions have been decided adversely to protestants in a large number of cases before the Commission, and the identical question was so decided in the case of Ratner v. Denver G. & E.D.Co., 3 Colo.P.U.C.379, in which case the respondent company herein interposed objection to jurisdiction on these same grounds. Since that case was decided the same question has been raised in numerous cases, in all of which the Commission has held that it has jurisdiction in cities operating under special charters pursuant to Article XX of the constitution of Colorado.

In re Mountain States T. & T.Co., decision on rehearing, decided July 2, 1918;  
In re Application Denver Tramway Company, decision granting emergency relief, decided September 12, 1918.

It is unnecessary to repeat the grounds of those decisions on the question of jurisdiction.

On the question of franchise rates and provisions the Commission stated in the case of In Re Rates and Rules of The Colorado Springs L.H. & P.Co., 2 Colo.P.U.C.23, at p.31,-



"In this connection it should be remembered that this Commission has taken the position heretofore that it is its duty to make reasonable and just rates, regardless of whether certain defined rates and charges are set forth in a franchise contract or ordinance between the municipality on the one hand and the public utility on the other. The fact that a contract is involved in no respect alters the right of the Commission to revise rates, unless the constitution, or the legislature of the state, expressly delegated to the municipality the power to contract, inviolably, for rates for the period covered by the franchise granted."

The franchise granted by the city and county of Denver to the respondent company's assignor is in evidence in this case. The rates granted by the Commission herein do not exceed the maxima fixed by the franchise. There is one particular, however, in which the Commission will order a suspension of the provisions of the franchise. The franchise provides, in addition to the payment of \$1,000,000.00 for the 20-year period of the franchise, that

"The said The Denver Gas and Electric Company shall pay into the city treasury of the city and county of Denver all that part of its gross receipts from the sale of gas and electricity hereinafter specified, to-wit: \* \* (Amounts are thereupon provided to be paid in excess of certain averages per 1,000 cu.ft.of gas sold for the years 1906 to 1913, inclusive.)

"For the year 1914 and thereafter, for each of the remaining years of the life of this franchise, all that portion of the gross receipts from the sale of all gas in excess of an average of seventy-five (75) cents per one thousand cubic feet sold;"

It is estimated that the rates provided hereunder will exceed "an average of 75 cents per 1,000 cubic feet sold". The Commission finds that the rates hereinafter ordered are necessary to yield to the respondent company a sufficient return, as herein stated, and all that portion of the gross receipts from the sale of all gas in excess of an average of 75 cents per 1,000 cubic feet sold should be retained by the respondent company until the further order of the Commission. The necessity for the suspension of this provision of the franchise as an emergency relief to the respondent company is fully set forth in this order.

This ruling is sustained by the decisions of the Supreme Court of Colorado in the cases of Wolverton v. Mountain States T. & T. Co., 58 Colo. 58, 142 Pac. 165; Denver & S. P. R. Co. v. City of Englewood,

62 Colo.229. Also by the following decisions of this Commission: In re Rates Colorado Springs L.H.& P.Co., supra; Golden Cycle M.& R.Co.v.Colorado Springs L.H.& P.Co., 5 Colo.P.U.C. \_\_\_, decided May 1, 1918; in re Application of The Colorado Power Company for smelter rate, decided August 6, 1918, and cases cited in the above decisions.

In addition to the provision for the payment of \$1,000,000.00 provided by the franchise, which is being regularly paid to the city at the rate of \$50,000.00 per annum, the city derives from the general taxes paid by the respondent company a large proportion of the sum of \$154,169.50, being the taxes paid during the year 1917, and of the sum of \$246,602.23, the taxes<sup>paid</sup>~~being~~ the year 1918.

To hold that any portion of gross receipts from the sale of gas in excess of an average of 75 cents per 1,000 cubic feet sold must go to the city, would be in effect to say that the Commission has not complete control over the return to be received by the respondent company. The Commission does not believe that the police power of regulation can be restricted by such a franchise provision in the absence, as in this case, of delegation of rate-making power to the city and county of Denver. Furthermore, this provision of said franchise is, in effect, a means or method of collecting only from gas consumers moneys which go to the credit of the general funds of said city and county of Denver, subject to be used in defraying the governmental expenses of said city and county, and the taxes on all character of property in said city and county of Denver would thereby be decreased to the extent of the moneys thus collected from gas consumers in excess of 75 cents per thousand cubic feet sold, and at the sole expense of gas consumers. The Commission is of the opinion that a public utility should not in this manner be allowed to collect money from one class of its consumers and one portion of the community and that such moneys thereby obtained be used for the benefit of vacant lot owners, and non-resident property owners and non-consumers in the reduction of their taxes, and that this provision of said

franchise of 1906, should the same be allowed to remain in full force and effect, would render it impossible for the respondent company to receive a return upon its investment or to provide for the upkeep of its property so that it could render that service to its consumers which they are entitled to receive.

All of the protests are therefore denied, and the suspension of the above provisions of Section 6 of the franchise will be ordered during the continuance of this order.

The rates of the respondent company now on file with the Commission applying to gas service are as follows:

Domestic and Illuminating Gas.

Rate:

For all consumption during the month per M cubic feet,  
95 cents,

Prompt Payment Discount:

A discount of 10 cents per M cubic feet is allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

25 cents per month.

Industrial Gas.

Rate:

A fixed charge of \$6.00 per year per consumer, plus

A fixed charge of \$12.00 per year per hundred cubic feet  
of maximum demand, plus

\$0.65 per M cubic feet of gas consumed during the month.

Prompt Payment Discount:

A discount of 5 cents per M cubic feet is allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

One-twelfth of the above fixed yearly charges is payable each month and constitutes the minimum monthly guarantee.

The rates filed with the Commission on October 5, 1918, and which have been suspended pending the conclusion of this investigation, if permitted to go into effect will increase the above rates by 10 cents net per M cubic feet, no increase being made, however, in the fixed charges applying to industrial consumers.

The testimony submitted at the hearing in this case relates almost entirely to the revenues and expenses of the gas department of the respondent company from January 1, 1915, to date, and to increases in operating expenses especially in the cost of coal, oil, labor, taxes and freight during the past year. An estimate of the cost of reproduction of the gas property under conditions prevailing at this time, but exclusive of going-concern value, overhead costs, etc., was likewise submitted in behalf of the respondent company.

The revenues and expenses of the gas department of the respondent company from January 1, 1915, to September 30, 1918, are set out in Statement No.1.

Statement No.1.				
The Denver Gas & Electric Light Co.				
Gas Department.				
	<u>9 Mos. 1918</u>	<u>1917</u>	<u>1916</u>	<u>1915</u>
Domestic and				
Illuminating sales,	\$687,108.58	\$ 800,244.84	\$699,153.02	\$642,352.91
Industrial sales,	147,629.34	206,873.83	238,346.16	269,658.89
Minimum Bills,	2,458.40	2,358.95	2,221.65	1,720.00
Forfeited Discounts,	6,252.16	7,817.37	9,684.77	11,099.24
Total,.....	<u>\$843,448.48</u>	<u>\$1,017,294.99</u>	<u>\$949,405.60</u>	<u>\$924,831.04</u>
Less Bad Debts				
Allowance,	4,050.00	3,000.00	3,000.00	3,000.00
Total,.....	<u>\$839,398.48</u>	<u>\$1,014,294.99</u>	<u>\$946,405.60</u>	<u>\$921,831.04</u>
Total Operation and				
Maintenance,	673,876.76	773,406.19	647,627.12	638,345.86
Net,.....	<u>\$165,521.72</u>	<u>\$ 240,888.80</u>	<u>\$296,778.48</u>	<u>\$283,485.18</u>

It will be noted from this statement that while the gross earnings from gas sales have steadily increased, the net earnings have been decreasing since 1916, for which year the net earnings were not materially in excess of the net earnings for the year 1915. The net earnings for 1918 based on the net earnings for the period ending September 30, 1918, will approximate \$220,000.00, notwithstanding the fact that slightly higher rates have been in effect since January 31, 1918, than were in effect for the year 1917.

The increase in wages and in the cost of material and supplies is shown by Statement No.2, which is taken from Exhibit No.4 of the record in this case.

Statement No.2.  
Gas Department.

Wages and salaries in the various departments have increased as follows in the past year:

	<u>Sept. 1918</u>	<u>Sept. 1917</u>	<u>Increase</u>	<u>Inc.%</u>
Gas Works,.....	\$24,833.00	\$17,061.15	\$ 7,771.85	
Fitting Shop,.....	3,052.75	2,551.15	501.60	
Gas Meter Shop,.....	1,160.00	930.60	229.40	
Meter Readers,.....	1,289.41	985.38	304.03	
Gas Engineering Dept...	962.50	454.50	508.00	
Street Dept.....	2,379.65	2,115.05	264.60	
Office Dept.....	6,349.10	5,950.79	398.31	
Trouble Dept.....	1,528.04	1,395.30	132.74	
Total,.....	<u>\$41,554.45</u>	<u>\$31,443.92</u>	<u>\$10,110.53</u>	<u>32%</u>

Wages per Day.

Stokers,.....	\$ 4.25	\$ 3.25	\$ 1.00	31%
Firemen,.....	3.75	2.96	.79	27%
Chief Engineers,.....	4.50	3.50	1.00	28%
Engineers,.....	4.00	3.00	1.00	33-1/3%
Laborers,.....	3.25	2.25	1.00	44%
	3.00	2.25	.75	33-1/3%
Gas Fitters,.....	4.25	3.00	1.25	37%
Meter Repairers,.....	3.13 Av.	2.66 Av.	.47	18%
Street Laborers,.....	3.00	2.25	.75	33-1/3%

Supplies.

Coal,.....	\$ 4.90 ton	3.90 ton	1.00	29%
Oil for Enricher,.....	.0915 gal.	.0645 gal.	.027	42%
Pipe (3/4").....	.06-1/8 ft.	.04-3/10 ft.	.018	42%
Fittings (3/4").....	.041 each	.03 each	.015	50%

This statement shows a comparison between the prices and wages in effect for September, 1917, and September, 1918. It will be noted that the average increase in the payroll of the gas department amounts to 32 per cent, and that the increase in the cost of the principal material and supplies ranges from 29 per cent to 50 per cent.

Exhibit No.3 of the record shows an increase in taxes paid during the year 1918 over those paid in 1917 of \$100,363.99, of which increase approximately \$45,000.00 is applicable to the gas department of the respondent company.

Exhibit No.8 of the record submitted in behalf of the respondent company is an estimate of the cost of reproduction under conditions prevailing at this time of certain portions of the gas plant and equipment. The estimate does not include construction

overheads, such, for example, as engineering, interest during construction, etc., nor does it include going-concern value. This

exhibit shows that under conditions prevailing at this time the cost of reproduction of the property, exclusive of the items above mentioned, would amount to approximately \$7,500,000.00.

It is obvious that the Commission cannot make a finding as to the rate-making value of the gas property of the respondent company in this case, and no consideration will be given to reproduction estimates based strictly on conditions prevailing at this time. A complete inventory and appraisal of this property would require a long period of time, and if operating expenses have increased to such an extent that relief is necessary, it should be granted without the delay and expense that would be occasioned by a complete inventory and appraisal of the property. This statement is especially true at this time, as the skilled employees necessary to carry out such work cannot be obtained without diverting them from necessary war work upon which the majority of such men are now engaged. Assuming, but not deciding, that 2 per cent per annum is sufficient to provide for depreciation and 8 per cent per annum is sufficient to provide a return on the investment in the gas property, it will be seen from Statement No.1 that the net earnings in the gas department have been sufficient to pay depreciation and a fair return on the following amounts:

1915,.....	\$2,834,452.00
1916,.....	2,967,785.00
1917,.....	2,408,888.00
1918,.....	2,200,000.00, approximately.

Based on valuations made of other gas properties and on the experience of the Commission in the valuation of public utility properties generally, the Commission is of the opinion that the rate-making value of the gas property of the respondent company is materially in excess of the maximum amount upon which a fair return has been earned under the assumptions made above.

This Commission is of the opinion that the net earnings of the respondent company for the year 1916 were not excessive and did not exceed a fair return on the fair value of the gas property, and

that an increase in the rates of the company sufficient to provide a net revenue at least equivalent to that earned in the year 1916 is reasonable and should be granted. The following schedules of rates for domestic and industrial gas sales are, in the opinion of the Commission, reasonable under conditions prevailing at this time.

Domestic and Illuminating Gas.

Rate:

For all consumption during the month per M cubic feet, \$1.00.

Prompt Payment Discount:

A discount of 5 cents per M cubic feet will be allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

A minimum charge of 25 cents per month will be made for the period during which the meter is turned on, either when no gas is consumed or when less than 300 cubic feet of gas is consumed during any month.

Industrial Gas.

Rate:

A fixed charge of \$6.00 per year per consumer, plus

A fixed charge of \$12.00 per year per hundred cubic feet of maximum demand, plus

\$0.75 per M cubic feet of gas consumed during the month.

Prompt Payment Discount:

A discount of 5 cents per M cubic feet will be allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

One-twelfth of the above fixed yearly charges is payable each month and constitutes the minimum monthly guarantee.

In the opinion of the Commission, any consumer of the respondent company should be permitted to take service on either of the above schedules, the selection being entirely optional with the consumer. It is understood that this is the present practice. These rates will in the opinion of the Commission provide the relief to which the respondent company is entitled, will not work any undue hardship on the consumers, especially in view of the present prices of competitive fuels, and such rates are further lower than those provided by the franchise of 1906, under which the respondent company operates.

O R D E R.

IT IS THEREFORE ORDERED, That the respondent company, The Denver Gas & Electric Light Company, be, and it is hereby, required to cancel on or before November 14, 1918, the rates and charges set forth in the schedule suspended in the Commission's order of suspension of October 7, 1918.

IT IS FURTHER ORDERED, That the respondent company, The Denver Gas & Electric Light Company, be, and it is hereby, permitted to establish, on not less than five days notice to the Commission and to the public by filing and posting in the manner prescribed in the Act, the following rates and charges for gas service:

Domestic and Illuminating Gas.

Rate:

For all consumption during the month per M cubic feet, \$1.00.

Prompt Payment Discount:

A discount of 5 cents per M cubic feet will be allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

A minimum charge of 25 cents per month will be made for the period during which the meter is turned on, either when no gas is consumed or when less than 300 cubic feet of gas is consumed during any month.

Industrial Gas.

Rate:

A fixed charge of \$6.00 per year per consumer, plus

A fixed charge of \$12.00 per year per hundred cubic feet of maximum demand, plus

\$0.75 per M cubic feet of gas consumed during the month.

Prompt Payment Discount:

A discount of 5 cents per M cubic feet will be allowed on all bills paid within the discount period.

Minimum Monthly Guarantee:

One-twelfth of the above fixed yearly charges is payable each month and constitutes the minimum monthly guarantee.

IT IS FURTHER ORDERED, That the provision of the franchise of 1906, above quoted, be and the same is hereby suspended, and the respondent company shall not be required to account to the city and



county of Denver for gross receipts from the sale of all gas in excess of an average of 75 cents per thousand cubic feet sold from and after the effective date of the rates and charges herein ordered established, and until the further order of the Commission.

IT IS FURTHER ORDERED, That the rates and charges herein established shall remain in force and effect until the further order of this Commission.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. I. Bradley  
Leroy J. Williams  
A. P. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 9th day of November, 1918.

*Original*

BEFORE THE STATE RAILROAD COMMISSION  
OF COLORADO.

CASE NO. 56:

The Poudre Valley Pressed Brick Company,  
a corporation,

Complainant,

-vs-

The Colorado & Southern Railway Company,  
Defendant.

STATE RAILROAD COMMISSION

*Filed* NOV 14 1918  
OF COLORADO

Order of Dismissal.

ORDER OF DISMISSAL.

And now on this day on reading and filing the stipulation filed herein, signed by attorneys for complainant and defendant herein, for a dismissal in the above entitled cause, and after due consideration of same, the said complaint in the above entitled action is hereby dismissed without prejudice to complainant herein.

BY ORDER OF THE COMMISSION:

*A. J. Anderson*  
*J. H. Stacey*  
*S. H. Hendall*  
Commissioners.

ORIGINAL

(Decision No. )

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

-----  
In the Matter of the Application of The )  
Denver & Rio Grande Railroad Company )  
for permission to construct a spur )  
track across the main county road in )  
the Big Evans Gulch, at Leadville, )  
Colorado. )

Application No. 4.

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(November 22, 1918.)  
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STATEMENT.

By the Commission:

This proceeding arises upon application of The Denver & Rio Grande Railroad Company in compliance with Section 29 of the Public Utilities Act, as amended April 16, 1917, for permission to construct trackage over and across the main county road in the Big Evans Gulch at Leadville, Colorado, said track to serve the Jamie Lee Shaft.

It appearing that immediate construction of this spur track was necessary for industrial purposes; that such construction already has taken place and that the trackage has been so constructed as to make no change in the grade of the county road, the Commission will issue an order approving the construction of such trackage.

ORDER.

IT IS THEREFORE ORDERED, That the construction by The Denver & Rio Grande Railroad Company of the spur track at grade over the main county road in Big Evans Gulch, to serve the Jamie Lee Shaft at Leadville, Colorado, to the extent that such construction conforms with the plat on file with the Commission in this cause be, and the same is hereby, approved.

The Commission reserves the right to make such further orders relative to the construction, operation, maintenance and protection of this crossing as it may deem right and proper.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Dated at Denver, Colorado,  
this 22nd day of November, 1918.

*Geo. T. Bradley*  
*Leroy J. Williams*

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

In the Matter of the Application of )  
the Denver & Rio Grande Railroad for )  
permission to construct a railroad ) Application No. 21.  
track across Cucharas Street, in the )  
city of Colorado Springs, Colorado. )

(November 22, 1918.)

STATEMENT.

By the Commission:

This proceeding arises upon application of the Denver and Rio Grande Railroad in compliance with Section 29 of the Public Utilities Act, as amended April 16, 1917, for permission to construct trackage over and across Cucharas Street, in the city of Colorado Springs, Colorado.

There appearing no reason why this application should not be granted, and it appearing further that on November 1, 1918, the applicant obtained authority from the city of Colorado Springs to occupy the above named street, the Commission will issue an order permitting the construction of this trackage, in conformity with the provisions of Section 29 of the Public Utilities Act, as amended April 16, 1917.

O R D E R.

IT IS THEREFORE ORDERED, That the applicant, the Denver and Rio Grande Railroad, be, and it is hereby, permitted to construct a railroad track at grade across Cucharas Street in the city of Colorado Springs, as specifically set out and indicated

upon the plat filed with the Commission in this cause.

The Commission reserves the right to make such further orders relative to the construction, operation, maintenance and protection of this crossing as to it may seem right and proper, and to revoke its permission if, in its judgment, the public convenience and necessity demand such action.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. McLean

\_\_\_\_\_  
Commissioners.

Dated at Denver, Colorado,  
this 22nd day of November, 1918.

ORIGINAL

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office in  
Denver, Colorado, on the 22nd day  
of November, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO. 31.

In re ADVANCE IN ELECTRIC AND GAS RATES AT GRAND JUNCTION.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Grand Junction Electric, Gas & Manufacturing Company schedules of rates, effective December 1, 1918, stating advances in the rates for electric and gas service at Grand Junction contained in tariffs, designated as follows:

Original Sheet No. 2-A to Electric Colo. P.U.C. No. 2.	
1st Revised Sheet No.3 to Gas	" " " " " 2.
1st " " " 4 " "	" " " " " 2.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric and gas service at Grand Junction, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 30th day of March, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO.

Geo T. Bradley  
Leroy J. Williams

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Commissioners.

Dated at Denver, Colorado,  
this 22nd day of November, 1918.

ORIGINAL

At a General Session of the PUBLIC  
UTILITIES COMMISSION OF THE STATE  
OF COLORADO, held at its office  
in Denver, Colorado, on the  
22nd day of November, 1918.

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INVESTIGATION AND SUSPENSION DOCKET NO.32.

In re ADVANCE IN ELECTRIC RATES AT FRUITA.

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IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Grand River Valley Railway Company schedules of rates, effective December 1, 1918, stating advances in the rates for electric service at Fruita contained in tariffs, designated as follows:

Original Sheet No.3A, Colo.P.U.C.No.2.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the increases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for electric service at Fruita, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 30th day of March, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

*Geo. T. Bradley*  
*Leroy J. Williams*

Dated at Denver, Colorado,  
this 22nd day of November, 1918.

\_\_\_\_\_  
Commissioners.

ORIGINAL

At a General Session of the PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO, held at its office in Denver, Colorado, on the 16th day of December, 1918.

INVESTIGATION AND SUSPENSION DOCKET NO. 33.

In re ADVANCE IN GAS RATES OF OTERO GAS COMPANY.

IT APPEARING, That there have been filed with the Public Utilities Commission of the state of Colorado by The Otero Gas Company schedules of rates, effective December 20, 1918, stating advances in the rates for gas service at La Junta, Swink and Rocky Ford contained in tariffs, designated as follows:

1st Revised Sheet No. 3, Colo. P.U.C. No. 1.

IT IS ORDERED, That the Commission enter upon an investigation and hearing to be held at a date to be later designated concerning the propriety of the invreases and the lawfulness of the schedules enumerated.

IT FURTHER APPEARING, That the said schedules make increases in the rates for gas service at La Junta, Swink and Rocky Ford, and the rights and interests of the public appearing to be injuriously affected thereby, and it being the opinion of the Commission that the effective date of the schedules above specified should be postponed pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the operation of the schedules above specified be suspended and that the use of the rates, rules and charges therein be deferred until the 19th day of April, 1919, unless otherwise ordered by the Commission.

IT IS FURTHER ORDERED, That the respondent utility shall file no schedule providing for any increases in the rates as now in effect and force pending said hearing and decision thereon.

IT IS FURTHER ORDERED, That the Secretary of this Commission be, and he is hereby, directed to serve upon the utility issuing the above named schedules a certified copy of this order.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy J. Millard  
A. J. Anderson  
Commissioners.

Dated at Denver, Colorado,  
this 17th day of December, 1918.



— —

Application No.17.

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22

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By the Commission:

The application stated in substance that the applicant is a railway corporation organized in the state of Colorado, and owns and operates all of the street railway lines in the city and county of Denver and adjacent territory, and interurban lines from the city

and county of Denver to Leyden and Golden, Colorado; that through capital stock ownership it controls and operates the property of The Denver & Intermountain Railroad Company, which is engaged in the carriage of freight and passengers by steam and electricity between Denver and Golden, Colorado; that said street railway and interurban lines aggregate 253 miles in length and furnish said places with their only street railway and interurban railroad service.

It is further alleged that the present street railway system began in 1871 with a horse car line, succeeded by steam, cable and electricity; that the Tramway Company has extended its system and adopted new devices and power conducive to service, and is now operating its system entirely through electric power known as the overhead trolley system, and has at all times met the demands and requirements of the public for street car service; that the city and county of Denver is increasing in population and demands are being made for extensions and improved service, which can only be met by additional capital expenditure and by permission to charge such rates and fares as will produce a revenue adequate to operate the property and furnish a reasonable return on the value of the property so used in the public service.

It is further alleged that a comparative annual statement of its earnings and expenses since its incorporation, and including estimated results for 1918, is as set forth in Exhibit "A" attached to the application; that the revenue received and the charges and fares collected have been and are inadequate and insufficient to allow, after the deduction of necessary operating costs, a reasonable compensation for the service rendered, and that the increased costs of all items entering into operation have brought about a situation so critical that without immediate higher revenues the Tramway company cannot continue to give the public the service to which it is entitled; that increases in compensation have been

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granted to its employees in 1916 and 1917 in large amounts; that the Tramway Company generates by steam 80 percent of its own electric power, and for that purpose it operates its own power plant; that coal costs have increased one hundred per cent since January 1, 1916, and other items of operating costs have increased proportionately; that for the calendar year 1917 the applicant carried 62,380,777 revenue passengers in the city service, but on account of free transfers, half fares, etc., the average rate of fare per passenger was 3.96 cents; that since April of 1914 applicant has made capital expenditures of \$682,000 for the Colfax-Larimer and 23rd Street viaducts and other improvements occasioned by municipal requirements, as well as for new machinery, installation of "pay-as-you-enter" equipment, and betterments to property; that during this time it has paid on account of sinking fund and maturities of its funded debt \$806,115.00.

It is further alleged that since April 1, 1918, it has been impossible for the Tramway Company to obtain capital for such expenditures or buyers or market for its salable bonds and securities; that the situation is a general one insofar as street railways are concerned; that the margin between revenue and operating costs is not sufficient to meet the present sinking fund requirements even without allowing anything for construction account, extensions or betterments, or increasing costs of operation, and adequate provision for depreciation and renewals; that there has been a great diversion of revenue by reason of the largely increased use of the private automobile; that a higher charge is essential if applicant is to continue even its present service, much less take care of the additional, necessary requirements of approximately \$1,693,000.00, most of which is for capital account and the balance for essential renewals and replacements.

It is further alleged that the total capitalization of the Tramway Company outstanding in the hands of the public on January 1, 1918, was:-

Bonds,.....	\$18,715,800.00
Stock,.....	6,156,300.00
	-----
Total,.....	\$24,872,100.00

that this is at the rate of \$98,800.00 per mile of single track; that no dividends have been paid since July, 1915; that on the average capitalization since March 2, 1899, the rate of return to applicant's investors, including both bondholders and stockholders, has averaged 4.36 per cent, and to stockholders alone 2.61 per cent, without adequate or any provision for depreciation and renewals.

It is further alleged that on April 1, 1919, \$4,500,000.00 of funded debt of applicant will mature, and must be taken care of, in addition to \$1,355,082.00 for capital expenditures; that free capital can be obtained only by an increase in rates and fares to be charged by the Tramway Company.

The application is accompanied by certain exhibits. The prayer of the application is that an order be made annulling existing schedules, and, in lieu thereof, fixing and determining such just rates, fares and charges as will yield the applicant a just and reasonable return upon the value of its property devoted to the public service; that an inventory and valuation be had of its property used in such service; that pending such proceedings applicant be given such relief, temporary or permanent, as may seem to the Commission just and proper, and that a hearing be had on the application.

On May 6, 1918, the Commission ordered that a complete inventory and appraisal of all the property of the Tramway Company, used and useful and necessary in the conduct of its business, be made and submitted to the Commission, and that all records pertaining to the operations of the company, financial and otherwise, be submitted to the Commission for examination. Pursuant thereto such inventory has been furnished and checked by the engineering staff of the Commission, while the statisticians of the Commission have thoroughly investigated the books and records of the company.

Both matters have required a large amount of time and labor, and have now been completed.

On August 28, 1918, the Tramway Company filed its supplemental application for emergency relief, the substance of which is set forth in an order in this case issued by the Commission on September 12, 1918. This supplemental application alleged that the applicant was subject to wage increases of \$225,000.00 per annum in addition to the wage increases set forth in its original application; that increased costs of operation made emergency relief immediately essential, and prayed for a hearing forthwith; that applicant be permitted to charge and collect on all its lines, where a 5-cent fare then prevailed, a 6-cent fare, with half fares for children under 12 years of age, and to increase rates on its interurban lines from Berkeley and county line of the city and county of Denver to Golden, Arvada, Leyden and Leyden Junction and intermediate points, to the extent authorized by General Order No.28 of the Director General of Railroads of the United States.

Hearing was had on the supplemental application on September 4, 1918. Protests and objections to the jurisdiction of the Commission had been filed by the Whittier Welfare Improvement Association on May 11, 1918, by the Consumers' League of Denver on May 18, 1918, by W.R.Abbott on September 3, 1918, and by the city and county of Denver on September 4, 1918. All these protests were directed to the question of the jurisdiction of the Commission over fares and rates within the city and county of Denver. The Commission in its order of September 12, 1918, denied all of said objections and protests for reasons fully set forth in that order.

Upon the consideration of the evidence produced at said hearing the Commission found that emergency relief was justified, and held as follows:

"IT IS THEREFORE ORDERED, That the Denver Tramway Company, the applicant herein, be, and it is hereby, allowed and permitted to establish effective September 15, 1918, on not less than one day's notice to the Commission and to the public by posting and filing in the manner provided in Section 16 of the Act, fares of 6 cents for transporting

"adult passengers, and 3 cents for children over 6 years of age and under 12 years of age, within the limits of the city and county of Denver, and on all of its lines where a 5-cent fare now prevails.

"IT IS FURTHER ORDERED, That The Denver Tramway Company, the applicant herein, be, and it is hereby, allowed and permitted to establish effective September 15, 1918, on not less than one day's notice to the Commission and to the public by posting and filing in the manner provided in Section 16 of the Act, passenger fares between points on its interurban lines not in excess of those made effective June 10, 1918, on federal controlled railroads, as per General Order No.28 of the Director General of Railroads of the United States Railroad Administration."

The Commission did not attempt to base this order upon a valuation, as the same was then incomplete, and it was further ordered:

"The cause will be retained for further proceedings in the matter of valuation, rates and all other matters under the original petition herein."

The case was set for hearing on the original application at the hearing room of the Commission, state capitol building, Denver, Colorado, on October 28, 1918, and was continued to and including October 31, 1918, at which time and hearings the Tramway Company introduced its testimony in support of its application.

On October 28, 1918, the Consumers' League of Denver and the city and county of Denver renewed their objections to the jurisdiction of the Commission as above stated. These objections were overruled, the Consumers' League of Denver and C.W.Varnum declining to participate further in the proceedings. The city and county of Denver was represented at the subsequent proceedings.

The Commission holds as it has heretofore, and for the reasons fully set forth in its order in this matter on September 12, 1918, that it has jurisdiction of this application and of all the rates, charges and regulations of the Tramway Company, and therefore all objections and protests filed in this proceeding are hereby denied.

Counsel for the Tramway Company, Gerald Hughes, outlined in his opening remarks the plan of presentation of the case by the company and, generally, the company's contentions. F.P.Woy, val-

uation engineer of the Tramway Company, thereafter identified the inventory, consisting of Vols.1 to 31, inclusive, as a correct inventory of the applicant's property, except as modified in certain particulars described in his testimony. Mr.Woy orally, and by exhibits 32 to 54, inclusive, covered the following subjects:

- Exhibit No.32, Inventory  
32A, Historical and financial review of the transportation systems of Denver,  
33, Letter and report of real estate appraisers,  
34, Gravel values,  
35, Comparison of real estate appraisals,  
36, Description of appraisal,  
37, General costs,  
38, Contingencies, incidentals and omissions,  
39, Water rights,  
40, Franchise election costs,  
41, Interest during construction,  
42, Taxes during construction,  
43, Working capital, supplies and cash,  
44, Going value,  
45, Cost of reproduction new 1/1/18,  
46, Average cost new,  
47, Financing costs,  
48, Rate making value,  
49, Depreciation reserve and maintenance for replacements and renewals of property,  
50, Fair return,  
51, Condensed comparative statement of net income,  
52, Income statement,  
53, Estimated income statement classified to urban and interurban revenues and expenses for 1918-1919, adjusted as to 1918 wage and fare increases,  
54, General summary.

The evidence of L.F.Eppich, Edward R.Conaway and John F. Willetts was introduced in support of real estate values claimed by the Tramway Company. Chester C. Bennett, Joseph C.Houston, and Walker VanRiper testified on the matter of rates of return in Colorado; William A.Doty, auditor of the Tramway Company, testified to the figures produced in evidence from the company books, and Frederic W.Hild, general manager of the company, testified to matters respecting the Tramway Company system, valuation and operation.

An adjournment was taken on October 31, 1918, to November 25, 1918. The case was subsequently postponed until November 26, and later set for November 29, 1918. On November 29, 1918, further

testimony was introduced in behalf of the Tramway Company as follows:

Exhibit No.55, by Arvid Olson, being a summary of his estimate of the cost of reproduction of the concrete and brick work in the various Tramway buildings.

Exhibit No.56, being a certified copy of the award of the National War Labor Board, Docket No.173, fixing the wages of trainmen and other employees of the Tramway Company.

57, identified by W.A.Doty, being an estimated income statement for the urban and inter-urban lines of the Tramway Company for the years 1918 and 1919, taking into account the effect of the award of the National War Labor Board and the effect of the epidemic of Spanish influenza.

58, identified by W.A.Doty, purporting to show the general effect of the various increases in wages upon the financial showing of the company for the years 1918 and 1919.

At this same hearing testimony was submitted on behalf of the Commission in support of an inventory and appraisal of the properties of the Tramway Company, which had been prepared by the engineering staff of the Commission, and likewise in support of reports on the financial operations and the general history of the Tramway Company, as disclosed by an extensive investigation of the books and records of the applicant company by the Commission's statistical department.

The appraisal of the physical properties of the applicant was submitted by F.J.Rankin, engineer of the Commission in charge of this work, and he testified at length in support of the conclusions reached. In addition to the testimony of the Commission's engineer in charge of the appraisal, testimony was given by Louis F. Bartels, real estate appraiser, as to the market value of land and rights of way; by George Walter Brown, building contractor, as to the cost of reproduction of the principal buildings of the applicant, and by Charles D.Vail, the Commission's railway engineer, as to the detailed inventory and appraisal of the interurban lines. The above witnesses constituted the staff of the Commission which prepared the appraisal of the Tramway property on behalf of the Commission. The testimony on behalf of the Commission, relative to the history, financial operations, revenues, expenses, etc., of the applicant company was submitted by Fred W.Herbert, chief statistician of the Commission.



### History of Development of the Denver Tramway System.

Investigations and evidence of F.P.Woy, valuation engineer for the Tramway Company, and of F.W.Herbert, statistician for the Commission, present a detailed and interesting history of the development of the Tramway system in Denver from its beginning to the present time.

On January 10, 1867, by a special act of the territorial legislature of Colorado, The Denver Horse Railroad Company was incorporated to operate solely in Denver. Regular service was established in January, 1872, and the rate of single fare was 10 cents. In 1872 the name was changed by permission from the legislature to The Denver City Railway Company. At that time it operated 12 miles of track, with 12 cars and 32 horses. In 1883 the property rights and franchises of The Denver City Railway Company were sold, and represented at that time, according to the best records available, an investment of approximately \$770,000.00. In 1888 The Denver City Cable Railway Company was organized, and on June 4, 1888, a franchise was obtained which, while it allowed the company to retain its horse power privilege during the reconstruction period until about 1889, permitted the use of cable power. In 1888 the president of The Denver City Cable Railway Company stated that:

"To increase the horse car service involved the expenditure of large sums for stable accommodations alone. The use of electricity was too experimental to warrant its adoption. After mature deliberation the adoption of cable power was decided upon and as the character of The Horse Car Company did not permit the use of cable power it became necessary to organize a new company called The Denver City Cable Railway Company and to obtain a franchise from the city of Denver."

At this time the property of the Horse Car Company was estimated to be worth \$3,000,000.00. Cable roads and power houses were installed, but the earnings from 1890 to 1893 were inadequate to pay operating expenses, and the company went into receivership in November, 1893, with debts of approximately \$4,500,000.00. A subsidiary company, The West End Street Railway Company, also

went into receivership at this time. It is estimated that the total cost of the street railway property to November 10, 1893, the date of receivership, including the 16th and Larimer Street viaducts, was \$5,909,000.00.

Giles E. Taintor, acting for the bondholders' committee, purchased the properties at foreclosure sale and conveyed them to The Denver City Railroad Company on May 29, 1896. This company likewise went into receivership and the property was bought on December 16, 1898, by The Denver City Traction Company. It is estimated that the cable property had cost to this date \$6,150,000.00.

Other companies were organized in 1885 and thereafter and various experiments were made for propelling cars by electricity. The present The Denver Tramway Company had two predecessors of that name, designated in the evidence as The Denver Tramway Company (Senior) and The Denver Tramway Company (Junior). The Denver Tramway Company (Senior) was organized in 1886. On May 6, 1890, The Denver Tramway Company (Junior) was organized and was a consolidation of the South Denver Cable Railway Company, The Denver Tramway Extension Company and The Denver Tramway Company (Senior). The Denver Tramway Company (Junior) thus formed was operating about 100 miles of electric railway at the end of 1899. The consolidation of this and other lines followed until the present applicant company was organized, March 30, 1914. During these later years the Tramway Company and its predecessors suffered from competition with bicycles, motorcycles and automobiles, such competition being seriously reflected in their earnings. Changes in the art and early supersession of cable and other motive powers required heavy expenditures for property betterments and improvements. These improvements have been constant to date, and in very recent times include heavy rails on 16th Street, special work at 15th and Curtis Streets, the Colfax-Larimer viaduct, new turbine installation, Union Station loop, work on Emerson Street, and the Broadway extension now in course of construction.

Horse cars were succeeded by steam dummy engines, later by electric conduit traction, cable cars, overhead trolley construction, with constant changes in weight and size of cars, power houses, equipment and design.

The Denver & Intermountain Railroad Company was successor in ownership of the "Lakewood" line to Golden, originally operated as a steam line, and now operated by steam for freight and electricity for passenger traffic. Through capital stock ownership this company is controlled and operated by The Denver Tramway Company.

A detailed statement of the stock and bonds in the hands of the public on January 1, 1918, is set forth in the order for emergency relief, issued September 12, 1918, and need not be repeated here. There are seven bond issues with a total of \$18,715,800.00 of bonds outstanding, and \$6,156,300.00 of stock, making a total capitalization of \$24,872,100.00. Of this amount about \$50,000.00 of bonded indebtedness was retired in 1918. The issues of bonds known as the Denver City Tramway Company 5 per cent first mortgage and the Denver Tramway Company 6 per cent convertible gold bonds, for \$2,000,000.00 and \$2,500,000.00, respectively, mature April 1, 1919, and present a difficult question of refinancing under present conditions.

The Tramway Company now serves the city and county of Denver and adjacent territory with urban service, and from the county line to Golden via the Denver & Intermountain Railroad, and from the county line to Golden, Arvada and Leyden via Clear Creek Junction it furnishes interurban and freight service. The company operates a total of approximately 253 miles of single track and has a total equipment of 619 passenger, utility and freight cars. During the calendar year 1917 it carried 62,380,777 revenue passengers in its urban service.

### Inventory.

In compliance with the order of the Commission of May 6, 1918, an inventory of the physical property of the applicant company was prepared and used as a basis for the appraisals that have been made and introduced in evidence. The Tramway Company, in anticipation of the necessity of such a procedure, began the actual work of inventorying its property the latter part of December, 1917, and such work was completed about June 1, 1918. This inventory was taken as of date December 31, 1917, and lists in detail the various units going to make up the principal property of the applicant company as of that date.

Since May 3, 1918, the date of filing the original application herein, the Commission's engineering staff has been furnished with these inventories as fast as completed and summarized, and a careful check has been made by field parties organized from such department and under the supervision of the department's engineer.

At the hearings the Commission's valuation engineer testified that the inventory as prepared and submitted by the applicant company had been carefully checked by the engineering staff, that such check had covered about 20 per cent of the property of the city lines and practically all of the interurban lines, and that, except as noted in his testimony or in that of individual witnesses, the inventory as submitted was found to fairly represent the quantities going to make up the physical property of the Tramway Company. The Commission's engineering staff did not, however, include in its final summary certain obsolete and abandoned property which was included in the appraisal submitted by the applicant. Such property as was excluded by the engineering staff will be discussed more in detail later in this decision.

For the purpose of inventory and appraisal three separate and distinct divisions of the property were assumed and designated as follows:

1. "City lines", comprising primarily the lines in the city and county of Denver, but including also the lines extending to Aurora and Englewood.

2. "D. & N.W. Ry", extending from Berkeley to Arvada, Leyden and Golden.
3. "D. & I.M.R.R.", serving Barnum, Morrison and Golden.

The property of The Consolidated Securities and Investing Company, a subsidiary of The Denver Tramway Company, consisting principally of land holdings, was in general inventoried to the "City lines" and classified according to its use.

Following is a brief summary of the principal items going to make up the property of the applicant company as compiled from the inventory and appraisal submitted by the engineering staff of the Commission:-

Land Right of Way - 348 separate tracts or parcels.

Buildings - One central office building and car barns combined; 4 car barns, 1 paint shop, several shop buildings, material yards, storerooms and miscellaneous structures appurtenant to such buildings; 8 stations and miscellaneous buildings comprising the central loop depot, central loop garage, building "A" at central loop, interurban depot, Logan Hotel, Weidman buildings, Golden depot, Arvada dwelling house and Arvada section house; 1 modern power plant building including steam and electric generating equipment of approximately 18,000 kilowatts capacity; 5 substation buildings and substation equipment; and 7 buildings included in account 404 - Miscellaneous Physical Property.

Roadway - The system comprises approximately 252 miles of single track, including the necessary rails and fastenings, ties, ballast, grading, paving, special work, bridges, trestles, viaducts, culverts, crossings, fences, signs, signals, telephone and telegraph lines and the overhead electric system. Under this classification there are 40 bridges, trestles and viaducts of appreciable size which the company either owns outright or toward which it has contributed a portion of the cost of construction. In addition to the larger bridges and trestles, there are approximately 225 small culverts and miscellaneous structures of which the company has borne all or a part of the cost of construction.

Rolling Stock - The company owns and operates 266 motor passenger cars, 121 trailer cars, 143 freight, express and mail cars, 70 service cars, and 2 steam and 5 electric locomotives. In addition there are 37 cars of various types which have either been abandoned or are not in good service condition and which have not been included in the inventory.

### Appraisals.

The Tramway Company presented in evidence appraisals as of two different periods. One is called the January 1, 1918, cost of reproduction new, wherein it is claimed that the elements of property are priced at their fair market values as of that date, such prices reflecting all elements entering into the cost to reproduce on that particular date. The other is designated as the "average" cost of reproduction new, wherein it is claimed that elements of property are priced at their fair average market value as found during the recent past, during which time costs and conditions are still reliably available, and covering a reasonable period of years during which the property might reasonably be created. The Tramway Company has insisted that the former method is the fair standard of value, and has sought to maintain it before the Commission in this case. The company has insisted that the cost of reproduction based on prices and conditions prevailing as of the date of the appraisal should be used by the Commission in determining the fair value of its properties, instead of the reproduction cost as determined by the use of prices averaged over a period of years, and that the appraisal based upon average prices and conditions has been submitted without prejudice to its contention as to "1-1-18" value, and out of deference to the known practice of the Commission in applying average prices in other valuation cases, and further on account of the Commission's insistence in this particular case that an appraisal based upon normal or average conditions be made.

The appraisal submitted on behalf of the Commission by its engineering staff was based entirely on average or normal conditions, the so-called war prices being given consideration only to the extent that they entered into such averages or influenced the general trend of labor and material costs.

The principal methods used by the Commission's engineers in arriving at what were termed normal or average prices, were as

follows:

- (1) The average of market prices prevailing for the 10-year period prior to the date of appraisal. This method was used in connection with the pricing of steel rails, copper wire, wood poles and steel poles.
- (2) The average of market prices current during the year 1915, the prices prevailing during this year being in the opinion of the Commission's engineers fairly representative of normal conditions. This method was used in pricing materials for which the quotations covering a 10-year period were not available, including such items as angle bars, track bolts, spikes and miscellaneous pole line hardware and fixtures.
- (3) The average of prices actually paid during a period of several years prior to the date of appraisal. This method was used in pricing ties, cement, lumber and numerous other items.
- (4) Actual cost of completed structures as determined from the records of the company. This method was used for pricing bridges, trestles, viaducts and culverts on the City lines, and the central office building and car barns located at 14th and Arapahoe Streets.
- (5) Contract prices actually paid for similar work in Denver and vicinity. This method was used for pricing grading, paving, concrete and buildings other than the central office building.

In the development of unit costs the valuation engineer for the Tramway Company included in such unit costs, in addition to the labor and material entering therein, allowances for engineering, superintendence, stores, tools, insurance, and for general and executive expense. The unit costs as finally arrived at and used by the company's engineer do not appear in the appraisal submitted, so that it is not possible for the Commission to analyze these in detail as to their reasonableness.

The unit costs developed and applied by the engineering staff of the Commission include, in addition to labor and material, allowances for supply expense, purchasing and inspection, tool expense and liability insurance. In addition various percentages, as seemed proper, were added to such unit costs for contingencies and omissions, loss, breakage and waste. In general the Commission's engineers attempted to include in such unit costs only such items of cost as under the uniform classification of accounts are permitted

to be charged to the particular account to which such unit costs applied. All unit costs as developed and used in the appraisal submitted on behalf of the Commission were included in detail in the various exhibits in such form that they can be conveniently referred to and the methods used fully and properly analyzed.

In compiling the inventory of the physical property the Commission's engineers followed as closely as practicable the uniform classification of accounts as established by the Commission for electric railways. The inventory and appraisal submitted by the applicant company's engineer complied with such classification only in part. As a result it has not been found possible to compare either the unit costs used in the two appraisals or the reproduction costs assigned to the property embraced under the various accounting classifications.

A summary of the appraisal submitted by the Commission's engineering staff is set out in Statement No.1; likewise a summary of the two appraisals submitted in behalf of the company, one based on average prices and conditions and the other on the prices and conditions prevailing as of January 1, 1918, are set out in Statements Nos.2 and 3, respectively. It is to be noted that the appraisal submitted in behalf of the Commission does not include any allowance for water rights, for gravel deposits on lands where the market value of such deposits is in excess of the market value of such lands, or for going value. Attention is further directed to the fact that the Commission's engineering staff did not include in its inventory and appraisal abandoned property, such, for example, as some 37 cars of various types, the Ralston branch of the D.& N.W.Ry., and an abandoned power plant on the D.& I.M.R.R. The engineers of the Commission likewise reduced the reproduction cost of a portion of the passenger cars on account of deferred maintenance.



Statement No. 1  
FINAL SUMMARY OF APPRAISAL.  
Engineering Staff

I.C.C.:		Normal Reproduction Cost				
Acct.:		City	D. & N.W.:	D. & I.M.:	Total for	
No. :	Description	Lines	Ry.	R.R.	System	
<b>I - WAY AND STRUCTURES</b>						
501	Engineering and Superintendence	\$ 491,387	\$ 52,850	\$ 39,262	\$ 583,499	
502	Right of Way Lands	27,059	68,725	27,434	123,218	
502	Other Right of Way	485,220	--	--	485,220	
503	Other Land Used in El.Ry. Operations	893,290	6,743	235,726	1,135,759	
504	Grading	418,614	120,437	60,282	599,333	
505	Ballast	158,181	10,670	6,915	175,766	
506	Ties	582,113	75,687	82,047	739,847	
507	Rails, Rail Fastenings and Joints	953,702	165,601	109,753	1,229,056	
508	Special Work	407,776	27,109	19,255	454,140	
510	Track and Roadway Labor	1,291,352	33,674	26,929	1,351,955	
511	Paving	1,170,516	--	1,488	1,172,004	
512	Roadway Machinery and Tools	39,913	698	--	40,611	
515	Bridges, Trestles and Culverts	277,154	46,967	28,147	352,268	
516	Crossings, Fences and Signs	4,391	11,752	9,835	25,978	
517	Signals and Interlocking Apparatus	2,339	--	--	2,339	
518	Telephone and Telegraph Lines	--	1,807	666	2,473	
519	Poles and Fixtures	229,141	47,728	24,549	301,418	
521	Distribution System	605,282	95,927	67,265	768,474	
522	General Office Building	711,274	--	--	711,274	
523	Shops and Carhouses	347,543	--	19,622	367,165	
524	Stations, Misc.Bldgs. and Structures	65,954	12,975	7,650	86,579	
404	Misc. Physical Property - Land	280,504	--	--	280,504	
404	Misc. Physical Property - Bldgs.	287,312	--	--	287,312	
TOTAL - WAY AND STRUCTURES		9,730,017	779,350	766,825	11,276,192	
<b>II - EQUIPMENT</b>						
530	Passenger and Combination Cars	1,401,629	38,857	48,137	1,488,623	
531	Freight, Express and Mail Cars	--	131,536	88,655	220,191	
532	Service Equipment	164,031	3,929	1,482	169,442	
533	Electric Equipment of Cars	584,102	21,293	24,578	629,973	
534	Locomotives	--	33,860	21,765	55,625	
536	Shop Equipment	176,918	--	3,489	180,407	
537	Furniture	73,130	329	1,851	75,310	
538	Miscellaneous Equipment	16,339	--	--	16,339	
TOTAL - EQUIPMENT		2,416,149	229,804	189,957	2,835,910	
<b>III - POWER</b>						
539	Power Plant Buildings	280,520	--	--	280,520	
540	Substation Buildings	41,947	--	--	41,947	
542	Power Plant Equipment	1,204,897	--	--	1,204,897	
543	Substation Equipment	162,288	--	--	162,288	
544	Transmission System	39,689	--	--	39,689	
TOTAL - POWER		1,729,341	--	--	1,729,341	
<b>IV - GENERAL AND MISCELLANEOUS</b>						
545	Franchises	180,000	--	--	180,000	
546	Law Expenditures	138,755	10,092	9,568	158,415	
547	Interest During Construction	1,680,147	52,917	50,435	1,783,499	
548	Injuries and Damages	69,378	5,046	4,784	79,208	
549	Taxes	385,985	2,276	3,590	391,851	
550	Miscellaneous	445,207	31,784	33,967	510,958	
TOTAL - GENERAL AND MISC.		2,899,472	102,115	102,344	3,103,931	
Total - Above Items		16,774,979	1,111,269	1,059,126	18,945,374	
Working Capital		467,500	38,500	44,000	550,000	
GRAND TOTAL		17,242,479	1,149,769	1,103,126	19,495,374	

Statement No.2.  
The Denver Tramway Company  
- System -  
Average Cost of Reproduction New

Acct. No. Description	Denver Tram- way Co. City	D. & N.W. Ry.	D. & I.M. R.R.	Total System
502 Right of Way	\$ 47,217.	\$ 105,942.	\$ 39,406.	\$ 192,565.
503 Other lands	1,471,600.	9,272.	252,748.	1,733,620.
503 Improvements	33,185.			33,185.
503 Lands not used or useful	68,378.		14,287.	82,665.
Gravel Beds - Net extra	205,077.			205,077.
Water Rights - Net extra	49,900.			49,900.
504 Grading	666,207.	384,053.	165,282.	1,215,542.
505 Ballast	301,387.		47,390.	348,777.
506 Ties	722,970.	133,680.	106,943.	963,593.
507 Rails, Rail Fastenings & Joints	1,154,316.	234,340.	134,903.	1,523,559.
508 Special Work	591,449.	43,195.	33,337.	667,981.
510 Track & Roadway Labor	1,403,020.	182,404.	123,566.	1,708,990.
511 Paving	1,348,979.	2,362.	1,424.	1,352,765.
512 Road Machinery & Tools	41,738.			41,738.
515 Bridges, Viaducts, etc.	1,008,752.	131,806.	54,462.	1,195,020.
516 Fences, Crossings & Signs	4,479.	21,112.	14,169.	39,760.
517 Signals	2,455.			2,455.
518 Telephone		4,154.	1,522.	5,676.
519 Poles & Fixtures	272,038.	48,782.	22,173.	342,993.
521 Distribution System	775,805.	125,822.	76,636.	978,263.
522 Tramway Building	771,075.			771,075.
523 Shops & Carhouses	468,695.		20,725.	489,420.
524 Station & Miscellaneous Bldgs.	443,425.	23,476.	22,742.	489,643.
530 Rolling Stock	2,782,182.	294,267.	241,575.	3,318,024.
536 Shop Equipment	185,764.		3,663.	189,427.
537 Furniture	109,249.		1,722.	110,971.
538 Garage Equipment	19,079.			19,079.
539 Power Plant Buildings	402,851.			402,851.
540 Substation Buildings	39,329.	13,463.		52,792.
542 Power Plant Equipment	1,421,156.			1,421,156.
543 Substation Equipment	142,852.	38,351.		181,203.
544 Transmission Lines	39,867.	15,098.		54,965.
545 Election Expenses	180,000.			180,000.
547 Interest During Construction	1,712,141.	107,922.	95,326.	1,915,389.
549 Taxes During Construction	408,370.	6,031.	8,878.	423,279.
Total	19,294,987.	1,925,532.	1,482,879.	22,703,398.
Working Capital and M. & S.	447,048.	38,820.	42,100.	527,968.
Total	19,742,035.	1,964,352.	1,524,979.	23,231,366.
Going Value	2,900,000.	460,000.	340,000.	3,700,000.
Total	22,642,035.	2,424,352.	1,864,979.	26,931,366.

Adjustments to Allocate property  
to correspond with operating analysis

Clear Creek Substation Land	350.	350.*		
Clear Creek Substation Building	13,463.	13,463.*		
Clear Creek Substation Equipment	38,351.	38,351.*		
Clear Creek Feeder jointly used		3,000.*	3,000.	
Clear Creek Transmission Wire	7,407.	7,407.*		
Clear Creek Transmission Poles	7,691.	7,691.*		
Fixed Charges on adjustments	6,000.	6,000.*		
Total Adjustments	73,262.	76,262.*	3,000.	
	22,715,297.	2,348,090.	1,867,979.	26,931,366.

Deductions				
Bell Ranch & Other Real Estate	158,478.			158,478.
	\$22,556,819.	\$2,348,090.	\$1,867,979.	\$26,772,888.

(\*) Credit

Statement No.3.  
The Denver Tramway Company  
- System -  
Cost of Reproduction New 1-1-1918.

Acct. No. Description	Denver Tram- way Co. City	D.& N.W. Ry.	D.& I.M. R.R.	Total System
502 Right of Way	\$ 47,217.	\$ 105,942.	\$ 39,406.	\$ 192,565.
503 Other Lands	1,471,600.	9,272.	252,748.	1,733,620.
503 Improvements	39,660.			39,660.
503 Lands not used and useful	68,378.			68,378.
Gravel Beds - Net extra	205,077.			205,077.
Water Rights - Net extra	49,900.			49,900.
504 Grading	906,798.	456,077.	232,984.	1,595,859.
505 Ballast	377,971.	54,663.	62,197.	494,831.
506 Ties	1,107,314.	141,315.	163,588.	1,412,217.
507 Rails, Fastenings & Joints	2,129,680.	427,463.	255,911.	2,813,054.
508 Special Work	1,048,438.	77,866.	56,477.	1,182,781.
510 Track and Roadway Labor	1,906,718.	251,185.	171,902.	2,329,805.
511 Paving	1,698,875.	2,476.	1,782.	1,703,133.
512 Road Machinery and Tools	57,165.			57,165.
515 Bridges, Viaducts, Etc.	1,389,579.	172,422.	70,065.	1,632,066.
516 Crossings, Fences and Signs	6,069.	26,125.	17,893.	50,087.
517 Signals	18,982.			18,982.
518 Telephones		5,400.	1,814.	7,214.
519 Poles and Fixtures	413,040.	61,291.	27,103.	501,434.
521 Distribution System	1,128,271.	161,689.	112,181.	1,422,141.
522 Tramway Building	1,150,277.			1,150,277.
523 Shops and Carhouses	627,656.		27,652.	655,308.
524 Station and Mis'c'l Buildings	598,276.	31,152.	29,618.	659,046.
530 Rolling Stock	3,944,685.	393,877.	337,624.	4,676,186.
536 Shop Equipment	248,002.		4,993.	252,995.
537 Furniture	129,860.		2,245.	132,105.
538 Garage Equipment	21,202.			21,202.
539 Power Plant Buildings	533,118.			533,118.
540 Substation Buildings	52,874.	17,457.		70,331.
542 Power Plant Equipment	2,372,642.			2,372,642.
543 Substation Equipment	203,326.	55,383.		258,709.
544 Transmission Lines	57,637.	21,595.		79,232.
545 Election Expenses	180,000.			180,000.
547 Interest During Construction	2,429,693.	148,486.	129,168.	2,707,347.
549 Taxes During Construction	572,477.	6,293.	12,029.	590,799.
Total	27,199,455.	2,649,407.	2,009,400.	31,858,262.
Working Capital and M. & S.	475,948.	42,941.	42,111.	560,100.
Total	27,674,503.	2,692,348.	2,051,511.	32,418,362.
Going Value	2,900,000.	460,000.	340,000.	3,700,000.
Total	30,574,503.	3,152,348.	2,391,511.	36,118,362.

Adjustments to allocate property  
to correspond with operating analysis

Clear Creek Substation Land	350.	350.*		
Clear Creek Substation Building	17,438.	17,438.*		
Clear Creek Substation Equipment	55,383.	55,383.*		
Clear Creek Feeder Jointly used		4,000.*	4,000.	
Clear Creek Transmission Line Wire	11,138.	11,138.*		
Clear Creek Transmission Line Poles	10,456.	10,456.*		
Fixed Charges on adjustments	8,500.	8,500.*		
Total Adjustments	103,265.	107,265.	4,000.	
Total	30,677,768.	3,045,083.	2,395,511.	36,118,362.
Deductions				
Bell Ranch & other Real Estate	158,478.			158,478.
Total	\$30,519,290.	\$3,045,083.	\$2,395,511.	\$35,959,884.

(\*) Credit

### Going Value

No allowance was included in the cost of reproduction estimate submitted by the Commission's engineering staff for going concern value. The engineer for the Tramway Company estimated this item at \$3,700,000.00 and apportioned it to the different divisions of the property as follows:

City lines	\$2,900,000.00
D. & N.W. Ry.	460,000.00
D. & I.M.R.R.	340,000.00

### Revenues and Expenses.

The revenues and expenses of the Denver Tramway system, comprising The Denver & Northwestern Railway Company, The Denver & Intermountain Railroad Company and The Consolidated Securities & Investing Company, are shown by Statement No. 4, which is a statement of gross income for the period from March 31, 1914, to December 31, 1917, inclusive, as shown by the books of the company.

In addition to this statement of gross income various estimates were submitted at the hearings showing the effect of increases in wages and rates of fare upon the revenues and expenses of the applicant company. These will be discussed later in connection with the Commission's findings.

Statement No. 4  
THE DENVER TRAMWAY SYSTEM  
Income Statement

	: 9 Mos. Ended :			
	: 12-31-14 :	1915	: 1916 :	1917
<u>Operating Revenue</u>				
Revenue from Transportation	\$2,474,960.59	\$3,077,314.03	\$3,208,102.41	\$3,350,387.01
Other Revenue	47,708.37	64,592.05	67,774.12	69,080.76
Total Operating Revenue	2,522,668.96	3,141,906.08	3,275,876.53	3,419,467.77
<u>Operating Expenses</u>				
I. Way and Structures	191,708.27	229,482.02	181,483.74	229,476.17
II. Equipment	120,243.79	136,678.55	135,817.81	242,836.63
III. Power	172,204.47	190,093.96	193,828.67	211,947.35
IV. Conducting Transportation	614,213.88	792,864.67	811,231.42	908,320.89
V. Traffic	13,704.69	12,091.85	21,207.49	22,926.64
VI. General and Miscellaneous	198,738.07	255,240.33	271,206.33	300,425.79
Total Above Items	1,310,813.17	1,616,451.38	1,614,775.46	1,915,933.47
Taxes	165,143.43	220,731.02	216,440.00	293,181.98
Franchise Payments	45,000.00	60,000.00	60,000.00	60,000.00
Total Operating Expenses	1,520,956.60	1,897,182.40	1,891,215.46	2,269,115.45
Net Operating Revenue	1,001,712.36	1,244,723.68	1,384,661.07	1,150,352.32
Miscellaneous Income	25,152.72	22,709.48	21,233.88	19,817.90
Gross Income	1,026,865.08	1,267,433.16	1,405,894.95	1,170,170.22

Annual Depreciation Requirement.

The amount that should be set aside annually to provide for accruing depreciation over and above such wear and tear as is taken care of through the medium of current maintenance, was estimated by the engineering staff of the Commission at \$677,644.00 for the entire system when set aside on the straight-line basis, and at \$435,275.00 when set aside on the 4 per cent sinking fund basis. These estimates were apportioned to the city and interurban lines as follows:

<u>Annual Depreciation Requirement.</u>		
	<u>Straight-line</u> <u>Basis</u>	<u>4% Sinking</u> <u>Fund Basis</u>
City Lines,...	\$607,313.	\$385,194.
D. & N.W. Ry....	37,378.	27,325.
D. & I.M.R.R....	32,953.	22,756.
Total,...	<u>\$677,644.</u>	<u>\$435,275.</u>

The Tramway Company's engineering staff submitted estimates of the amounts that should be set aside annually as a reserve for depreciation and maintenance combined on the three divisions of the property. No estimate of the annual requirement exclusive of current maintenance was submitted by the applicant company

General and Miscellaneous Construction Expenditures.

General and miscellaneous expenditures during construction are classified by the uniform classification of accounts as follows:

Account No. 545 - Franchises,  
546 - Law expenditures,  
547 - Interest during construction,  
548 - Injuries and damages,  
549 - Taxes during construction,  
550 - Miscellaneous.

The appraisal submitted on behalf of the Tramway Company shows as separate items cost of securing franchises, interest during construction and taxes during construction. However, other miscellaneous construction expenditures such as legal expense, injuries and damages and miscellaneous expenditures, instead of being set out separately in accordance with the uniform classification of accounts,

were included as a part of the unit costs and the amounts allowed therefor do not appear separately. The appraisals submitted by the Commission's engineering staff shows separately the amounts included under each of the above classifications.

### Findings.

The Commission has given careful consideration to the evidence before it bearing upon the value, both tangible and intangible, of the property of the applicant company devoted to public use, and likewise to the revenues derived and the expenses incurred in its operations, and is now in a position to make its findings.

The Commission is of the opinion that the cost of reproduction of this property, as submitted by the Tramway Company based on market prices and conditions prevailing as of January 1, 1918, and as heretofore set out in Statement No.3, should not be given any consideration in arriving at the value of the property in a procedure of this nature. The Commission's findings as to the value of the property for the purpose of determining the adequacy of the present rates of fare will, therefore, be based entirely upon the cost of reproducing the property under normal or average conditions. Whether or not the property of the applicant company has actually enhanced in value on account of the conditions brought about by the war will depend to a large extent upon the period of time that labor and material costs remain at their present level, and is a matter which cannot be determined at this time.

The Commission will base its findings very largely upon the cost of reproduction as determined and submitted by its engineering staff; first, for the reason that the appraisal so submitted conforms with the classification of accounts as prescribed by the Commission for electric railways, and, second, for the reason that the labor and material costs used in the appraisal submitted by the Tramway Company were in most instances averaged over a period of only

five years or less, and thereby reflected to too great an extent the abnormal prices prevailing during the years 1916 and 1917. Due consideration will be given, however, in the findings of the Commission, to the differences developed by the two appraisals.

Land and Right of Way: In the appraisal of land and right of way lands the real estate appraisers both for the applicant and the Commission based their findings upon the market value of adjacent or similarly situated lands as of December 31, 1917. In addition, however, the real estate appraisers for the Tramway Company added 25 per cent to the market value of right of way lands for the "cost of assembling", and, further, added 50 per cent to the market value of certain lands in the city of Denver on account of their availability or adaptability to the particular needs and uses of the Tramway Company. No allowances of this nature were made in the appraisal of land and right of way as submitted on behalf of the Commission by Mr. Bartels, his conclusions being based entirely upon the market value of such land and right of way as of the date of appraisal. The Commission's land appraiser testified, however, that in his judgment the cost to the applicant company of assembling its right of way lands, that is, of securing such lands in one continuous strip, might even exceed 25 per cent of their market value.

In view of the decision of the United States Supreme Court in the Minnesota Rate Cases, 230 U.S. 352, the Commission is of the opinion that the right of way lands of the applicant company should be appraised on the basis of their market value and that no allowance for the cost of assembling such lands can properly be made, although such costs might actually be experienced in the acquisition of such right of way lands.

The Commission will, however, in reaching its conclusions as to the value of other lands owned and used by the applicant, take into consideration their adaptability and availability for the purposes for which they are used, and for other similar uses.



In the appraisal submitted by the Tramway Company based on average conditions, a considerable sum was included in addition to the market value of such lands for improvements other than buildings thereon. These improvements consist in the main of sidewalks, curbs, gutters, grading, lawns, trees, fences, and connections with water mains, etc. There was also included in the appraisal submitted by the applicant company an estimated cost of reproducing the residences and other buildings, fences, ditches and the like, on a certain piece of farm property known as the Bell ranch, although at the final hearing the Tramway Company's engineer testified that such improvements on ranch property had been erroneously included by him and should be eliminated inasmuch as such improvements were included in the market values assigned by the real estate appraisers.

The Commission is of the opinion that all such improvements as above enumerated were properly excluded by its engineering staff. Such improvements add to the market value of land and are necessarily taken into account when market value is adopted as the basis of appraisal. Their separate inclusion would clearly result in duplication.

Certain of the land holdings of the Tramway Company, as well as the buildings located thereon, are not at this time devoted to public use. Such property was included by the engineering staff of the Commission under Account 404 - Miscellaneous Physical Property, and may generally be divided into three general classes as follows:

1. Property at one time devoted to public use but not at this time used in the operations of the company;
2. Property acquired for future use;
3. Property that has never been devoted to public use and which has no prospective future use.

The Commission is of the opinion that only such property as is devoted to public use, or which may reasonably be required in the operations of the company in the near future, should be included

in arriving at a valuation for rate-making purposes. In accordance with this view the Commission's findings as to the value of the lands of the applicant company will include only such lands as, in the opinion of the Commission, are necessary for the present or future operations of the company.

According to the testimony submitted by the applicant company certain of the lands owned by it contain valuable gravel deposits, and in some cases the value of such gravel deposits appraised on a royalty basis is in excess of the market value of the lands. The record is clear that all land was appraised by the real estate appraisers on the basis of market value, and that the value of the gravel deposits thereon was not by them taken into account. A.J.Hall, an experienced gravel operator in Denver, made an examination of these gravel deposits and testified as to his findings. The Commission is of the opinion that where the value of such gravel deposits is in excess of the market value of the land for other purposes an additional allowance should be made to the market value of the lands as determined by the real estate appraisers. No separate finding as to the value of these gravel deposits will be made, but they will be given such consideration as the Commission deems necessary in its findings of the value of the lands of the applicant.

The Tramway Company has filed on and uses certain rights for the diversion of water from the Platte River in connection with its Platte Street power plant. This water is used at the present time for condensing purposes and is essential in the operation of the power plant. The applicant's valuation engineer estimated the value of such water rights, based upon their utilitarian value, at \$49,900.00. The Commission is of the opinion that such water rights have a material value as measured either by the cost of acquiring such rights, or by their utilitarian value as determined by the applicant's engineer, and a proper allowance for the value of these water rights will be made in the final determination of the rate-making value of the applicant's property.

Buildings: The property of the Tramway Company comprises a large number of buildings, such as the general office building, power plant buildings, substation buildings, car houses, shops, stations, and other miscellaneous structures. The general office building, with which is combined the central car barns, was erected in 1910 and 1911, and was appraised by the different engineers on the basis of its original cost. In the appraisal of other buildings the Commission had the assistance of George Walter Brown, a building contractor and appraiser of some forty years experience. The testimony submitted in behalf of the Tramway Company by one Arvid Olson, a brick and concrete contractor who erected a large portion of the brick and concrete work on these buildings, convinces the Commission that the brick and concrete work on certain of these buildings, particularly on the Platte street power house, were slightly underestimated by Mr. Brown notwithstanding his long experience as a building contractor, and his apparent fairness in arriving at his conclusions. It was apparent, however, from Mr. Olson's testimony that his estimates were based very largely upon present labor and material prices, so that the Commission can give his testimony only such consideration as it deems necessary under the circumstances.

Bridges, Trestles and Culverts: The bridges, trestles and viaducts in the city of Denver, upon which the applicant company operates, may be divided into two general classes as follows:

1. Structures toward which the Tramway Company has contributed only a portion of the cost of construction, and the titles to which are not vested in the company.
2. Structures owned and erected entirely by the Tramway Company.

Contributions made by the applicant company toward the cost of erection of structures included under subdivision 1 above are, under the uniform classification of accounts, chargeable to right of way, while the cost of erecting structures included under sub-

division 2 are chargeable to Account No.515 - Bridges, Trestles and Culverts. In the appraisal submitted by the Tramway Company no distinction was made as between the above subdivisions, and the cost of erecting all such structures was included under Account No.515. For that reason there is a wide difference in the amounts included in the two appraisals submitted under the heading of Bridges, Trestles and Culverts.

The appraisal of bridges, trestles and culverts was based on the original cost of such structures in each of the appraisals submitted, both on account of joint construction and on account of the fact that the original cost records were available. The appraisal submitted by the Commission's engineering staff differs from that submitted by the Tramway Company in the following respects:

- (a) The Tramway Company included as a part of the cost of such structures an estimated allowance for general and miscellaneous expenditures, while the Commission's engineering staff included such expenditures under a separate account.
- (b) The Tramway Company included an estimate of the remaining value of bridges abandoned at the time the present structures were erected, while the Commission's engineering staff did not include an allowance for such abandoned property.
- (c) The Commission's engineering staff made a deduction from the original cost of the 16th Street viaduct on account of a contribution of \$25,000.00 made thereto by the city of Denver, while the Tramway Company did not make such a deduction.
- (d) There was a material difference between the Tramway Company's appraisal and that of the Commission's engineering staff, as to the expenditures made by the Tramway Company on account of the Broadway bridge, which was erected by the city and county of Denver.
- (e) The Tramway Company included as a part of the original cost of bridges, trestles, etc., the expenditures made by the applicant company for temporary tracks necessary for the maintenance of service during the erection or reconstruction of the present structures, while the Commission's engineering staff did not include such expenditures.

The Commission finds as to the bridges, trestles and culverts that the appraisal submitted by its engineering staff fairly represents the cost to the applicant company of the present structures. The Tramway Company's engineer's estimate of the expenditures made by the Company on account of the Broadway bridge, was not sustained by the testimony submitted. The structures abandoned before the end of their useful lives should not be included in an inventory and appraisal of the present physical property. The losses sustained on account of such abandonments contribute to the intangible value of the property and will be considered by the Commission in making its findings as to the element of going value.

A detailed inventory and appraisal was made of all bridges, trestles and culverts on the interurban lines and included in the appraisals submitted. The Commission is of the opinion that the appraisal of these structures as submitted by the Tramway's engineer is excessive, and that on the other hand the unit costs used by the Commission's engineering staff should be to some extent increased, although it is again impossible to make direct comparisons for the reason that costs of an overhead nature, included by the applicant's engineer as a part of the cost of bridges, were set out by the Commission's engineering staff under separate accounts.

Rolling Stock: In the appraisal of rolling stock, the Commission's engineering staff based its estimates upon the original cost of such equipment, although the Commission's valuation engineer testified that purchases made a number of years ago or at times when market prices were abnormally low, were not considered in arriving at average costs. He further did not include in his appraisal six motor cars, twenty trailer cars and eleven service cars, that have become obsolete, and made a deduction, on account of deferred maintenance, on some eighteen passenger cars that were not in good service condition. The applicant's engineer, in his appraisal of rolling stock, included the abandoned cars just referred to, and made no deduction on account of deferred maintenance as did the Commission's engineering staff. A large portion of the rolling stock of the applicant company was manufactured in Denver, and some testimony was introduced to the effect that the prices actually paid were materially lower than such equipment could have been bought for elsewhere. It is further apparent from the records that it was necessary for the Tramway Company to extend aid financial and otherwise to the manufacturer of car bodies in order to secure them at the prices actually paid.

The Commission is of the opinion that the exclusion of abandoned and obsolete cars and the deduction on account of deferred maintenance on other cars by its engineering staff, was proper, but finds that in view of all the circumstances the cost of reproduction of passenger and combination cars, as determined by its engineering staff, should be to some extent increased.

Other Property: In the appraisal of property embraced under other classifications, such, for example, as paving, grading, rails, ties, poles and fixtures, distribution system, and the like, there were, as was to have been expected, differences in the appraisals submitted. These differences came about very largely through differences in opinion as to the propriety of the prices to be applied, differ-

ences in the methods and items included in unit costs, and to some extent on account of differences in inventory. The appraisals submitted by the Tramway Company further included substantial allowances on account of property abandoned or superseded before the end of its useful life, due to increased service demands, municipal or public requirements, obsolescence and improvements in the art, such, for example, as re-location and change of grade of tracks in conformity with municipal requirements, and reconstruction of track before the end of its useful life on account of municipal paving requirements.

The Commission, in the final determination of the fair value of this property, will give such consideration to the differences between the Tramway Company's engineer and the Commission's engineering staff on the items above enumerated as in its judgment is proper.

Going Value: The engineering staff of the Commission did not include any allowances for going-concern value in its appraisal of the property, but did not by its exclusion deny the existence of such element of value. The applicant's engineer made a study to determine what, in his judgment, a fair allowance for going-concern value would be, and made use of two or three recognized methods for determining this item. The allowance which he finally arrived at and included in his appraisal was \$3,700,000.00, apportioned to the three operating divisions as follows:

City lines,	\$2,900,000.00
D. & N.W. Ry.	450,000.00
D. & I.M.R.R.	350,000.00
Total	<u>\$3,700,000.00</u>

The question of an allowance for going value as a part of the total valuation of a public utility property for rate-making purposes has been before courts and commissions for a number of years, and it seems now to be well established that such an allowance is not only proper in such cases but that it cannot be left out of consideration. In the "Digest of the Decisions of the Railroad

Commission of Wisconsin", containing the decisions of that body from July 20, 1905, to February 4, 1915, the Wisconsin Commission says at page 496, paragraph 44:

"The courts have almost universally held that going value is an important and valuable consideration which cannot be left out of account in fixing the fair value of the property of a public service corporation devoted to the public service."

And further, in paragraph 130, it is stated, that

"The early losses or deficits, or the amounts by which the earnings of the plant have failed to meet the ordinary operating expenses, taxes, depreciation and a reasonable return on the investment, will, in the majority of cases, very closely measure the cost of developing the business."

Further, on page 495, under paragraph 43, it is stated:

"On the other hand, if property is devoted to the public use, and reasonable care has been exercised in all the phases of its management, but the owners have not received a fair return during the earlier years of the operation of the plant in which the property is used for the convenience of the public, the deficit thus incurred must be made up out of later earnings, insofar as this is commercially possible and expedient. In other words, every effort honestly put forth, every dollar properly expended, and every obligation legitimately incurred in the establishment of an efficient public utility business must be taken into consideration in the making of rates for such business. Collectively the elements just referred to may be designated by the term going value, and in this sense there can be no question regarding the propriety and justice of admitting going value as a consideration in the determination of rates."

In the case of the Portland Railway, Light & Power Company before the Oregon Public Service Commission, Order No. 191, decided April 30, 1917, and in a prior order dated May 31, 1916, the Commission says:

"For the purpose of showing the intangible value of the well-established business of the respondent over and above the items making the complete and operating plant, elaborate computations have been submitted by the respondent. This item may be termed going value. It is not to be confused with good-will in the ordinary sense of that term for, as to a monopoly, actual or virtual, such as the respondent, good-will is a factor which cannot be recognized by a rate-making body. Nor is going value to be confused with franchise value, although the right of the concern 'to go' depends upon the existence of a franchise."

"There appears to be more or less confusion as to the term to be applied to this intangible element



"which enters into the value of a utility property. 'Going value', 'going concern value', 'going cost', and 'development cost' seem to have been variously used by the courts and commission, but, by whatever appellation it should be known, the amount which this Commission will allow in a rate case for this element of value is the sum which represents the reasonable cost of attaching the normal business to a plant reasonably required to serve the territory covered. The term 'development cost' seems to be the most appropriate to apply, and it will be used, as thus defined, throughout these findings.

"The Commission is of the opinion that the determination of a proper allowance for development cost must rest upon the judgment and discretion of the determining body, after a full consideration of the history of the physical plant of the utility, and of its rates, results of operation, operating organization, and attached business; the nature and size of the territory served, growth of population, and kind, number and general circumstances of its patrons; the general commercial conditions during the life of the plant and during ownership by the present investors; the terms of, and conditions under which the transfers of ownership have occurred; the financial history of the plant; the progress of the art and general attitude of the public toward its utility product; the competitive conditions, if any, and all matters and things which, in this particular instance, may have a bearing on the subject."

A very recent decision of the United States Supreme Court involving this question was in the case of *Denver v. The Denver Union Water Company*, decided March 4, 1918, 246 U.S. 178, 62 L.ed. \_\_\_, P.U.R.1918C, 640, 38 Sup.Ct.Rep.278. In that case the rates of a water company were involved. An item of \$800,000.00 for going-concern value was allowed by the master in chancery, as stated in the opinion of the Supreme Court, "upon the ground that the company had 'an assembled and established plant doing business and earning money' according to the principle laid down by this court in *Des Moines Gas Company v. Des Moines*, 238 U.S.153, 59 L.ed.1244, P.U.R.1915D, 577, 35 Sup.Ct.Rep.811." The city and county of Denver contended that the allowance of \$800,000.00 as the going-value of the property was an improper allowance, contending that while it was proper in sale cases to make such allowance, such course was not proper in a rate case. The Supreme Court said on this subject, Mr. Justice Pitney delivering the opinion--

"What we have said establishes the propriety of

"estimating complainant's property on the basis of present market values as to land, and reproduction cost, less depreciation, as to structures. That this method was fairly applied by the special master hardly is disputed by appellants, except as they contest the items allowed for 'going concern value' and for the water rights acquired by complainant and its predecessors by original appropriation. With respect to the former item, we adhere to what was said in *Des Moines Gas Co. v. Des Moines*, supra; 'that there is an element of value in an assembled and established plant, doing business and earning money, over one not thus advanced, is self-evident. This element of value is a property right, and should be considered in determining the value of the property, upon which the owner has a right to make a fair return when the same is privately owned, although dedicated to public use.'

"As was then observed, each case must be controlled by its own circumstances. In the present case, the master expressly declared that his detailed valuation of the physical property and water rights included no increment because the property constituted an assembled and established plant, doing business and earning money; and a careful examination of his very elaborate report convinces us that this is true. The amount allowed by him on this account is not open to serious question from the standpoint of appellants."

The Commission has given careful consideration to the element of going-value in this case, and no matter what line of reasoning it has pursued, the conclusion has been reached that the allowance for this element of value should be substantial. It is now generally recognized that on account of the rapid changes that have taken place in the development of the art of urban transportation, necessitating the abandonment of property before the end of its service life, the returns to the owners have, as a rule, been very meagre. The case under consideration is no exception to the general rule, and, as will appear later in these findings, the net earnings for a number of years have exceeded by only a small amount the interest on the funded debt, and no adequate allowance for depreciation has ever been made. Based upon the capitalization of deficits as a measure of going-concern value a very large, and, in fact, prohibitive amount, could be arrived at. The Commission is fully aware of the fact that such a method of estimating going-concern value results in the smallest allowances in the case of the most prosperous concerns, and in allowances perhaps excessive in the case of concerns

that have had insufficient earnings. The Commission is also aware of the fact that such a method in effect capitalizes bad management and mistakes and errors made in the past, but the Commission is of the opinion that such deficiency of earnings has resulted in this case not from bad management, but from management which for a number of years has been reasonably comparable with the very best in the United States.

The Commission will not attempt to lay down or adopt a general rule for determining going-value to be applied in this or any other case, as it is firmly of the opinion that no such general rule can be adopted or applied. The use of such rules, however, is of assistance to the Commission in indicating what a reasonable allowance should be. The final determination of the amount to be allowed is one requiring the Commission to exercise its best judgment in connection with all other relevant facts surrounding the particular case, and the Commission will in its final findings make such allowance as in its opinion is just and proper.

Present Fair Value of the Property: The Commission has given careful consideration to the evidence submitted bearing upon the value of the property of the applicant company devoted to public use, and finds that the present fair value of such property as of December 31, 1917, including a reasonable allowance for working capital, was the sum of \$23,674,100.00 apportioned to the three operating divisions as follows:

City lines	\$20,867,750.00
D. & N.W. Ry.	1,448,550.00
D. & I.M.R.R.	1,357,800.00
Total	<u>\$23,674,100.00</u>

The present fair value as determined is based upon the cost of reproduction of the property of the applicant company used in the public service, and due consideration has been given to its present condition and operating efficiency, deduction having been made for depreciation where necessary based upon the testimony in the case and also personal investigation and inspection of the property made either by the Commission or on its behalf. The amount

arrived at represents, in other words, the present fair value of the property based upon its cost of reproduction under average or normal conditions, its present service condition and efficiency, and all other relevant facts.

With the exception of the estimated cost of securing the franchise of 1906, under which the company operates within the city and county of Denver, no allowance has been made for the one hundred and thirty eight franchises and permits which the applicant company now owns and under which it is now operating.

The Commission makes no finding as to the value of the property of the applicant company not devoted to public use, which embraces, among other items, bonds and securities of other companies and certain other property, all of a substantial value, and the Commission further holds that the eliminations made by its engineering staff on account of abandoned and obsolete property, deferred maintenance and depreciation were just and proper. Substantial additions have been made to the property of the applicant company since December 31, 1917, such, for example, as the Emerson Street connection, Union Station loop and the Broadway extension. The Commission makes no finding at this time as to the expenditures made on account of such additions or as to the amount by which such additions will increase the value of the property. The expenditures made therefor, however, represent a substantial sum.

Valuations of property of this character must necessarily be determined upon the record and the judgment of the Commission following certain well established principles of law, scientific methods and engineering rules, but as the highest courts have many times said that even capitalization may be considered as affording some light on the subject and as indicating some limitations of value, it is helpful to make certain comparisons in the final valuation arrived at with the results obtained in similar proceedings before other tribunals, including public utility and railroad commissions and courts of the highest jurisdiction. From the testimony in this case it appears that in similar proceedings, involving street railroad properties of the same general character, the following valua-

tions for rate-making purposes have been determined and have been sustained:--

<u>Year</u>	<u>Location</u>	<u>Total appraised value per mile of single track.</u>
1913	Toronto	\$167,000.00
1913	Kansas City, Mo.,	134,600.00
1915	Detroit,	134,300.00
1917	Portland, Ore.,	117,000.00
1917	Chicago surface lines,	143,400.00

The valuation arrived at in this case is slightly less than \$94,000.00 per mile of single track, which, compared with the foregoing, indicates that the findings have been based upon conservative estimates tending to minimum values, and which, while contested vigorously by the applicant company, will, the Commission believes, afford grounds for permanent satisfactory relations between the applicant company and the public and the municipalities which it serves. One further deduction to be drawn from the foregoing comparison is that the development and extension of these properties over a period of more than forty years has been accomplished with a minimum of waste and mistakes necessarily incidental, to some extent, in every development of a project of this size.

Revenues and Expenses: The Commission finds that Statement No.4 heretofore set out in this opinion, is a correct statement of the revenues and expenses for the period covered thereby, and that with the exception of such replacements of property as were made during this period and charged to the maintenance accounts, The Tramway Company has had available for depreciation and a return to its investors the amounts shown as Gross Income in this statement. The extent to which the depreciation on this property has been provided for through current maintenance and charges to the maintenance accounts will be discussed later under another heading. It is sufficient to state here that the amounts available for interest and depreciation, with the exceptions as to depreciation just noted, were as follows:

1915,.....	\$1,267,433.00
1916,.....	1,405,895.00
1917,.....	1,170,170.00

In order to determine the amount actually available for a return to the owners of the property it is necessary to determine what amount or amounts over and above current maintenance should be set aside as an annual depreciation requirement. Estimates of what this amount should be were submitted both by the applicant company and the Commission's engineering staff. The estimate submitted on behalf of the applicant company is based upon an allowance for maintenance and depreciation combined, and is of little assistance to the Commission in making its findings. The estimate submitted by the Commission's engineering staff was determined by assigning various lives and salvage values to the various items of depreciable property and shows that amount which, in the judgment of the Commission's engineers, should be set aside annually in addition to such expenditures as are made on account of current maintenance. The estimate submitted by the Commission's engineering staff is summarized as follows:

Annual Depreciation Requirement

	<u>Straight line basis</u>	<u>4% sinking fund basis</u>
City lines,...	\$607,317.00	\$385,194.00
D. & N.W. Ry....	37,378.00	27,325.00
D. & I.M.R.R...	32,953.00	22,756.00
	-----	-----
Totals,...	\$677,644.00	\$435,275.00

The Commission finds that for the year 1917 the maintenance charges for the system included replacements of property in the sum of \$150,000.00, and that the amount available for interest and depreciation for that year should be increased by the above amount, or to \$1,320,170.00. The maintenance accounts for the year 1914, 1915 and 1916 likewise include replacements of property, but it is not necessary for the Commission to determine at this time the amounts of such replacements.

Under the Uniform Classification of Accounts for electric railways, prescribed by the Interstate Commerce Commission and adopted by General Order No.24 of this Commission, depreciation accounts are provided for as follows:

"Depreciation accounts in which to include monthly charges to cover depreciation of way and structures, equipment, power plant buildings, and power plant equipment are provided in order that carriers may create reserves which will meet or reduce the amounts otherwise chargeable to Operating Expenses or to Profit and Loss Account to cover the cost of the renewal or retirement of property. Such depreciation charges should be upon a basis determined to be equitable according to the carrier's experience and best sources of information as to the actual accruals of current loss from depreciation. Depreciation charges with respect to property or equipment shall cease when the difference between the ledger value (estimated if not known) and the estimated scrap value shall have been credited to the depreciation reserve account. A statement of the bases used by the carrier for computing these charges shall be included in its annual report to the Commission.

"Commencing July 1, 1914, carriers shall accrue depreciation on equipment (included in accounts Nos. 530 to 535), but the accrual of depreciation on way and structures, power plant buildings, and power plant and substation equipment is left optional with the carrier until such time as the Commission shall direct otherwise.

"When equipment (included in accounts Nos. 530 to 535) is retired from service and proper charges for depreciation have not been made during its life, the

"ledger value of such equipment, less salvage and depreciation accrued to the date of retirement, shall be charged as follows: That proportion of the actual loss from depreciation equitably assignable to the period prior to July 1, 1914, shall be charged to Profit and Loss and the remainder shall be charged to operating expense Account No.41, 'Equipment retired.'"

During the year 1917 the applicant company established a reserve for depreciation of rolling stock and miscellaneous equipment. This reserve on December 31, 1917, had accumulated to the amount of \$76,089.84, from which there was a deduction on account of property retired from service amounting to \$20,007.45, leaving a balance in this reserve on December 31, 1917, of \$56,081.59. With this exception no reserve for depreciation has ever been set up by the applicant company.

The Commission is of the opinion that in addition to current maintenance the Tramway Company should be permitted to earn and set aside annually the sum of \$500,000.00 as an annual depreciation requirement, and that this amount should be apportioned to the three operating divisions of the system as follows:

City lines,.....	\$450,000.00
D. & N.W. Ry.....	27,500.00
D. & I.M.R.R.....	22,500.00

In the opinion of the Commission it is well established that in addition to current maintenance such a depreciation reserve as above determined should be earned annually for the purpose of taking care of the ravages of time and wear and tear in whatever form they may manifest themselves, such as obsolescence, inadequacy, public requirements, etc., in order that at any particular time the capital invested in the property shall remain unimpaired. Failure to make an allowance for a depreciation reserve and to afford the applicant company a legal right to earn the same, would be only a means of confiscating a portion of the property devoted to public use, differing in form, but not in substance, from a refusal to allow an adequate rate of return.



Rate of Return: It cannot be disputed that over and above such amounts as are reasonably necessary to meet operating expenses, including maintenance, taxes and depreciation, the Tramway Company is entitled to earn a fair return upon the value of the property which is dedicated to public use. The Commission is fully aware of the fact that, from the uncontradicted testimony submitted, there has prevailed for several years and now prevails a much higher rate of return on investments and loans than heretofore, and that it may justly be contended by the applicant company that capital in the amount required could not at this time be induced into such an enterprise for less than a reasonably assured earning of 10 per cent. However, like many phases of the problem involved in this case, unusual, abnormal and war time conditions have brought about this situation, and it is the judgment of the Commission that these high rates of return will not be permanently maintained and that it is to the interest both of the public and the Tramway Company that such rate of return should be based upon normal and pre-war conditions.

In the city and county of Denver and elsewhere in the state of Colorado, in many other similar proceedings, the Commission has had occasion to investigate this problem, and finds no reason to alter its previous determination to the effect that a return of 8 per cent upon the present fair value of such a property is just and reasonable.

Having determined that the amount available for interest and depreciation for the year 1917, after deducting all operating expenses, was the sum of \$1,320,170.00 for the entire property, and having determined the present fair value of the property, the annual depreciation requirement and the rate of return to be allowed, the Commission now makes its findings as to the operating results for the year 1917 as follows:

Fair return, 8 per cent on \$23,674,100.00	\$1,893,928.00
Annual depreciation requirement,	500,000.00
	-----
Total requirement for interest and depreciation,	\$2,393,928.00
Gross income available after making adjustments on account of replacements charged to maintenance accounts,	\$1,320,170.00
	-----
Deficit,.....	\$1,073,758.00

The above amount is the deficit from operations for the entire Tramway system for the year 1917, and its apportionment to the various operating divisions of the company will be shown later in this decision. The Commission will not attempt to determine the operating results for the years 1915 and 1916, but based on the findings herein and the net earnings as shown by Statement No.4, it is apparent that even for those years the earnings of the applicant company were entirely inadequate for the purpose of meeting its operating expenses and, in addition, providing for depreciation and a fair return to the owners of the property. Dividends were paid to stockholders only during a short period; they were never excessive, and no dividends have been paid since 1915.

It is further manifest to the Commission that to afford such a return as the applicant company might legally be allowed to earn, even under conditions prevailing in 1917, would require a very substantial advance in the present rates of fare. It would be unfortunate for the public and for the applicant company if it were found necessary or advisable to raise the fares so as to make the burden upon the patrons of the company so great as to curtail the use of the service, as such a procedure would make it necessary eventually to reduce the service and would probably be disastrous to the company.

A basic 6-cent fare has already been established by order of this Commission and has been in effect since September 15, 1918. Such increase in fare was scarcely sufficient to meet the increased operating costs experienced prior to the wage award of the National War Labor Board recently announced, which wage award will further increase the operating costs of the applicant company by approximately \$500,000.00 per year. It must be evident that such increase in wages

cannot be met without a further increase in the present rates of fare. However, as will appear later in this opinion, the Commission has not found it to be either practical or desirable to establish fares sufficient to enable the applicant company to meet this increase in wages, much less to permit it to earn under prevailing conditions a reasonable return on the fair value of its property.

Efficiency of Operation: The extent and character of the system of the Tramway Company is fully set forth in other portions of this opinion, but it appears clearly and without contradiction in the record that the applicant company, in the development of its property, has kept pace with the needs and requirements of the community it serves and with the progress in the arts and sciences relating to street railway equipment and operation. The system has given and is giving adequate service to the public and contains within it potentialities of a further extension and development ample to meet any reasonable requirements that may reasonably be expected in the future.

In economy of operation it stands well to the forefront in comparison with other similar properties, as is shown by the following table of comparisons:

City:-	Operating Ratio Excluding Taxes		Operating Ratio Including Taxes	
	1916	1917	1916	1917
Providence (R.I.Co.)			72.7	86.3
New Haven (Conn.Co.)			73.0	84.0
Detroit	74.1	76.0		
Kansas City	60.0	74.5		
Cleveland	71.7	73.7		
Des Moines		64.0		70.4
Grand Rapids			63.8	69.7
Columbus		67.8		
Salt Lake City	65.5			
Philadelphia	55.8	59.4		
Omaha	56.4			
Cincinnati	53.6	56.5		
DENVER	49.29	56.03	56.0	62.7
United States (a)		66.6		
Western District (b)		66.9		
(a) 8,400 miles of street railways.				
(b) 1,800 miles of street railways.				

The conclusion to be drawn from the operating figures for many years, placed in the record and undisputed, as well as the above comparative data, is that there is no waste of revenue of the applicant company by reason of extravagance or poor operation, and that therefore the "revenue" shown to be available for depreciation and a return on the investment is a real and dependable figure.

Increases in Operating Expenses and the Outlook as to the future:

During the pendency of this proceeding the tendency of all operating costs has been upward, but an unprecedented increase was encountered by the applicant company under the award of the National War Labor Board dated November 26, 1918, and made retroactive to August 24, 1918, on account of which award it appears from the testimony the pay roll of the applicant company will be increased at the rate of some \$500,000.00 per annum. Regardless of the question of value and adequate return upon the fair value of the property devoted to the public use it is obvious that such an increase in fares must be afforded the Tramway Company as is required to meet and offset these pressing and daily costs of operation if public service is to be maintained. The award of the National War Labor Board, to which the matters of the wages of trainmen and other employes of the applicant company were submitted, was signed by Hon. William Howard Taft, former president of the United States, and by the Hon. Frank P. Walsh, and is as follows:

NATIONAL WAR LABOR BOARD  
DOCKET NO. 173

AMALGAMATED ASSOCIATION OF STREET AND ELECTRIC  
RAILWAY EMPLOYEES OF AMERICA, DIVISION NO. 746.

v.

DENVER TRAMWAY COMPANY

The undersigned were selected as a Section of the National War Labor Board to hear this controversy, and do hereby report to the board the following findings and award:

1. WAGES.

The rates are fixed for the period of the war only, and therefore there is substituted for more extended graduation of rates by years a shorter period for the increases.

The wage rates for all motormen and conductors shall be:

For the first three months of service,	43 cents per hour
For the next nine months of service,	46 cents per hour
Thereafter,	48 cents per hour

2. WAGES OF OTHER EMPLOYEES.

The wages of employees other than motormen and conductors, which have been submitted to the board for fixation, shall be increased by the same percentage that the maximum of the wage scale paid to motormen and conductors is increased by this award; provided, however, that if this increase does not bring the wage of any adult male employee up to a minimum of  $42\frac{1}{2}$  cents per hour he shall be paid said minimum of  $42\frac{1}{2}$  cents per hour up to not more than ten hours work per day. The foregoing provisions shall not apply to such employees who already are receiving union craft rates, nor operate so as to increase their wages beyond such rates.

3. EMPLOYEES OF THE DENVER AND INTERMOUNTAIN RAILROAD.

This award shall also apply to those employees of the Denver and Intermountain Railroad whose wages have been submitted to the board for fixation.

4. BONUS PAY FOR LONG ELAPSED TIME.

Where the elapsed time consumed by swing runs exceeds 13 hours, an addition of pay for the period of excess consumed time shall be allowed as follows:

For the fourteenth hour,	15 minutes.
For the fifteenth hour,	30 minutes
For the sixteenth hour,	45 minutes
For the seventeenth hour and each successive hour,	one hour.

These allowances are to be applied to successive periods of one-half hour each; less than one-half of such period to be neglected and more than one-half of each such period to count as allowed time for the full allowed period.

5. INTERPRETATION OF AWARD.

For the purpose of securing a proper interpretation of this award the secretary of the National War Labor Board shall appoint an examiner, who shall hear any difference arising in respect to the award between the parties and promptly render his decision, from which an appeal may be taken by either party to the board. Pending a final adjudication upon the appeal the decision of the examiner shall be binding, except as provided in the rules of the board.

**6. DATE EFFECTIVE.**

This award is to take effect as of August 24, 1918, and shall continue for the duration of the war, except that either party may reopen the case before the board at periods of six months' interval, beginning May 15, 1919, for such adjustments as changed conditions may render necessary.

The company shall be allowed until February 1, 1919, to make payments to its employees of the back pay due them under the award.

**7. FINANCIAL RECOMMENDATION.**

This increase in wages will add substantially to the operating cost of the company and will require a reconsideration by the proper regulating authority of the fares which the company is allowed by law to collect from its passengers.

We make part of this award the words we have used in the award in the Cleveland case:

'We have recommended to the President that special congressional legislation be enacted to enable some executive agency of the Federal Government to consider the very perilous financial condition of this and other electric street railways of the country, and raise fares in each case in which the circumstances require it. We believe it to be a war necessity justifying Federal interference. Should this be deemed unwise, however, we urge upon the local authorities and the people of the locality the pressing need for such an increase adequate to meet the added cost of operation.

'This is not a question turning on the history of the relations between the local street railways and the municipalities in which they operate. The just claim for an increase in fares does not rest upon any right to a dividend upon capital long invested in the enterprise. The increase in fare must be given because of the immediate pressure for money receipts now to keep the street railways running so that they may meet the local and national demand for their service. Overcapitalization, corrupt methods, exorbitant dividends in the past are not relevant to the question of policy in the present exigency. In justice the public should pay an adequate war compensation for a service which can not be rendered except for war prices. The credit of these companies in floating bonds is gone. Their ability to borrow on short notes is most limited. In the face of added expenses which this and other awards of needed and fair compensation to their employees will involve, such credit will completely disappear. Bankruptcy, receiverships, and demoralization, with failure of service, must be the result. Hence our urgent recommendation on this head.'

Without in any way abating in the slightest degree its own duties and responsibilities in the premises, it is proper that the Commission should give due regard to the effects of this wage increase and to the request of the National War Labor Board received by the Commission in the following communication:

A469A 226 Govt.1/170.

Washington, December 5, 1918.

Honorable George Bradley,  
Chairman Public Utilities Commission of Colorado,  
Denver, Colorado.

On November twentieth nineteen eighteen the National War Labor Board, upon the recommendation of the joint chairmen, made a very substantial increase in the wages to be paid by the Denver Tramway Company to their employees, under a submission by the Company and men to the Board. The Joint Chairmen who heard the case found that the additional burden put upon the company by their award would so increase their expense that they were in justice entitled to an increase in the rate of fare which the municipal and state authorities permitted them to charge; as part of the award of the Board therefore the increase in fares was recommended to your honorable body as a measure of justice to the company. We are advised that there has been delay in such increase and the delay is greatly embarrassing the company in paying current wages and preparing to meet its retroactive obligations under the award. We therefore venture urgently again to call your attention to the real need the company is in and to the justice of its application. Failure of state authorities to act in such cases has led in other cases to a ceasing of service and great public inconvenience.

Wm.H.Taft (Joint Chairmen Basil M.Manly)  
National War Labor Board.

During the period covered by this investigation, and, in fact, during the entire war period, it was apparent that the applicant, in common generally with street railways throughout the United States, was called upon to assume and discharge vastly increased and important functions and war work and under everincreasing operating costs, without any means of increasing earnings. The matter became so nationally important that it was the subject of public proclamation by the most prominent officials of the national government, including the president of the United States. Many of these official pronouncements were sent direct to this Com-

mission and were in the nature of requests that the Commission accord to such utilities such relief as the situation demanded. Among these were the following:

The White House, Washington.  
19 February, 1918.

My Dear Mr. Secretary:

I have examined with care the memoranda and letters which you transmitted to me with your letter of the fifteenth. I fully share the views you express regarding the importance of the public service utilities as a part of our national equipment, especially in wartime. It is essential that these utilities should be maintained at their maximum efficiency and that everything reasonably possible should be done with that end in view. I hope that State and local authorities, where they have not already done so, will, when the facts are properly laid before them, respond promptly to the necessities of the situation.

I shall be glad to have you communicate with the local authorities whenever the information in your possession suggests that such a course is desirable and in the national interests.

Cordially yours,

(Signed) WOODROW WILSON.

Hon. William G. McAdoo,  
Secretary of the Treasury.

Feb. 15, 1918.

Dear Mr. President:

I beg to hand you herewith several memoranda and letters relating to street railway and other local public utilities furnishing light, heat, and power, which I have been asked to bring to your attention by a committee representing public utility interests.

These papers indicate the existence of genuine apprehension regarding the adequacy, under present conditions, of the services and rates of local public utilities. The view is expressed that increased wages and the high cost of essential materials and supplies have affected them as they have affected everybody else, and that united effort will be necessary in order to meet alike the public requirements for service and the corporate financial needs upon which that service depends.

As Secretary of the Treasury, I must take official notice of these matters. It is obvious that every part of our industrial and economic life should be maintained at its maximum strength



in order that each may contribute in the fullest measure to the vigorous prosecution of the war. Our local public utilities must not be permitted to become weakened. Transportation of workers to and from our vital industries and the health and comfort of our citizens in their homes are dependent upon them, and the necessary power to drive many of our war industries and many other industries essential to the war is produced by them. It may be that here and there, because of the prominence given to less important interests immediately at hand, State and local authorities do not always appreciate the close connection between the soundness and efficiency of the local utilities and the national strength and vigor and do not resort with sufficient promptness to the call for remedial measures. In such cases, I am confident that all such State and local authorities will respond promptly to the national needs when the matter is fairly and properly brought before them.

Our public service utilities are closely connected with and are an essential part of our preparation for and successful prosecution of the war, and the unfavorable tendencies which the accompanying papers reveal may most effectively be checked, wherever they may be found to exist, and the needed relief obtained, only by prompt action on the part of the respective local authorities.

I earnestly hope that you may feel justified in expressing the conviction that the vital part which the public utilities companies represent in the life and war-making energy of the nation ought to receive fair and just recognition by State and local authorities.

Cordially yours,  
(Signed) W. G. McADOO.

The President, the White House.

Excerpt from the Annual Report of the Hon. John Skelton Williams, Comptroller of the Currency, to the Congress.

Maintenance of Efficiency and Credit  
of Public Utility Companies Essential.

National and State Banks, and many thousands of small and large investors, have suffered seriously from the decline of the earning capacity of public utility corporations and the consequent shrinkage in the value of their securities, representing investments of many hundred millions of dollars. These losses naturally diminish the power and disposition of the public to respond to the calls of the Government for money for war. This danger should arouse, I venture to suggest, the anxiety and stimulate the efforts of the Congress and of every patriotic citizen. A more urgent and pressing peril is forced upon our attention by the obvious fact that we are dependent so largely on the efficiency and strength of these corporations and on our rail-

roads for speed and success in preparing for and prosecuting the war.

The work of war has thrown upon many of these corporations strains which they are unable to endure without prompt help. The costs of their labor and of all material for operation, betterment, and upkeep have increased heavily and suddenly.

The continued and increasing efficiency of these corporations is important for the successful conduct of the war. This efficiency is not possible with present conditions. Corporations proved by their own figure to be approaching bankruptcy can not obtain money for improvements or maintenance. On the other hands, banks and citizens suffering severe losses from investments in the securities of these entirely legitimate and once promising enterprises will be discouraged from lending money to the Government or deprived of the means to lend.

The first and most direct relief to the public utilities corporations can be given by the State public utilities commissions and municipal and local authorities, with the broad-minded cooperation of the people generally, understanding the necessities of war and realizing that the more promptly its burdens are accepted the sooner they will be lifted. It is essential that forbearance and consideration be exercised by the State Commissions and municipal authorities, and that the corporations also be permitted to make such additions to their charges for service as will keep in them the breath of solvency, protect their owners against unjust loss, and give them a basis of credit on which they may obtain the funds with which to meet the strain put on them by the Government's needs. The breaking down of these corporations would be a national calamity.

Because of the gravity of the situation in this regard, I am moved to ask for it the careful attention of the Congress and the public.

It has been and is the desire of this Commission to keep step with the national movement in respect to public utilities and to maintain their efficiency where just and proper, both in the interest of the general public welfare and in the interest of the public utilities themselves.

The Commission has given careful study to the effect of the award of the National War Labor Board on the operating expenses of the applicant company, and finds that as nearly as can be estimated the revenues and expenses for the years 1918 and 1919, taking into account the increase in fares authorized on September 15, 1918, will be approximately as shown by Statement No.5. In this statement the revenues and expenses have been apportioned to the three operating

divisions of the system, while the year 1917 is shown for the purpose of comparison. Likewise the deficits for the different divisions are shown, after taking into account depreciation and a fair return on the fair value of the property in the amounts previously determined. It is to be noted that the operations for the year 1917 are based entirely on a five-cent fare on the city lines and upon the fares prevailing on the interurban lines prior to the issuance of General Order No.28 by the Director General of the United States Railroad Administration. For the year 1918 the operating revenues include the increase in fares authorized by the Commission in its order effective September 15, 1918, but take into account the effect of the epidemic of Spanish influenza which has been prevalent for several months. For the year 1919 the estimate of operating revenues has been based for the entire year upon the rates and charges established by the Commission in its order effective September 15, 1918.

THE DENVER TRAMWAY SYSTEM.

	1917 ACTUAL				1918 ESTIMATE				1919 ESTIMATE			
	D. T. Co.	D.& NW.Ry.	D.& IM.RR.	System	D. T. Co.	D.& NW.Ry.	D.& IM.RR.	System	D. T. Co.	D.& NW.Ry.	D.& IM.RR.	System
<u>Revenue from Transportation</u>												
101 Passenger	3,062,975.13	65,795.44	93,705.91	3,222,476.48	3,236,720.00	68,000.00	90,000.00	3,394,720.00	3,673,375.00	75,375.00	101,250.00	3,850,000.00
102 Baggage			9.50	9.50			7.00	7.00			8.00	8.00
103 Parlor, Chair and Special Car	7,156.40	5,078.67	222.60	12,457.67	3,205.00	7,797.00	38.00	11,040.00	2,000.00	7,478.00	100.00	9,578.00
104 Mail	1,463.76		245.40	1,709.16	1,454.00		249.00	1,703.00	1,450.00		249.00	1,699.00
105 Express	2,528.97	268.00	2,758.30	5,555.27	2,680.00	268.00	2,800.00	5,748.00	2,500.00	270.00	2,800.00	5,570.00
106 Milk			232.28	232.28			41.00	41.00			41.00	41.00
107 Freight		42,202.23	43,332.97	85,535.20		46,550.00	48,450.00	95,000.00		50,470.00	52,530.00	103,000.00
108 Switching	13,979.08		8,428.28	22,407.36	13,687.00		9,333.00	23,020.00	13,600.00		9,500.00	23,100.00
109 Miscellaneous			4.09	4.09								
Total Revenue from Transportation	3,088,103.34	113,344.34	148,939.33	3,350,387.01	3,257,746.00	122,615.00	150,918.00	3,531,279.00	3,692,925.00	133,593.00	166,478.00	3,992,996.00
<u>Revenue from Oper. Other Than Transportation</u>												
110 Station and Car Privileges	19,210.27		730.00	19,940.27	19,358.00		380.00	19,738.00	19,200.00		380.00	19,580.00
113 Car Service			1,733.08	1,733.08	3.00		871.00	874.00			875.00	875.00
115 Rents of Track and Terminals	7,197.99			7,197.99	7,380.00			7,380.00	6,300.00			6,300.00
116 Rents of Equipment	4,604.94		7,585.15	12,190.09	5,011.00		8,000.00	13,011.00	4,500.00		6,876.00	11,376.00
117 Rents of Buildings and Other Property	32,786.53		561.04	33,347.57	32,000.00		560.00	32,560.00	31,500.00		560.00	32,060.00
118 Power	37,689.70			37,689.70	39,000.00			39,000.00	39,000.00			39,000.00
119 Miscellaneous	457.27		14.55	471.82	500.00		80.00	580.00			90.00	90.00
Total Rev. from Oper. Other Than Transportation	101,946.70		10,623.82	112,570.52	103,252.00		9,891.00	113,143.00	100,500.00		8,781.00	109,281.00
Other Miscellaneous Income	2,411.74	3,002.53	14,403.63	19,817.90	3,498.00			3,498.00	2,383.00			2,383.00
Total Operating Revenues	3,192,461.78	116,346.87	173,966.78	3,482,775.43	3,364,496.00	122,615.00	160,809.00	3,647,920.00	3,795,808.00	133,593.00	175,259.00	4,104,660.00
<u>Operating Expenses</u>												
I. Way and Structures	197,542.51	9,651.34	22,282.32	229,476.17	213,199.00	10,412.00	24,017.00	247,628.00	271,435.00	13,257.00	30,608.00	315,300.00
II. Equipment	221,635.23	4,570.78	16,630.62	242,836.63	228,694.00	4,741.00	17,235.00	250,670.00	290,686.00	6,083.00	22,081.00	318,850.00
III. Power	196,001.35	20,431.65	20,010.61	236,443.61	212,823.00	21,499.00	21,056.00	255,378.00	254,861.00	24,168.00	23,671.00	302,700.00
IV. Conducting Transportation	850,708.21	20,392.35	38,953.61	910,054.17	1,020,185.00	23,136.00	42,449.00	1,085,770.00	1,375,109.00	26,662.00	49,379.00	1,451,150.00
V. Traffic	22,360.09	250.00	316.55	22,926.64	33,625.00	375.00	200.00	34,200.00	23,735.00	265.00	200.00	24,200.00
VI. General and Miscellaneous	263,878.26	22,789.00	31,018.75	317,686.01	329,535.00	28,593.00	32,916.00	391,044.00	341,583.00	29,973.00	34,784.00	406,340.00
Taxes and Franchise Payments	341,398.40	5,783.58	6,000.00	353,181.98	342,726.00	5,872.00	8,030.00	356,628.00	342,726.00	5,872.00	8,100.00	356,698.00
Total Operating Expenses	2,093,524.05	83,868.70	135,212.46	2,312,605.21	2,380,787.00	94,628.00	145,903.00	2,621,318.00	2,900,135.00	106,280.00	168,823.00	3,175,238.00
Net Revenue	1,098,937.73	32,478.17	38,754.32	1,170,170.22	983,709.00	27,987.00	14,906.00	1,026,602.00	895,673.00	27,313.00	6,436.00	929,422.00
Add Replacements chgd. to Maintenance	140,000.00	6,000.00	4,000.00	150,000.00	140,000.00	6,000.00	4,000.00	150,000.00	140,000.00	6,000.00	4,000.00	150,000.00
Adjusted Net Revenue	1,238,937.73	38,478.17	42,754.32	1,320,170.22	1,123,709.00	33,987.00	18,906.00	1,176,602.00	1,035,673.00	33,313.00	10,436.00	1,079,422.00
Total Net Revenue and Maintenance	2,119,420.00	143,384.00	131,124.00	2,393,928.00	2,119,420.00	143,384.00	131,124.00	2,393,928.00	2,119,420.00	143,384.00	131,124.00	2,393,928.00

Had the operating expenses of the applicant company not increased materially over those experienced in the year 1917, the facts developed in this case prove clearly that the rates and charges permitted to become effective September 15, 1918, by the Commission's order granting emergency relief, not only were fully justified, but that their continuance would have been necessary. However, conditions have so changed since that time that service cannot long be maintained at its present state of efficiency under the fares then established. From an examination of Statement No.5 it is apparent that if the Tramway Company is to meet its operating expenses for the year 1919, provide for depreciation, and pay a reasonable return to the owners of the property, it will be necessary to increase the operating revenues of the entire system by approximately \$1,300,000.00 over and above the revenues that may reasonably be expected under the rates and charges now in effect. The Commission is of the opinion, however, that such rates of fare, if established, would be prohibitive and would exceed the value of the service to the street car patrons, and might result in a reduction rather than an increase in earnings.

The Commission is moreover not disposed to establish rates of fare sufficient to enable the applicant to earn the full return under the present emergency.

The problem with which the Commission is confronted is, therefore, that of establishing such a system of charges as will not exceed the value of the service to the patrons on the one hand, and, on the other hand provide such increase in revenues as will permit the applicant to meet, temporarily at least, the present emergency.

Three methods of providing additional revenue may be briefly considered, as follows:

1. By the introduction of a zone system of charges, whereby the fare would be commensurate with the distance traveled;
2. An increase in the present flat 6-cent fare now charged, with no change in the present free transfer privilege;

3. An increase in the flat 6-cent fare, and, in addition, the establishment of a charge for transfers.

The zoning system would tend to make the cost of the service more nearly approximate its value to the passenger, and would tend to secure the maximum revenue to the operating company at the minimum equitable cost to the passengers carried. However, on account of the delay that would ensue before such a system could be developed and equitably applied it will not be considered further at this time. As an approximation to the zoning system, however, the Commission is of the opinion that a charge for transfers should be made for the reason that, on the average, patrons of the applicant company making use of transfers travel longer distances and receive a more valuable service than those patrons who do not take advantage of the transfer privilege. The additional charge made for transfers should, however, in the opinion of the Commission, be a very nominal one, and the Commission is of the opinion that a basic fare of 7 cents, with  $3\frac{1}{2}$  cents for half fares, and a charge of 1 cent for all transfers, will prove to be most equitable under present conditions. The adoption by the Commission of a flat fare with free transfer privileges would be a means of continuing a form of discrimination which for a long time existed in favor of transfer passengers, and would also require the basic fare to be so high as to exceed in some cases the value of the service, particularly to short haul passengers.

While an increase in the basic fare to 7 cents, with a charge of 1 cent for transfers, would theoretically provide an increase of approximately \$700,000.00 per year, experience has shown that such theoretical increase not only will not be realized, but that the amount actually realized will fall considerably under the theoretical increase. However, if such theoretical increase were realized in full the applicant would fall short of earning its requirements for depreciation and a fair return on the property by at least \$600,000.00 per year. The enforcement of such rates and charges

will in all probability not provide revenue in excess of that required to meet the interest on the funded debt and provide for a very modest depreciation reserve.

It has not appeared to be either possible or practicable to increase the interurban fares of the applicant company beyond those established at the time the Commission issued its order granting emergency relief, except as to minimum fares on interurban lines to conform with fares permitted to be charged on the city lines.

The United States Railroad Administration, as a war measure, increased passenger fares June 10, 1918, between points on railroads under federal control. The interurban lines of the applicant company compete with railroads under federal control. On July 5, 1918, the applicant company filed with the Commission a tariff, its Colo.P.U.C. No.3, proposed to become effective August 6, 1918, in which provision was made for fares and charges on the interurban lines between the city and county of Denver and Golden, Leyden and Leyden Junction, upon the basis of the fares as initiated for railroads under federal control by General Order No.28 of the Director General of the United States Railroad Administration. This tariff was suspended on July 13, 1918, pending investigation into the reasonableness of the rates proposed therein. In its order granting the applicant emergency relief, effective September 15, 1918, the Commission permitted the applicant company to establish passenger fares on its interurban lines not in excess of those made effective June 10, 1918, on federal controlled railroads by General Order No.28 of the Director General of the United States Railroad Administration. Accordingly, the Commission vacated, effective September 15, 1918, its previous order suspending applicant's tariff establishing interurban fares upon the basis charged by federal controlled railroads. Effective September 15, 1918, also, the applicant company, as permitted by the Commission in the order for emergency relief, filed an amendment to its tariff, establishing on its interurban lines a minimum fare of 6 cents for adults and a half-fare of 3 cents for children over six years of age and under 12 years of age.

The system of the applicant includes two interurban lines between Denver and Golden, the one above referred to and the Denver & Intermountain Railroad. The Denver & Intermountain Railroad is now operating under fares established upon the basis of those prescribed in General Order No.28 of the Director General of the United States Railroad Administration, with a minimum fare of 6 cents and a minimum half-fare of 3 cents. In the order herein, therefore, the term "Interurban" lines shall have reference to the two lines from Denver to Golden and the lines from Denver to Leyden and Leyden Junction.

Inasmuch as permission is granted herein to establish on lines within the city and county of Denver fares of 7 cents for adults and 3-1/2 cents for children between the ages of six and twelve years, the Commission will permit the establishment on interurban lines of the applicant, including that known as the Denver & Intermountain Railroad, minimum fares of 7 cents for adults and 3-1/2 cents for children over six years of age and under twelve years of age.

#### O R D E R.

IT IS THEREFORE ORDERED, That The Denver Tramway Company, the applicant herein, be, and it is hereby, allowed and permitted to establish, effective on not less than one day's notice to the Commission and to the public, by posting and filing in the manner provided in Section 16 of the Act, fares of 7 cents for transporting adult passengers and 3-1/2 cents for transporting children over 6 years of age and under 12 years of age, within the limits of the city and county of Denver, and on all of its lines, both urban and interurban, where a 6 cent fare now prevails and where a 5 cent fare prevailed prior to September 15, 1918. With an additional charge for all transfers issued as hereinafter provided.



IT IS FURTHER ORDERED, That The Denver Tramway Company, the applicant herein, be, and it is hereby, allowed and permitted to establish effective on not less than one day's notice to the Commission and to the public, by posting and filing in the manner provided in Section 16 of the Act, a charge of One (1) cent for all transfers issued.

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF COLORADO

Geo. T. Bradley  
Leroy Williams  
A. P. Anderson  
Commissioners

Dated at Denver, Colorado,  
this 17th day of December, 1918.