REPORTS OF DECISIONS

OF

The Public Utilities Commission

OF THE

State of Colorado

From November 1, 1916, to May 1, 1917

VOLUME 3.

CONTAINING ALSO GENERAL ORDERS AND THE PUBLIC UTILITIES ACT AS AMENDED.

Compiled for the Commission by
Charles E. Neil

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MEMBERS OF THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

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DECISIONS OF

THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF COLORADO.

THE CITY OF COLORADO SPRINGS
v.
THE COLORADO SPRINGS & INTERURBAN RAILWAY COMPANY.

(Case No. 105.)

Service—Abandonment and discontinuance—Branch lines.

(1) While a particular branch of a railway may be operated at a loss, yet that fact in itself does not constitute sufficient justification for the abandonment of service, or of tracks, or materially reduced service which will result in inadequate service on that branch, as the entire system earnings must be considered in the question of service upon any portion or branch of the system.

(November 1, 1916.)

COMPLAINT against the discontinuance of service on certain lines of the Colorado Springs & Interurban Railway Company in the City of Colorado Springs; certain changes in routes and service ordered.

APPEARANCES: J. L. Bennett, City Attorney, and Chas. L. McKesson, Mayor, for City of complainant; B. F. Strickler, Attorney, and B. M. Lathrop, Superintendent, for the Defendant.

STATEMENT.

By the Commission:

On the 11th day of October, 1916, there was filed with the Commission by The Colorado Springs & Interurban Railway Company a proposed schedule of street railway service between Colorado Springs, Colorado City, Manitou, Ivywild, Cheyenne Canon, Broadmoor and Roswell, a portion of which schedule was to be effective only during certain winter months and the remainder of which was to become a permanent schedule. The effective date of the proposed schedule, as filed with the Commission, was to be October 16, 1916.

Prior to the effective date a protest was filed with the Commission by J. L. Bennett, City Attorney of Colorado Springs, in behalf of the City Commissioners of Colorado Springs, against the proposed schedule of street railway service as filed by the Defendant Company.

On the 13th day of October, 1916, the Commission issued an order suspending the proposed schedule until the 20th day of October, 1916, and calling a hearing on an investigation into the reasonableness of the said schedule to be held at Colorado Springs at the council chamber in the city hall at the hour of 11:00 o'clock a. m., on the 17th day of October, 1916.

At this hearing witnesses testified as to the various objections to the proposed schedule, and many suggestions were offered and adopted for the better interests of the patrons of the Defendant company's railway line, and at the same time permit a schedule giving somewhat reduced service during winter months, as it was apparent and conceded that street car service on certain portions of the Defendant company's lines is not necessary during certain periods of the year, due to unusual conditions existing in this resort city and suburbs.

All objections were withdrawn after the suggestions had been adopted, with the exception of those to certain proposed changes in the service on the Wahsatch line and the Fontanero line.

The Wahsatch line of railway commences at the intersection of Tejon Street with Huerfano Street, thence eastward one block on Huerfano Street, thence one block northward on Nevada Avenue, thence two blocks eastward on Pike's Peak Avenue, thence six blocks northward on Wahsatch Avenue, thence one block eastward on Willamette Avenue, thence seven blocks northward on Corona Street, thence two blocks westward on San Miguel Street, thence three blocks northward on Weber Street, to Del Norte Street, and returns over the same route, with the exception that it runs three blocks westward on Pike's Peak Avenue to Tejon Street, thence one block southward on Tejon Street to the intersection of Tejon Street with Huerfano Street. The line extends two blocks farther north on Weber Street to Fontanero Street, but the present car service terminates at Del Norte Street. Two cars are operated over the line at present, furnishing a fifteen-minute service, and are of the four-motor type with air brake equipment, and seat thirty-six passengers.

The Fontanero line, otherwise known as the "golf club" line, begins at the intersection of North Tejon Street with Fontanero Street, from which point it runs eastward on Fontanero Street one mile to the Colorado Springs Golf Club, returning over the same route. At Weber Street, two blocks west of Tejon Street and the originating point of the Fontanero Street line, the Fontanero Street line passes the northern terminal of the Wahsatch line rails. The distance from the intersection of Tejon and Fontanero Streets to the Golf Club is one mile, and the fifteen-minute service is furnished by

one car of a very old type, known as a "dinky" two-motor type, with hand brakes. The "golf club" line and the Wahsatch lines are single track lines, with the exception of short distances.

An examination of the proposed schedule filed with the Commission, and an examination of the witnesses for the Defendant company, developed the fact that the Defendant company desires to reduce certain costs of operation by installing twenty-minute service on the Wahsatch line and extending the Wahsatch line to the Golf Club, thus retiring the "dinky" car and crews. It is the contention of the Company that the inauguration of twenty-minute service upon the Wahsatch line, and the extensions of that line to the Golf Club terminal, will result in a reasonable service to the Wahsatch line patrons and in the improvement of service to those patrons living within the vicinity of the Golf Club, in what is known as Hastings Addition, while objectors and the representatives of the City of Colorado Springs maintained that while the discontinuance of the Fontanero line to the Golf Club and the accompanying extension of the Wahsatch line to the Hastings Addition and the Golf Club would improve the service on said line, the lengthening of the schedule from fifteen to twenty minutes would result in unreasonable service and therefore is undesirable to the patrons of the Company.

At the conclusion of the hearing the Commission's Inspector, Mr. E. S. Johnson, and Chief Statistician, Mr. F. W. Herbert, made a thorough examination of the service on the Wahsatch line and of the books and records of the Company.

On the 23rd day of October, 1916, the Commission received petitions signed by 775 patrons of the Defendant company praying for the continuation of the present

fifteen-minute service on the Wahsatch line and requesting that the Commission order the Defendant company to extend the present Wahsatch line from the intersection of Corona and San Miguel Streets northward on Corona Street to Fontanero Street, and to permit the Company to abandon service on San Miguel Street between Corona Street and Weber Street, on Weber Street between San Miguel Street and Fontanero Street, and on Fontanero Street between Weber Street and Corona Street.

The Commission received petitions from patrons of the Wahsatch line objecting to this suggestion.

On the 23rd day of October, 1916, the following report was filed with the Commission by E. S. Johnson, its Inspector:

"October 23, 1916.

In compliance with your request, I have made a thorough examination into the proposed change in street railway service furnished by the Colorado Springs & Interurban Railway Company, on the Wahsatch and Fontanero (Golf Club) Street lines, and beg to report as follows:

Commencing at the intersection of Tejon Street with Huerfano Street, the Wahsatch line runs one block east on Huerfano Street, thence one block north on Nevada Avenue, thence two blocks east on Pike's Peak Avenue, thence six blocks north on Wahsatch Avenue, thence one block east on Willamette Avenue, thence seven blocks north on Corona Street, thence two blocks west on San Miguel Street, thence three blocks north on Weber Street, to Del Norte Street. Returns over same route, except runs three blocks west on Pike's Peak Avenue to Tejon Street, thence one block south on Tejon Street, to intersection of Tejon Street with Huerfano Street. Line extends two blocks further north on

Weber Street to Fontanero Street, but cars at present run only to Del Norte Street.

Distance from Huerfano and Tejon Streets to Del Norte Street is two and three-tenths miles. Present running time is fifteen minutes; being nine and two-tenths miles per hour. · Two cars are operated over this line at present, furnishing a fifteen-minute service. Cars are of the four-motor type, air brake equipment, and seat thirty-six passengers.

The originating point of the Fontanero Street (Golf Club) line is at the intersection of North Tejon Street with Fontanero Street, from which point it runs east on Fontanero Street one mile to the Colorado Springs Golf Club; returning over the same route. At Weber Street, two blocks west of Tejon Street (its originating point) the Fontanero Street (Golf Club) line passes the northern end of the Wahsatch Street line.

Distance from Tejon and Fontanero Streets to Golf Club loop is one mile. One car, furnishing a fifteen-minutes service, is in operation on this line. Car is of the very old (dinky) type, hand-brakes, two motor type. Golf Club line is single-tracked as is the Wahsatch line, except for a short distance.

During my investigation I made a thorough examination of the original trip sheets on these lines covering the winter months and showing number of passengers carried each trip. Also investigated the total number of passengers carried daily, monthly and yearly since 1914, inclusive. I also investigated the operation of these cars, making daily trips over them at different periods of the day; also inspected, on foot, the territory adjacent and tributary to these lines.

As a result of the above investigation, I recommend that the Wahsatch line be extended from Weber Street

and Del Norte Street to the Golf Club, and service on week days on extended line be rendered as follows:

> From Huerfano and Tejon Streets to the Golf Club, every twenty minutes, except between the hours of 4:30 p. m. and 6:30 p. m., when fifteen-minute service must be rendered; first car to leave Huerfano and Tejon Streets not later than 6:05 a. m., and last car leave at 11:05 p. m., or later.
>
> Sunday service from Huerfano and Tejon Streets to Golf Club to be rendered every twenty minutes from 7:05 a. m. (or earlier) until 11:05 p. m., (or later).
>
> Operation of the Fontanero Street (Golf Club) line be discontinued, as adequate service will be rendered by the Wahsatch car over the same tracks, except for two blocks from North Tejon Street to Weber Street.

While inspecting the present route of the Wahsatch Street line, in company with officials of the Colorado Springs & Interurban Railway Company, my attention was called to the feasibility of extending the present car line straight north on Corona Street from San Miguel Street to Fontanero Street, thence east to Golf Club. At the intersection of Corona and San Miguel Streets the present line turns off Corona Street and runs two blocks west on San Miguel Street, thence north on Weber Street to Fontanero Street, running parallel to and only two blocks east of North Tejon Street car line. By extending the line straight north on Corona Street, the territory tributary to the North Tejon and Wahsatch lines would be more evenly divided and better service could be rendered to a greater number of people. As this change would mean the abandonment of the line running north on Weber Street from San Miguel to

Fontanero Streets, the patrons of the railway living on this street would undoubtedly raise a strenuous protest, in spite of the fact that the distance would only be two blocks to the North Tejon Street car line.

This routing would decrease the distance to the Golf Club by four blocks and consequently would give more frequent service; in place of the twenty-minute service, fifteen-minute service could be rendered.

By extending this line north on Corona Street it would have to cross the Santa Fe railway track at Columbia Street. To adequately protect this crossing the interlocking plant now located at Fontanero Street could be moved to this point, as the old crossing would be abandoned under this plan.

Respectfully submitted,

E. S. JOHNSON,
Inspector."

On the 23rd day of October, 1916, the following report was filed with the Commission by its Chief Statistician, Fred W. Herbert:

"October 23, 1916.

Following your instructions, I made an investigation in the matters which you requested in Case No. 105 of the Colorado Springs & Interurban Railway Company. I gave particular attention to the investigation relative to the operation of Wahsatch and Fontanero Street lines.

The Company's Exhibit No. 14 in this case gives very clearly the development of the operation of the Fontanero Street line and the Wahsatch line as now operated for the year 1915. I have carefully checked these exhibits with the records of the Company at Colorado Springs, and I find these exhibits as to figures correct and correspond with the records of the Company.

I wish to call your attention to the figures submitted on the Fontanero Street line, in which they have included the cost of operating the interlocker on Fontanero Street. The entire amount of the operation of the interlocker should not be charged to the Fontanero line, inasmuch as the Classification of Accounts of the Interstate Commerce Commission provides that all interlockers shall be charged to the General Transportation Account, so this amount has been considered previously in the operating expenses allocated over the whole system, and the total should not be charged entirely to the Fontanero line.

Conceding that these statements are correct, the operation of the two lines will show a loss as follows:

Fontanero line	$ 4,260.25
Wahsatch line	6,787.88
Total	$11,048.13

As I understand, the proposition, as now presented, anticipates abandoning the Fontanero Street line entirely, which is a dinky line operated from North Tejon Street to the Golf Links only, and it is the intent to operate the Wahsatch line from its present destination, which at the present time is Del Norte and North Weber Street to the Golf Club, and abandon the Fontanero line.

I have developed the operating cost of the operations of the Wahsatch line from the Loop at Huerfano Street to the Golf Links on a twenty-minute schedule during the day, and a fifteen-minute schedule from 4:55 p. m. to 6:55 p. m., namely, the rush hours. This development shows by adding the additional miles on the operation of the Wahsatch line, assuming that there will be practically the same revenue, and the additional operating expense of additional mileage would give a

net loss on the operation of the Wahsatch line of $8,249.07.

The loss at the present time on the operation of the Wahsatch line to Del Norte and North Weber and the Fontanero line from North Tejon to the Golf Club amounts to $11,048.13.

The new schedule on the Wahsatch line, which will take care of the Fontanero line's operations, amounts to $8,249.07, being a difference or saving in operation of $2,799.06.

But allowing for contingencies and omissions in estimating and the possibility of an increase in traffic on the Wahsatch line, the saving to the Railway Company by operating the Wahsatch line through to the Golf Club and abandoning the Fontanero line will be approximately $3,000.

In a statement accompanying this report, I give you the income and operating expenses of the entire company for the year 1915, as you requested; such statement practically explains itself and is in accordance with the books of the Company for that year.

Respectfully submitted,

FRED W. HERBERT,

Statistician.''

WAHSATCH LINE

Twelve months—Year of 1915.

Mileage, Wahsatch car, 1915	113,765
Ton Miles operated: Car	2,218,417
Ton Miles operated: Passengers, estimated.	48,191
Total Ton Miles	2,266,608

Cost of hauling	$20,399.48
Wages of men	7,385.60
Cost of operating car	$27,785.08
Receipts	20,997.20
Loss	$ 6,787.88

FONTANERO LINE

Mileage, Fontanero car, 1915	49,960
Ton Miles operated: Car	404,676
Ton Miles operated: Passengers, estimated.	3,500
Total Ton Miles	408,176
Cost of hauling	$ 3,673.00
Wages of men	1,902.00
Cost of operating car	$ 5,575.00
Cost of operating interlocker	1,041.86
Total cost	$ 6,616.86
Receipts	1,314.75
Loss	$ 5,302.11
Deduct operating interlocker	1,041.86
	$4,260.25

THE COLORADO SPRINGS & INTERURBAN RAILWAY COMPANY

Statement for Year 1915.

Total revenue on operation	$400,909.85
Total operating expense	280,262.21
Net operating income	$120,647.64

Non-operating revenue		8,762.75
Other revenue, auxiliary		5,289.88
Total		$134,700.27
Deductions:		
Taxes	$37,695.23	
Depreciation	50,000.00	
		87,695.23
Net available for interest and return		$ 47,005.04
Yearly interest on bonded debt		80,000.00

On the 20th day of October, 1916, the Commission permitted the Defendant company to file an amended winter schedule of service, with the exception of a proposed permanent change in the service on the Wahsatch line from a fifteen-minute service to a twenty-minute service, with service on said line extended to the Golf Club. This portion of the amended proposed schedule was further suspended until the 1st day of November, 1916.

The discontinuance of the Fontanero line, which now is operated by a two-motor car, and the substitution therefor of an extension of the Wahsatch line service over the tracks of what now is known as the Fontanero line and a resultant twenty-minute service on the extended Wahsatch line, are proposed by the company on the grounds that this change in operation will bring about an estimated saving of $3,000 per annum.

It is alleged by the Defendant company that the Wahsatch line and the Fontanero line are being operated at a loss, and that the proposed change in service on these lines is justified when the revenues of the Company are considered. The Public Utilities Law provides that every public utility under the jurisdiction of the Commission must furnish, provide and maintain

such service, instrumentalities, equipment and facilities as shall promote the health, comfort and safety of its patrons, employes and the public, and as shall in all respects be efficient, adequate, just and reasonable.

(1) Therefore, while it is true that the Commission will give serious consideration to the revenues of the Defendant company and to the alleged losses in the operation of the Wahsatch and Fontanero lines, this loss is not a controlling factor, as it is true also that the fact that the revenues from a particular branch line of a system of railway are inadequate is not of itself sufficient to justify an abandonment of service or of tracks, nor to justify any materially reduced service which would result in inadequate service on that branch line. In other words, the entire system and its earnings must be considered in consideration of the question of service upon any portion or branch of that system.

Informal complaints have been filed with the Commission requesting that the Commission issue an order to the Defendant company requiring the building of certain tracks on certain streets within the City of Colorado Springs, which would result in the abandonment of existing service. The Commission is without power in this case to grant the request prayed for, as those matters are not now before us, but the same are being investigated by the Commission at this time, and, in the event the suggested changes seem reasonable and justifiable, the Commission will initiate a complaint to determine a proper course for the Defendant company to pursue.

After a careful study of the evidence the Commission is of the opinion that the car now operating on Fontanero Street to the Golf Club, should be discontinued, and that the Wahsatch line be extended and operated

on and over the tracks of the Fontanero line to the Golf Club. This change in service will result beneficially to the patrons of the Defendant company living in Hastings Addition and those riding to and from the Golf Club. The Commission is of the opinion that the Wahsatch car should be operated on a twenty-minute schedule except between the hours of 4:30 p. m. and 6:30 p. m., during which period the Company should render fifteen-minute service; that the Wahsatch line should leave Huerfano and Tejon Streets at a time not later than 6:05 a. m., and that the last car should leave this point at not earlier than 11:05 p. m.; that on Sunday the Wahsatch car should be operated on a twenty-minute schedule from Huerfano and Tejon Streets over the Golf Club line, beginning at 7:05 a. m., and the service terminating with the car leaving Huerfano and Tejon Streets not earlier than 11:05 p. m.

It is the opinion of the Commission that this schedule will result in adequate service, but should subsequent reports of inspectors of the Commission, who will be ordered to closely observe the working of this schedule, prove that adequate service is not being rendered on the Wahsatch line under this order, the Commission will make further orders in the premises.

ORDER

IT IS THEREFORE ORDERED, That the service of the Defendant company on the Wahsatch line be extended from its present terminus, the intersection of Weber and Del Norte Streets, northward on Weber Street to Fontanero Street and thence eastward on Fontanero Street to the Golf Club, and that service on the extended Wahsatch line be rendered as follows:

On Week Days: From the intersection of Huerfano and Tejon Streets to the Golf Club; and, return-

ing, from the Golf Club to the intersection of Huerfano and Tejon Streets; every twenty minutes, except between the hours of 4:30 p. m. and 6:30 p. m., during which time fifteen-minute service shall be maintained. The first car; daily, except Sundays; shall leave the intersection of Huerfano and Tejon Streets at 6:05 o'clock a. m., and the last car shall leave the intersection of Huerfano and Tejon Streets not earlier than 11:05 o'clock p. m.

On Sundays: From the intersection of Huerfano and Tejon Streets to the Golf Club; and, returning, from the Golf Club to the intersection of Huerfano and Tejon Streets; every twenty minutes, beginning not later than 7:05 o'clock a. m., and the last car leaving the intersection of Huerfano and Tejon Streets not earlier than 11:05 o'clock p. m.

IT IS FURTHER ORDERED, That the Fontanero Street (Golf Club) line may be discontinued.

IT IS FURTHER ORDERED, That passing tracks be constructed on the extended Wahsatch line at such points as may be found to be necessary for the carrying out of the provisions of this order, and that the plans for the same be submitted to this Commission for approval.

(SEAL)

S. S. KENDALL,
GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 1st day of November, 1916.

In Re ADVANCES IN EXPRESS COMMODITY RATES.

(I. & S. No. 5.)

SUPPLEMENTAL ORDER.

(November 24, 1916.)

INVESTIGATION on the Commission's own motion as to the reasonableness of commodity rates in schedules filed by the express companies; supplemental order issued vacating suspension on all rates and rules with exception of minimum on any-quantity rates on fruits and vegetables, upon which minimum of 1,500 pounds found reasonable.

APPEARANCES: C. M. Day, for Adams Express Company; L. R. Parry, for American Express Company; N. K. Lockwood, J. C. Harraman and G. F. Johnson, for Wells Fargo & Company.

STATEMENT.

By the Commission:

This supplemental order is issued in connection with an investigation as to the reasonableness of proposed changes in the commodity rates of the express companies within the State of Colorado, which were filed with the Commission to become effective June 1, 1916, and suspended by the Commission pending an investigation into the reasonableness of the changes. On August 23, 1916, the Commission issued its first order in this cause, by which all of the proposed changes were

found to be reasonable with the exception of the schedules on laundry, and on fruits and vegetables as specified in sections 3 and 4 of F. G. Airy's Tariff, Colo. P. U. C. No. 73. The rates and minima on commodities other than as above specified were allowed to become effective August 30, 1916, and the suspension thereon was vacated as of that date. The changes on laundry, fruits and vegetables were further suspended by the Commission until the 28th day of November, 1916, pending a further investigation on the part of the Commission as to the reasonableness of such changes.

The Commission has carefully checked the rates on laundry in the proposed schedules and is of the opinion that such changes are warranted and reasonable, and so finds. If allowed to become effective the new rates will not place any burden on the shipper of laundry as there is no change in the minimum, and, as practically all shipments of laundry average fifty pounds or less per shipment no change in charges will result. The order of suspension existing against the schedules on laundry will, therefore, be vacated as of November 28th, 1916.

In checking the proposed changes in rates and minima on fruits and vegetables the Commission finds that very few changes are proposed in the rates. The only increase is that made to Greeley from the Western Slope points, the present rates being cancelled and the class rates made applicable. On the other hand, the proposed schedules make reductions from the Western Slope points to San Luis Valley points. The Commission is of the opinion that the proposed changes in rates on fruits and vegetables are warranted and therefore will allow same to become effective as of November 28, 1916.

The only remaining question then, is that of the reasonableness of a proposed change in minima on fruits

and vegetables. Under the present tariffs the rates on less than carload shipments are based on 1,500 pounds as a minimum. The proposed schedules carry a minimum of 2,000 pounds.

As a justification for the change in this minimum the express companies cite the opinions of the Interstate Commerce Commission in reference to any-quantity rate. In 1915 *Western Rate Advance Case—Part II,* 37 I. C. C. 114 (155) the following is found:

"As to many of these articles the respondents propose to cancel the present effective any-quantity rates upon shipments of less than 10,000 pounds, leaving class rates to apply to such shipments, the present rates, however, to continue in effect as to lots of 10,000 pounds or more. We have repeatedly held that the mere fact that certain traffic is hauled in trainload lots does not authorize the application to such traffic of a basis of rates different from that applied to traffic of the same kind when shipped in single carloads. * * *

"Applying here the principle on which those decisions were based, we are of opinion that the rate per 100 pounds or per ton on less-than-carload shipments of this general character cannot lawfully vary with the quantity shipped. The respondents have not justified the proposed cancellation of the any-quantity rates, and the schedules providing for the same must be cancelled."

While it is not necessary for this Commission to herein express its view of the soundness of the above citation, yet it can have little bearing as an argument for the justification of a change in minimum. The express companies do not propose to cancel their any-quantity rates, but to change the minimum on which the any-quantity rates are applicable. If the 1,500 pound any-quantity rate is not lawful, as stated by the repre-

sentative of the respondents, then the 2,000 pound any-quantity rate is clearly not lawful. The Commission while not expressing any opinion as to the validity of any-quantity rates, as this question is not properly before it, finds that the respondents have not justified the advance in minimum from 1,500 pounds to 2,000 pounds, on fruits and vegetables as shown in sections 3 and 4 of F. G. Airy's Colo. P. U. C. No. 73. A permanent order of suspension will be issued deferring the operation of the increase in minimum.

As stated in the first order of the Commission in this cause, the view is held that the changes in rates will not result in any undue discrimination or prejudice, and that if it later develops that discrimination does result from the application of the new rates, such inequality will promptly be adjusted. With the exception of the increase in minima on fruits and vegetables, the Commission finds that the new schedule, F. G. Airy's Colo. P. U. C. No. 73, is justified, but the order of the Commission does not prejudice the right of any party to bring a formal complaint at any time against the reasonableness of any rate or rates contained in said schedule.

ORDER.

IT APPEARING that, by orders dated May 6, 1916, and August 23, 1916, the Commission entered upon a hearing and investigation concerning the propriety of the increases and the lawfulness of the rates, rules, regulations and practices as applicable to laundry, fruits and vegetables, stated in schedules enumerated and described as F. G. Airy's Colo. P. U. C. No. 73; supplement 15 to Colo. P. U. C. No. 26 and supplement 6 to Colo. P. U. C. No. 32 of the Wells Fargo & Company Express; supplement 20 to Colo. P. U. C. No. 33, supplement 12

to Colo. P. U. C. No. 69 and supplement 2 to Colo. P. U. C. No. 94 of the Wells Fargo & Company Express (Globe Express Company issues), and ordered that the operation of the said schedules be suspended until November 28, 1916.

IT FURTHER APPEARING that an investigation of the matters and things involved has been had and the Commission on the date hereof has made and filed a report containing its findings of fact and conclusions thereon:

IT IS ORDERED, That the orders heretofore entered in this proceeding suspending the operation of said schedules (except insofar as they apply to the minimum on fruits and vegetables on any-quantity shipments as set forth in sections 3 and 4 of F. G. Airy's Colo. P. U. C. No. 73) be, and they are hereby, vacated and set aside as of November 28th, 1916;

IT IS FURTHER ORDERED, That the operation of the proposed change in minimum from 1,500 to 2,000 pounds on fruits and vegetables as set forth in sections 3 and 4 of F. G. Airy's Colo. P. U. C. No. 73, contained in said schedules be permanently suspended.

(SEAL)

S. S. Kendall,
Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 24th day of November, 1916.

SOUTH CANON COAL COMPANY

v.

THE COLORADO MIDLAND RAILWAY COMPANY,
George W. Vallery, *Receiver,*

THE FLORENCE & CRIPPLE CREEK RAILROAD COMPANY,

THE CRIPPLE CREEK & COLORADO SPRINGS RAILROAD COMPANY.

(December 2, 1916.)

COMPLAINT against the rates on coal from South Canon to Burns, and petition for reparation; dismissed on motion of complainants.

ORDER.

By the Commission:

WHEREAS, On the 17th day of November, 1916, there was filed with the Commission by Messrs. Whitehead & Vogl, Attorneys for the Complainant herein, a petition praying for the dismissal of Case No. 14.

IT IS THEREFORE ORDERED, That the complaint of the Complainant be dismissed.

(SEAL)

S. S. Kendall,
Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 2nd day of December, 1916.

In Re CROSSING PROTECTIONS BETWEEN DENVER AND BOULDER.

(Case No. 95.)

(December 2, 1916.)

AMENDED ORDER.

By the Commission:

WHEREAS, Mr. E. S. Koller, General Manager of The Colorado & Southern Railway Company and The Denver & Interurban Railroad Company, filed with the Commission, under date of November 10, 1916, a communication recommending that the Commission amend that portion of its order of September 16, 1916, in Case No. 95, *In re Crossing Protections Between Denver and Boulder,* 2 Colo. P. U. C. 239, providing for an audible and visual signal to be installed by the respondent companies at "an unnamed crossing three-fourths of a mile north of Superior," to read that the respondent companies "shall install an audible and visual signal at Barzoi railway crossing, located one-half mile northwest of Semper," which recommendation has been approved by Mr. D. S. Hooker, Engineer for the Commission; and,

WHEREAS, The Commission has decided to accept the recommendation of its Engineer and Mr. Koller, General Manager of the respondent companies.

IT IS ORDERED, That the respondent companies, The Colorado & Southern Railway Company and The Denver & Interurban Railroad Company, install an audible and visual signal in accordance with the provisions

of the Commission's order of September 16, 1916, at Barzoi railway crossing, located one-half mile northwest of Semper on the railway lines of the respondent companies, and that that portion of the Commission's order of September 16, 1916, providing for the installation of an audible and visual signal by the respondent companies at "an unnamed crossing three-fourths of a mile north of Superior" shall not be mandatory upon the respondent companies.

(SEAL)

S. S. KENDALL,
GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 2nd day of December, 1916.

THE CITY OF ASPEN
v.
THE CASTLE CREEK WATER COMPANY OF WEST VIRGINIA.

(Case No. 89.)

Service—Water—Pressure.

(1) The Commission ordered a water utility to maintain in continuous use one or more graphic recording pressure gauges at various points on its supply system, and, with the assistance of the information made available by these records, to maintain, under the supervision of the Commission's Engineer, such pressure as shall at all times be adequate for domestic and fire protection purposes.

Service—Water—Irrigation rules.

(2) Where it was shown that a water utility had failed to establish or enforce rules for the proper distribution of water for irrigation purposes, and that such neglect had resulted in inadequate pressure during the summer months, the Commission ordered the company to divide the city into districts and proper rules prescribed and enforced to prevent the unnecessary waste of water.

(December 2, 1916.)

COMPLAINT against the rates and service of The Castle Creek Water Company of West Virginia, operating at Aspen; complaint as to rates dismissed; service found inadequate and company ordered to prescribe rules for proper distribution and conservation of water.

APPEARANCES: Charles Wagner, Mayor, and H. C. Clark, City Attorney, for Complainant; J. M. Downing, Attorney, for the Defendant.

STATEMENT.

By the Commission:

On the 3rd day of July, 1916, there was filed with this Commission a resolution adopted by the City Council of Aspen, Colorado, requesting an investigation into the alleged inadequacy of service and unreasonableness of rates, rendered and charged to the inhabitants of Aspen, by the defendant, The Castle Creek Water Company. The resolution more particularly states that:

"The Defendant company does not comply with the terms of a contract ordinance existing between the Defendant company and the city, and further that water consumers in the City of Aspen are obliged to pay rates in excess of rates enjoyed by other communities and in addition are obliged, at their own expense, to install and keep in repair all service pipes from the main water lines to their own premises, contrary to the practice and privilege of other communities."

The resolution authorized and directed the Mayor and City Clerk of the City of Aspen, to lodge the complaint of the City of Aspen with the Public Utilities Commission of the State of Colorado, requesting the said Commission:

"To ascertain and fix just and reasonable standards, classifications, regulations, practices and meas-

arements of service to be furnished, imposed, observed and followed by the Defendant company in its public service of water to the City of Aspen and its inhabitants, and especially the quantity, quality and pressure furnished and maintained in the water mains of said company.''

On the 9th day of August, 1916, the Defendant company, through its attorney, J. M. Downing, Esq., filed with the Commission an answer to the complaint of the complainant, alleging that the service of the Defendant company is adequate and that the rates charged by the said Defendant company are reasonable. It is further asserted in the answer that the defendant is complying with the terms of all ordinances pertaining to the sale and use of water to the City of Aspen and its inhabitants by the Defendant company, but the defendant alleges that a rule requiring it to install free service connections from its mains to the curb line of the property owner would be unreasonable. The defendant concludes its answer by praying for dismissal of the petition of the complainant.

Pursuant to notice duly given to the parties in interest, this case came on for hearing in the Council Chamber of the City Hall in the City of Aspen, Colorado, at the hour of 10 o'clock a. m., October 6, 1916. Prior to the introduction of testimony by witnesses for the Commission and the complainant and defendant, the parties were served with copies of the Commission's order in Case No. 84, In re Electric, Gas and Water Service Rules, 2 Colo. P. U. C. 250, which order had been entered by the Commission on the 5th day of October, 1916, effective on the first day of January, 1917. The code of rules and regulations contained in the order of the Commission in Case No. 84, answered and fully satisfied many of the matters contained in the petition of

the complainant. The Commission's code of rules pertaining to privately owned and municipally owned water utilities provides that:

"All water furnished by any utility for human consumption and general household purposes should be free from disease producing organisms, injurious chemical or physical substances, and agreeable to the sight and smell."

Rule 44 provides for chemical and bacteriological analyses to be made by the public utility by forwarding samples, taken under the supervision of the Commission, to the State Chemist at Boulder, Colorado, for test and analysis, and that each utility supplying water to a town or city of five thousand inhabitants or more, according to the last census of the United States, shall provide and use a suitable testing equipment for making proper tests for bacillus coli and other bacteria, and tests for turbidity and quantity of matter in suspension, whereby the water furnished by it to consumers shall be tested at least once a week and at such other times as may be required by the Commission. The rule also provides that tests thus made shall be kept on file and available for public inspection for a period of at least two years. The rule further provides that whenever the tests made by the State Chemist, by the Utility, or by any other authorized person, disclose the presence of bacillus coli or high bacterial count, the utility shall employ all reasonable means to make its water supply safe for human and domestic consumption.

Rule 45 provides that all "dead ends" in the distributing mains shall be avoided as far as possible, and where such "dead ends" exist, they shall be flushed at least once each week, and, where feasible, the same shall be equipped with hydrants.

Rule 46 reads as follows:

"Adequate Pressure Required:—Every effort shall be made to maintain a steady pressure which will not at any time fall below the fixed minimum for domestic service. In addition to furnishing commercial service, each utility furnishing fire hydrant service must be able at any time within reasonable notice to supply added fire service in accordance with the best standard practice covering service to local fire fighting equipment and facilities.* * *"

Rule 47 reads as follows:

"Pressure Surveys:—Each utility furnishing water service in cities of 1,000 inhabitants or more shall maintain a graphic recording pressure gauge at its plant, down-town office, or at some central point in the distributing system or each subdivision thereof, where continuous records shall be made of the pressure in the mains at that point.

"Utilities operating in cities of five thousand or more inhabitants shall equip themselves with one or more graphic recording pressure gauges in addition to the foregoing and shall make frequent records, each covering intervals of at least twenty-four hours' duration, of the water pressure at various points on the system. All records or charts made by these meters shall be identified, dated and kept on file, available for inspection for a period of at least two years."

Rule 14, pertaining to meters and service connections, and appyling to all public utilities, privately or municipally owned or operated, reads as follows:

"Meters and Service Connections:—(a) All meters used in connection with metered service shall be furnished, installed and maintained at the expense of the utility. Any appliance furnished at the expense of the utility shall remain its property and may be removed by it at any time after the discontinuance of service.

"(b) Service connections to the consumer's premises in the case of electric utilities, and to the consumer's property line in the case of gas and water utilities, shall be installed and maintained at the expense of the utility. This rule shall not apply when unusual conditions are encountered, or to very long service connections. When such special cases arise, the Commission will, if necessary, prescribe the proper charge.

"(c) Any utility may require through its Rules and Regulations that prospective consumers advance the full cost of service connections, the amount so advanced to bear no interest, and to be applied on the consumer's bills until such time as the amount of service furnished under the prescribed schedule of rates shall equal the amount so deposited. Such deposits shall not cover the cost of meters, since these may be recovered by the utility upon the discontinuance of service by the consumer. Any utility may likewise require such deposits from consumers whose service connections are replaced for any cause. It is further provided that no consumer's deposit or advance payment for service shall be required from consumers making deposits for service connections until such time as the amount so deposited for service connections shall have been exhausted.

"(d) No utility shall require from any consumer or prospective consumer a deposit intended to pay for all or any part of the cost of extension of mains or the installation of service connections, except under Rules and Regulations set down in the public schedules of the utility on file with this Commission.

"Note: The term 'service connection' refers to that portion of the distribution system which is installed for the use of individual consumers or small groups of consumers and does not refer to mains installed on the streets or public highways. The Commission has not

attempted to lay down rules governing the extension of mains, but desires that each utility file its practice regarding such extensions."

The above rule satisfies that part of the complaint of the City of Aspen pertaining to service connections, by requiring the defendant corporation to install and maintain at its expense, service connections from its mains to the curb line of the property owner.

Fred W. Herbert, Chief Statistician for the Commission, and called as a witness by the Commission, read into the record a written report pertaining to the history of the defendant company, its book value, and a statement of income and operating expenses and deduction from income and surplus of the defendant company from February 1st, 1894, to September 1st, 1916.

D. S. Hooker, Engineer for the Commission, called as a witness by the Commission, read into the record a written report containing the present value of the physical properties of the Defendant company as of the date September 1st, 1916. Following is a statement of the overhead charges as allowed by Mr. Hooker:

CASTLE CREEK WATER COMPANY, STATEMENT OF OVERHEAD CHARGES.

Inventory, omissions and contingencies	1	per cent
Engineering	4½	per cent
General supervision	2	per cent
Interest during construction	3	per cent
Legal	1	per cent
Taxes and insurance	1	per cent
Total	12	per cent

Mr. Hooker found that the cost to reproduce, new, the physical properties of the Defendant company, including overheads as above set forth, would be $162,161, plus: Land, $875; Water Rights, $25,000; Miscel-

laneous Equipment, $2,994; a grand total of $191,030; and that the present fair value of the properties of the defendant, excluding working capital and the cost of establishing the business or going value, is $165,735.

Witnesses for the Defendant company testified as to the service and rules and regulations pertaining to the same, and witnesses for the complainant testified as to the inadequacy of the service of the Defendant company. No evidence was introduced pertaining to the reasonableness of the rates and charges of the Defendant company, other than that introduced by the Statistician and Engineer for the Commission.

Without going into detail and while not agreeing entirely with the valuation of the properties of the Defendant company as found by the Commission's Engineer, and without admitting that the operating expenses as found on the books of the Defendant company are entirely proper, it is apparent to the Commission that the rates of the Defendant company are not excessive.

Evidence was introduced by the complainant, and in the main, stands uncontroverted, that the water pressure of the Defendant company during the summer seasons for years past has been inadequate. Testimony was introduced tending to show that on several occasions the pressure of the water was such as to result in total loss of properties in the case of fire. Witnesses for the Defendant company testified that pressure tests had been taken in the past by the Defendant company, the records of which were read into the record. As these tests were not made with a graphic recording pressure gauge at various points on the supply system of the defendant, they were of no value to the Commission. (1) The Commission is of the opinion that in future The Castle Creek Water Company should maintain in continuous use one or more graphic recording pressure gauges at

various points on its supply system, and, with the assistance of the information made available by these pressure records, it shall be the duty of the defendant water company, under the supervision of the Engineer for the Commission, to maintain such pressure at all times as shall be adequate for domestic and fire protection purposes.

If it develops that it is impossible for the Defendant company to maintain water pressure by the adoption and rigid enforcement of rules, hereinafter required to be filed with this Commission, governing the periods for irrigation, it shall become the duty of the water company to provide additional capacity in its distribution system.

The evidence in this case discloses negligence on the part of the company in its failure to properly flush "dead ends." It is entirely possible, and quite probable, that one reason for inadequate pressure during past summer seasons has been this neglect on the part of the company. (2) It is evident to the Commission that the Defendant company, because of a desire to avoid criticism, has neglected or refused to enforce proper rules for irrigation, and it appears from the testimony of the Commission's Engineer that the real reason for inadequate pressure during the summer season has been the failure of the Defendant company to enforce proper rules for the use of water for irrigation purposes. The Engineer of the Commission testified that proper rules and regulations governing the use of water for irrigation purposes should be filed with the Commission and rigidly enforced, and suggested that the city be divided into districts, thus preventing unnecessary waste of water.

The Defendant company takes its supply of water from Castle Creek and Hunter Creek. The waters from Hunter Creek are soft and suitable for washing purposes,

while the waters from Castle Creek are hard and somewhat unsatisfactory for use as laundry water. At the hearing the Commission was asked to require the company on one day each week to take its supply from Hunter Creek, to the end that proper water for laundry purposes could be furnished to the inhabitants of Aspen. Representatives of the company were quick to respond to this suggestion and agreed to comply with a satisfactory rule in this regard.

ORDER.

IT IS THEREFORE ORDERED, That the petition praying for an order of the Commission reducing the rates and charges of the Defendant company be, and is hereby, denied.

IT IS FURTHER ORDERED, That the Defendant company shall maintain in continuous use, and under the supervision of the Commission's Engineer, one or more graphic recording pressure gauges at various points on its supply system in accordance with Rule 47 as promulgated in the order in Case No. 84, and as set forth in this order, and that the said Defendant company shall maintain such pressure as shall at all times be adequate for reasonable domestic use and fire protection.

IT IS FURTHER ORDERED, That the Defendant company shall flush all "dead ends" at least once a week until the further order of the Commission.

IT IS FURTHER ORDERED, That the Defendant company, on the first day of January, 1917, and thereafter, shall comply with the order of the Commission entered in Case No. 84 and entitled, "In Re Rules Regulating Gas, Electric and Water Service of all Privately and Municipally Owned Gas, Electric and Water Public Utilities Operating within the State of Colorado."

IT IS FURTHER ORDERED, That the Defendant company, on or before the first day of March, 1917, shall file with the Commission reasonable rules and regulations pertaining to the use of water for irrigation purposes, which rules, when accepted by the Commission, shall be rigidly enforced.

S. S. KENDALL,
(SEAL) GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 2nd day of December, 1916.

CITIZENS OF GRAND LAKE, *et al.*,

v.

THE DENVER & SALT LAKE RAILROAD COMPANY.

(Case No. 110.)

Service—Duty of carriers to maintain.

(1) A carrier is required by law to give adequate and reasonable service, regardless of the losses that may be entailed, unless it releases its charter and discontinues its existence.

Service—Passenger train service.—Adequacy.

(2) Where a railroad desired to reduce its daily passenger train service to tri-weekly service during the months of December, January, February and March, due to the severe operating conditions experienced during such time, the Commission allowed such change to become effective as the evidence disclosed that the principal objection was in the change in mail service, and that it would be to the best interests of the entire people served by the railroad if the tem-

(December 9, 1916.)

COMPLAINT against the Denver & Salt Lake Railroad Company in discontinuance of daily passenger service to tri-weekly service during period from December 10, 1916, to April 1, 1917; complaint dismissed.

APPEARANCES: George A. Pughe, for Citizens of Steamboat Springs and Craig; Messrs. Howard and McCrillis, for Citizens of Grand County; Tyson S. Dines, Tyson S. Dines, Jr., and W. E. Morse, for the Defendant.

STATEMENT.

By the Commission:

On the 22nd day of November, 1916, The Denver & Salt Lake Railroad Company filed with this Commission a written notice in accordance with the Commission's General Order No. 7, stating that, effective December 3, 1916, and continuing until the month of April, 1917, The Denver & Salt Lake Railroad Company intended to discontinue daily passenger train service on Trains Nos. 1 and 2, and to operate the same upon a tri-weekly basis, leaving Denver on Monday, Wednesday and Friday, and returning on Tuesday, Thursday and Saturday of each week; and stating reasons for the discontinuance of the daily passenger train service.

On the 25th day of November, 1916, the Commission acknowledged receipt of the notice filed by The Denver & Salt Lake Railroad Company, and informed the defendant carrier that the proposed schedule of train service as filed with the Commission on the 22nd day of November, 1916, effective December 3, 1916, would be accepted by the Commission unless complaints were lodged with this Commission, but that in event of such complaints being filed a hearing would be held and the

issues determined upon their merits and in accordance with the testimony offered.

On the 29th day of November, 1916, the Commission received a written petition signed by Citizens of Grand Lake and vicinity, protesting against the discontinuance of service, and setting forth as their reason for protest the reduced mail service which naturally would result from the proposed schedule.

On the 29th day of November, 1916, the Commission issued an order directed against the defendant railroad company, requiring it to continue the schedule of passenger train service on its line of railway as was then in force and effect until the 10th day of December, 1916, and directing the Secretary of the Commission to prepare a notice of hearing to be sent to The Denver & Salt Lake Railroad Company and to other parties in interest, summoning them to appear before the Commission at its hearing room in the State Capitol Building, in the City and County of Denver, Colorado, at the hour of 10 o'clock a. m. on December 6, 1916, and at that time and place to submit such evidence to the Commission as the interests of the parties might require.

This cause came on for hearing before the Commission on the 6th day of December, 1916, at the hearing room of the Commission at the Capitol Building in the City and County of Denver, Colorado, at the hour of 10 o'clock a. m.

Written petitions, signed by persons residing in the vicinities along the line of railway operated by the defendant company, objecting to the reduction of passenger train service as proposed by the defendant carrier in its notice to the Commission, and stating the reasons for these objections, were received by the Commission and were introduced into the record.

Telegrams and petitions, signed by persons residing in the vicinities along the line of railway of the defendant carrier, upholding the defendant railroad in the proposed schedule, were received also by the Commission and introduced into the record.

Approximately thirty shippers and citizens residing and doing business along the line of railway operated by the defendant carrier appeared and testified before the Commission favoring the proposed schedule of the defendant carrier.

W. E. Morse, Vice-President and General Manager of The Denver & Salt Lake Railroad Company, was called as a witness for The Denver & Salt Lake Railroad Company, and detailed reasons supporting the position of the railroad company. Witness Morse explained fully to the Commission the difficulties encountered in operating the defendant carrier's line of railway. This line of railway is operated between Denver and Craig, Colorado, and crosses the Continental Divide.

From the evidence before the Commission, it is apparent that the officers of the defendant railroad company cope with operating difficulties which at times are beyond control. Certain testimony was to the effect that many times during this season of the year, December, January, February and March, trains are delayed and stalled because of unusual snowfall and terrific blizzards in the mountains. One occasion was cited where a passenger train was held in snowdrifts for a period of ten days. Other instances were enumerated when engines continually froze to the rails so that operation was impossible. Probably no railroad company operating within the United States is subject to the adverse operating conditions confronting the officials of the Denver & Salt Lake Railroad Company.

The defendant railroad was conceived for the purpose of opening and developing the vast territory to the west of Denver, piercing the Rocky Mountains by a tunnel, and completing a direct line of railway to the City of Salt Lake. The railroad is only partially constructed, operating to Craig, Colorado, and although surrounded by the most productive coal fields within the State of Colorado and a vast agricultural region, the towns and counties through which this railway operates are still in the course of development.

The defendant railroad company urges the Commission to permit the proposed schedule to go into effect for the reason that its expenses will be decreased materially thereby during the winter season of the year 1916-1917. While the financial condition of this railroad is of some importance in the case before the Commission, it would receive more serious consideration in a rate case than in the question of adequate service under the issues here presented. The evidence is undisputed, however, that for the month of December, 1915, there was an average of 9.68 passengers per car per train; for January, 1916, 8.93 passengers per car per train; February, 1916, 9.23 passengers per car per train, and March, 1916, 10.44 passengers per car per train. Evidence was introduced showing that the passenger trains of this defendant corporation are operated at a loss, and that during the winter season the loss is heavy, due to the small number of passengers riding upon the trains of the carrier and the exceptional operating conditions confronting the defendant. Evidence was introduced showing operating revenues and operating expenses arising from the operation of passenger trains in the winter season, and the defendant carrier presented evidence of losses, taking into consideration interest on bonds.

(1) The Denver & Salt Lake Railrad Company is a common carrier existing and doing business under the laws of the State of Colorado, and, as a common carrier, must give adequate and reasonable service, regardless of the losses entailed, although the Commission always will give due consideration to the financial condition of any public utility. There is a clear duty upon the common carrier to give adequate and reasonable service or to release its charter and discontinue its existence; otherwise its purpose is not fulfilled. In the case of Colorado & Southern Railway Company v. the State Railroad Commission, *et al.*, decided in September, 1912, and reported in Volume 54 of the Colorado Reports, the Supreme Court of Colorado, in an opinion written by Mr. Justice Gabbert, at page 93, states:

"The law imposes upon it the duty of furnishing adequate facilities to the public on its entire system, not a part; and it cannot be excused from performing its full duty merely because, by ceasing to operate a part of its system, the net returns would be increased; so that it cannot be said, under the facts, that requiring plaintiff in error to perform its duty to the public by furnishing an adequate service over its line between Denver and Leadville, although a pecuniary loss is entailed, is unreasonable or deprives it of any constitutional right, either federal or state.—Mo. Pac. Ry. Co. v. Kansas, 216 U. S. 262; Atl. Coast Line R. R. Co. v. N. C. Corp. Com., 206 U. S. 1; Corporation Com. v. R. R., 137 N. C. 1.

"In brief, under the facts of the case at bar, an order requiring a railroad company in the possession and enjoyment of its charter powers and privileges, to furnish a necessary service does not, even though a compliance with the order entails a loss, deprive it of its property without due process of law, or compel it to devote its

property and revenues to a public use without just compensation, for the obvious reason that such an order merely requires it to discharge its legal obligations. Of course, that a service ordered will entail a loss is a circumstance to consider in determining the reasonableness of the order; but a common carrier cannot successfully complain that a loss will thus be occasioned when it appears that the ordered service requires nothing more than necessary transportation facilities."

Also on page 90:

"If, however, we assume the record discloses that a compliance with the order of the Commission will entail a substantial loss, in excess of the revenues derived from the operation of the trains ordered, then we think that neither this fact nor any of the propositions to be considered in connection with it justify a reversal of the judgment. In considering losses, we deem it pertinent to suggest that interest on bonds and investment should not be taken into account, as the amounts representing these items could not be materially different, whether the road was operated or not. Taxes might be less on an abandoned road than one in operation."

There is a much more important question than financial losses for the Commission to determine in the present case, and that is the question of adequate and reasonable service, taking into consideration all of the facts necessary for its proper determination. It is common knowledge, and a matter of which the Commission can take notice without evidence, that a serious car shortage exists throughout the United States, and particularly in the State of Colorado. The evidence in this case discloses the fact that the defendant railroad company encounters exceptional difficulties in operating its daily passenger train service during the months of December, January, February and March, and that the

operation of these trains upon a daily schedule is practically impossible at times during these months.

The testimony of many large shippers upon the line of railway of the defendant carrier, consisting of coal operators, lumber men, dealers in merchandise, and mill operators, discloses the fact that freight trains are operated under difficulties because of the daily passenger train service during these particular months, and more particularly in the month of December for the year 1916. This railroad operates no Sunday passenger trains, and the testimony of all witnesses was to the effect that on Monday freight moved more rapidly and more empty cars were available for loading. Every witness testifying before the Commission, contended that it would be for the best interests of the communities served by this railroad to permit the reduced schedule of passenger train service during winter months in order that freight might move more promptly. It is clear from the number of passengers using the passenger trains of the defendant carrier during the months of December, January, February and March, that the reduction of passenger train service from one each day to one every other day, is not the main objection to the proposed schedule, but rather the inconvenience in the mail service. It has been no certain thing in the past that mail has been delivered by the defendant carrier every day during the winter season, and, in fact, the train which brought the witnesses to this hearing was twenty-four hours late arriving in the City of Denver.

It should be, and is, the desire and intention of this Commission to protect public interests, to see that every public utility functions in a proper manner, and that the public is adequately served, but the Commission also owes a duty to the public utilities of this State. Should

it fail to act in entire fairness in the cases presented to it, the very purpose of its existence would be gone.

It doubtless is an inconvenience to residents along this line of railway to receive mail only every second day rather than every day of the week for three and one-half months during the winter season of 1916-1917, but it is of more importance to these very people and to all interested in business and in the welfare of the rich, though undeveloped, territory served by the defendant carrier, to in every way co-operate with the carrier in solving its problems.

If it were the intention of the defendant carrier to make the proposed schedule of passenger service permanent in effect, rather than effective for the period of the four winter months in 1916-1917, another question would be presented to the Commission; and even if the intention of the carrier intended to make the tri-weekly service effective for a period of four months each year, the Commission might arrive at a different determination of this cause, but it has been stated repeatedly by the carrier that it has no desire to reduce the train service at other periods of the year than this and that it hopes to be in a position next year not to request the service asked for at this time. It must be understood that the Commission is not now determining that the defendant carrier may reduce its passenger service from daily to tri-weekly service during the winter months in years to follow.

On the 8th day of May, 1915, this Commission reduced passenger fares charged by the defendant carrier from five cents per mile to four and one-half cents per mile, in Case No. 11, *In re* Passenger Rates in Colorado, 1 Colo. P. U. C. 35, and ordered the carrier to sell family mileage books to those desiring the same, at a rate less than the regular fare, and also ordered the railroad to

furnish fifteen-day round-trip tickets between all points upon its line of railway.

(2) It is the opinion of this Commission that the proposed tri-weekly service of The Denver & Salt Lake Railroad Company, with a passenger train leaving Denver on Monday, Wednesday and Friday, and returning on Tuesday, Thursday and Saturday of each week, beginning December 10, 1916, and ending April 1, 1917. with daily passenger train service thereafter, is adequate and reasonable passenger service under the peculiar conditions existing at this time, and that it is to the best interests of the entire people served by this railroad company, that this temporary service be permitted.

ORDER.

IT IS THEREFORE ORDERED, That The Denver & Salt Lake Railroad Company may operate its passenger trains Nos. 1 and 2 upon a tri-weekly basis, leaving Denver on Monday, Wednesday and Friday, and returning Tuesday, Thursday and Saturday of each week, for a period from December 10, 1916, to April 1, 1917, at which time the defendant carrier shall resume a passenger train service of not less than one train a day each way.

(SEAL)

S. S. KENDALL,
GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 9th day of December, 1916.

THE CITY OF COLORADO SPRINGS

v.

THE COLORADO MIDLAND RAILWAY COMPANY,
GEORGE W. VALLERY, *Receiver.*

(Case No. 90.)

THE CITY OF COLORADO SPRINGS

v.

THE DENVER & RIO GRANDE RAILROAD COMPANY.

(Case No. 91.)

THE CITY OF COLORADO SPRINGS

v.

THE CRIPPLE CREEK & COLORADO SPRINGS RAILROAD COMPANY.

(Case No. 92.)

THE CITY OF COLORADO SPRINGS

v.

THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY.

(Case No. 93.)

Apportionment—Expense of grade separation—Jurisdiction of Commission.

(1) While the Commission had no authority to apportion the cost of separation of grade crossings between railroads and counties or municipalities, yet where the testimony showed that a municipality offered co-operation in the elimination of a grade crossing the Commission ordered the railroad to construct a concrete subway provided the municipality would assume twenty-five per cent of the actual cost of such subway.

(December 14, 1916.)

COMPLAINT by the City of Colorado Springs against the railroads operating in that city, petitioning for adequate safety devices at the grade crossings of the several railroads; safety devices ordered at certain crossings and Denver & Rio Grande Railroad Company ordered to construct concrete subway at Willamette Street crossing provided City assumes twenty-five per cent of cost of separation.

APPEARANCES: J. L. Bennett, D. G. Johnson, C. L. McKesson, F. H. Duckett, W. A. Anderson, H. D. Harper and Francis F. Mallon, for Complainant; J. G. McMurry, W. E. Miller and Arthur Ridgway for Defendant The Denver & Rio Grande Railroad Company; Henry T. Rogers, George A. H. Fraser, J. G. McMahon and D. E. Helvern for Defendant The Atchison, Topeka & Santa Fe Railway Company; Henry T. Rogers, George A. H. Fraser, M. L. Phelps and V. B. Wagner for Receiver of Defendant The Colorado Midland Railway Company; C. C. Hamlin, James H. Rothrock, J. J. Cogan and Irvin Sylvester for Defendant The Cripple Creek & Colorado Springs Railroad Company.

STATEMENT.

By the Commission:

On the 31st day of July, 1916, the City of Colorado Springs filed with the Commission a complaint against The Colorado Midland Railway Company, alleging that the railroad tracks of said railroad company cross certain streets and avenues of the City of Colorado Springs upon grade as follows: Weber Street, Nevada Avenue, Tejon Street, Cascade Avenue, Sierra Madre Street, Conejos Street and Eighth Street.

The complaint describes the locations of the above railway crossings at grade and prays that the defend-

ant company be required to install and maintain at each of the above railway crossings at grade, feasible safety devices, or other devices suitable to at all times properly warn traffic of the approach of trains.

On August 11, 1916, the defendant, The Colorado Midland Railway Company, by George W. Vallery, Receiver, filed with the Commission its duly verified answer, alleging that ample protection has been afforded by the defendant railroad at each of its railway crossings at grade within the City of Colorado Springs, and alleging further that the road of the defendant does not cross Conejos Street at grade in the City of Colorado Springs, and concludes its answer with a prayer that the complaint be dismissed.

On the 31st day of July, 1916, the City of Colorado Springs filed with the Commission a duly verified complaint directed against The Denver & Rio Grande Railroad Company, alleging that the railroad tracks of the defendant company cross certain streets and avenues of the City of Colorado Springs upon grade as follows: Mesa Road, Las Animas Street, Conejos Street, Sierra Madre Street and Willamette Avenue.

The complaint describes the locations of the above named railway crossings at grade and alleges that these crossings are not properly protected with appropriate safety devices, and prays that the defendant company be required to install and maintain at each of said crossings, feasible safety devices, or other devices suitable to at all times properly warn traffic of the approach of trains, and that the defendant railroad company be ordered and directed to construct and maintain a suitable viaduct or subway at the Willamette Avenue crossing.

On the 7th day of August, 1916, The Denver & Rio Grande Railroad Company filed an answer to the complaint of the City of Colorado Springs, denying that the

railway crossings at grade, as set forth in the complaint of the City of Colorado Springs, are not properly protected, so far as it devolves upon the defendant to protect the said crossing.

On the 31st day of July, 1916, the City of Colorado Springs filed with this Commission its duly verified complaint directed against The Cripple Creek & Colorado Springs Railroad Company, alleging that the railroad tracks of The Cripple Creek & Colorado Springs Railroad Company cross certain streets and avenues of the City of Colorado Springs upon grade as follows: Sierra Madre Street, Conejos Street, Eighth Street and Fountain Street.

The Complaint describes the locations of the above named railway crossings at grade, and alleges that the crossings are not sufficiently protected with appropriate safety devices, and prays that The Cripple Creek & Colorado Springs Railroad be required to install and maintain at each of the above named railway crossings at grade, feasible safety devices, or other devices suitable to at all times properly warn traffic of the approach of trains.

On the 8th day of August, 1916, The Cripple Creek & Colorado Springs Railroad Company filed with this Commission its duly verified answer to the complaint of the City of Colorado Springs denying that the railway crossings at grade set forth in the complaint are not sufficiently protected, and alleges that its railway tracks do not cross Eighth Street, and prays that the complaint of the complainant be dismissed.

On the 31st day of July, 1916, the City of Colorado Springs filed with this Commission its duly verified complaint directed against The Atchison, Topeka & Santa Fe Railway Company, alleging that the railway tracks of The Atchison, Topeka & Santa Fe Railway Company

cross certain streets and avenues of the City of Colorado Springs upon grade, as follows: Fontanero Street, Espanola Street, Del Norte Street, Caramillo Street, Wahsatch Street, Columbia Street, Corona Street, San Miguel Street, Uintah Street, El Paso Street, Willamette Avenue, El Paso Street (between Willamette and Platte), Boulder Street, Platte Avenue and Fountain Street.

The complaint describes the locations of the above named railway crossings at grade, and alleges that each of the crossings above set forth, except the railway crossings at grade at El Paso, Platte and Boulder Streets, which are protected by gates, are protected by an electric or automatic gong, and that the three crossings protected by gates are not protected after 6:30 p. m. The complainant alleges that the above named railway crossings at grade are not sufficiently protected with appropriate safety devices, and prays that The Atchison, Topeka & Santa Fe Railway Company be required to install and maintain at said crossings, feasible safety devices, or other devices suitable to at all times properly warn traffic of the approach of trains, and that the railway crossings at grade now protected by gates, be protected for an additional length of time to properly protect the safety of traffic at the said crossings.

On the 11th day of August, 1916, The Atchison, Topeka & Santa Fe Railway Company filed with the Commission its duly verified answer to the complaint of the City of Colorado Springs, alleging that the railway crossings at grade, as set forth in the complaint of the City of Colorado Springs, are sufficiently protected, and prays that the complaint be dismissed.

Pursuant to notice duly given to the parties in interest, the above causes came on for hearing before the

Commission in the Council Chamber of the City Hall in the City of Colorado Springs, State of Colorado, at the hour of 11 o'clock a. m., Tuesday, September 19th, 1916. Cases Nos. 90, 91, 92 and 93, were consolidated for the purpose of hearing, but the evidence in each case was taken separately by the Commission and considered by the Commission separately and apart from the evidence of any other case, except where the evidence offered in one case was material to the proper consideration of any other case. This arrangement proved satisfactory to all concerned, and J. G. McMurry, Attorney for The Denver & Rio Grande Railroad Company, on behalf of The Denver & Rio Grande Railroad Company and all other defendants to the above enumerated cases, asked leave, and was given permission, to file with the Commission what the said McMurry termed a Demurrer, Objection and Motion to the complaints of the City of Colorado Springs. The motion alleged that the complaints failed to state legal causes of action against the defendants, and that the Public Utilities Commission of the State of Colorado was without jurisdiction over the matters and things set forth in the complaints. The Commission overruled the motion of The Denver & Rio Grande Railroad Company without argument, for the reason that the Commission heretofore has ruled upon the question of jurisdiction over similar matters.

J. L. Bennett, City Attorney of the City of Colorado Springs, stated that the complainant was not prepared to offer testimony from an engineering standpoint and would rely solely upon the testimony of the Commission's engineer.

D. S. Hooker, engineer for the Commission, was called to the witness stand by the Commission, and it developed that Mr. Hooker desired further time to pre-

pare a detailed report upon the railway crossings in question; whereupon the Commission directed its engineer to prepare a full and detailed report upon the physical conditions of the said railway crossings at grade within the City of Colorado Springs, containing recommendations for proper and adequate protection, where needed, and to be prepared for cross-examination by the City and the railroad companies. The Commission directed the City to prepare a traffic census at each crossing, and further directed the defendant railroad companies to prepare immediately for the Commission sketch cards of each railway crossing at grade within the City of Colorado Springs, setting forth in detail the information required in the Commission's order in Case No. 56, *In re* Improvement of grade crossing in Colorado, 2 Colo. P. U. C. 128, made and entered on the 27th day of May, 1916. The above entitled causes then were ordered continued for further hearing on the 9th day of October, 1916, at 11 o'clock a. m., at the Council Chamber in the City Hall at Colorado Springs.

On the 9th day of October, 1916, hearing of the above causes was reconvened at the City Hall at Colorado Springs. The first witness called was D. S. Hooker, engineer for the Commission, who had prepared a detailed report of the railway crossings at grade of the defendant carriers located within the City of Colorado Springs, showing the number of trains scheduled to cross each railway crossing at grade, together with the traffic census taken at each crossing during the month of September by representatives of the City of Colorado Springs, under the direction of the Commission. His report showed the general condition of each crossing and approaches and whether or not same complies with the Commission's order in *In re* Improvement of Grade Crossings in Colorado, *supra,* providing for

uniform railway crossings at grade; described obstructions on right of way, if any; showed the view of the right of way from the highway at distances from fifty to four hundred feet on either side of each crossing; stated the protection, if any, now afforded at each crossing, together with recommendations for adequate protection, if necessary, and whether or not the elimination of the crossing at grade is feasible. It also stated the speed maintained generally by each passenger train and freight train on the lines of each of the defendant carriers in the City of Colorado Springs, together with the approximate costs of audible and visual signals, otherwise known as "wig-wags," the cost per month of maintaining a flagman, the cost of gates with towers installed and the wages of operators, and the cost of the standard railway crossing bell. Testimony was introduced by the City Commissioners of Colorado Springs and representatives of the defendant carriers.

The Commission has considered carefully the evidence introduced by its engineer, the City Commissioners and the representatives of the defendant carriers, and has considered, separately and apart from that of any other defendant carrier, except where the evidence introduced into the record was general and pertained to all crossings alike or to all of the defendant carriers alike, the evidence and testimony offered as to the adequacy or inadequacy of protection of railway crossings at grade located within the City of Colorado Springs of each defendant carrier.

Exhibits, in the nature of photographs showing each railway crossing at grade of each defendant carrier, were introduced by the Commission's engineer. Card sketches, showing the physical condition of each railway crossing at grade, in accordance with the Commission's order in Case No. 56, *In re* Improvement of

Grade Crossings in Colorado, *supra,* were introduced by the defendant carriers.

THE COLORADO MIDLAND RAILWAY COMPANY,
George W. Vallery, Receiver.

Weber Street Crossing:

The evidence and testimony introduced pertaining to this crossing demonstrates that ten regular trains are scheduled to cross this railway crossing at grade each day, and that the crossing is important is shown by the traffic census taken by representatives of the City of Colorado Springs on the 26th day of September, 1916, from 6 a. m. to 8 p. m., during which time one hundred and twenty-nine motors, seventy-six animal-drawn vehicles, sixty-seven bicycles and two hundred and sixty-nine pedestrians used this crossing. The physical condition of the crossing appears to be good, although the view of the crossing is only fair, and could be improved by the trimming of trees located on Weber Street. The crossing at present is protected by a standard electric gong and standard crossing sign, the bell being operated by a watchman located at the railway crossing at grade at Tejon Street, who also operates other bells located at other railway crossings at grade in the vicinity.

From the testimony of the Commission's engineer and witnesses for the City and The Colorado Midland Railway Company, the Commission finds that the crossing is not properly protected, that the sign and bell should be moved to the center of the street, and that a red incandescent electric light should be installed upon said sign to be operated from dusk until dawn in conjunction with the bell, which shall be operated at all times.

Nevada Street Crossing:

This is an important crossing, the traffic census taken on the 22nd day of September, 1916, by representatives of the City of Colorado Springs from 6 a. m. to 8 p. m. showing 1,073 motors, two hundred and fifty-three animal-drawn vehicles, two hundred and thirty-eight bicycles and six hundred and sixty pedestrians using the crossing during these hours. The physical condition of the crossing is good and conforms with the order of the Commission in Case No. 56. There are no obstructions on the right of way of the railway company. The view of this crossing from the highway is fair, and the trains of the railway company are operated over the crossing at a speed not exceeding eight miles an hour. This crossing is protected by an electric bell located in the center of the street and operated by the operator at Tejon Street.

It does not appear necessary or feasible to eliminate this railway crossing at grade, and the Commission finds that the crossing would be properly protected should the railway company install a red incandescent electric light to be operated from dusk until dawn and attached to the automatic bell now operated at this crossing.

Tejon Street Crossing:

The evidence shows that this railway crossing at grade is crossed by one of the important street car lines within the City of Colorado Springs, under the Commission's General Order No. 14, which provides that the conductor of the street car shall flag before proceeding across the railway tracks. The traffic census taken by representatives of the City on September 26, 1916, between the hours of 6 a. m. and 8 p. m. shows that 587 motors, 171 animal-drawn vehicles, 347 bicycles and 755 pedestrians traversed the crossing. The physical con-

dition of the crossing is good and in conformity with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way, and the view of the right of way from the highway is fair. This crossing is protected by an electric bell operated by an operator located at this crossing, and in addition two watchmen are on duty twenty-four hours daily. When eastbound trains reach a point 1,000 feet west of Sierra Madre Street, an electric connection in the track causes a bell to ring in the watchman's shanty and the electric bells are then operated by the operator at all Midland crossings one block in advance of the train. The westbound Midland trains are run slowly out of the Santa Fe yard and are visible to the watchman for many blocks. The maintenance of the bells and the wages of the watchmen are apportioned between the Midland Railway Company and the Santa Fe Railway Company.

It appears neither necessary nor feasible at this time to eliminate this crossing, and if the railway company installs a red incandescent electric light where the bell is now located, the light to be operated from dusk until dawn, the crossing will be adequately protected.

Cascade Avenue Crossing:

The traffic census taken at this crossing by representatives of the City on the 21st day of September, 1916, from 6 a. m. to 8 p. m. shows that 375 motors, 151 animal-drawn vehicles, 215 bicycles and 575 pedestrians traversed the same. The physical condition of the crossing conforms with the Commission's order in Case No. 56, *supra*, and no obstructions appear on the right of way. The view of the crossing from the highway is poor. The crossing is now protected by an electric bell operated by the watchman located at Tejon Street crossing, and there is additional protection by the operation

of a derailer located at the crossings on this line of railway, also operated by the Tejon Street operator.

The Commission is of the opinion that the crossing is not properly protected and that the alarm bell and railway sign should be moved to the center of the street, upon which should be installed a red incandescent electric light to be operated from dusk until dawn, and the bell to be operated as heretofore. It does not appear necessary or feasible to eliminate this crossing.

Sierra Madre Street Crossing:

This crossing appears to be relatively unimportant, as the traffic census taken by representatives of the City of Colorado Springs on the 21st day of September, 1916, from 6 a. m. to 8 p. m., shows that eighteen motors, thirty-four animal-drawn vehicles, twelve bicycles and seventy pedestrians traversed the same. The physical condition of the crossing conforms with the Commission's order in Case No. 56, *supra,* and there are no obstructions on the right of way of the railway company. The view of the crossing from the highway is only fair, but the crossing is protected by an electric bell operated by the watchman at Tejon Street.

The Commission considers this crossing adequately protected if the bell is moved to the center of the street and a red incandescent electric light installed, to be operated from dusk until dawn, and the bell to be operated as heretofore.

Eighth Street Crossing:

This crossing is an approach to the Bear Creek Road and is an important highway. The traffic census taken on the 22nd day of September, 1916, by representatives of the City of Colorado Springs from 6 a. m. to 6:30 p. m., shows that 104 motors, forty-eight animal-drawn vehicles, fifty bicycles and 209 pedestrians traversed the same. This crossing does not conform to

the Commission's order in Case No. 56, *supra,* and the grade on the south side of the track should be corrected immediately. A dirt bank, situated on the right of way and which can be utilized in the correcting of the grade, obstructs the view. The car inspector's shanty should be moved to give a better view of the railway track. The view of the railway crossing from the highway is poor, but as the trains traversing this crossing attain a speed of not to exceed five miles an hour and as the crossing is protected by an automatic electric bell, the protection appears to be adequate. It is not necessary to consider the separation of grades at this crossing.

It is the opinion of the Commission that the railway trains of The Colorado Midland Railway Company should not exceed a speed of five miles an hour across the above railway crossings at grade.

THE CRIPPLE CREEK & COLORADO SPRINGS RAILROAD COMPANY.

Eighth Street or Bear Creek Road Crossing:

This crossing appears unimportant, as the traffic census taken on the 22nd day of September, 1916, between 7 a. m. and 7:30 p. m. by representatives of the City of Colorado Springs, shows that thirty-seven motors, fourteen animal-drawn vehicles, six bicycles and seven pedestrians traversed the crossing. At the time of the hearing of this case the physical condition of this crossing did not comply with the order of the Commission in Case No. 56, *supra,* but subsequent inspection by the Commission's engineer developed the fact that the defendant carrier had corrected the approaches to the crossing and had removed the necessary dirt from the northeast side of the crossing, so the crossing now complies with the Commission's order. West-bound trains

of the defendant carrier traversing this crossing proceed up-grade at a low rate of speed, and it appears unnecessary to otherwise protect the crossing.

Sierra Madre Crossing:

This crossing is located on the outskirts of the City of Colorado Springs and is served by poorly kept streets. The crossing appears relatively unimportant. There are no obstructions on the right of way and the view of the crossing from the highway is fair. The crossing at present is protected by an automatic electric bell, and, due to the small number of trains and the low rate of speed at which they are operated, it appears that the crossing is adequately protected and that it is unnecessary to separate the grades.

THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY.

SEVENTEEN SCHEDULED TRAINS EACH DAY.

Fontanero Street Crossing:

This crossing is traversed by a street railway line, and the traffic census taken by representatives of the City of Colorado Springs on the 26th day of September, 1916, from 6 a. m. to 8 p. m., shows that seventy-four motors, fifty animal-drawn vehicles, fifty bicycles and ninety-eight pedestrians traversed the crossing. The physical condition of the crossing and the approaches thereto is good and in compliance with the Commission's order in Case No. 56, *supra*. The Commission has been informed that the railway company will further improve this crossing by application of gravel on the approaches. There are no obstructions on the right of way and the view of the railway crossing from the highway is good. The street railway cars and the trains of the defendant railway at this crossing are operated by an interlocking

plant in charge of a towerman, and the crossing also is protected by an automatic electric bell. The protection is adequate and it appears unnecessary to separate the grades.

Espanola Street and Del Norte Street Crossings:

Espanola Street is an approach to the Golf Club and is used by automobiles, delivery wagons and school children. The traffic census taken by representatives of the City on September 26, 1916, from 6 a. m. to 8 p. m., shows that sixty-two motors, twenty animal-drawn vehicles, forty bicycles and 101 pedestrians traversed the same. The physical condition of the crossing and approaches is good and complies with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way and the view of the railway crossing from the highway is fair.

The Del Norte Street crossing is important, as is demonstrated by the traffic census taken by representatives of the City on September 26, 1916, from 6 a. m. to 8 p. m., which shows that fifty-seven motors, thirty animal-drawn vehicles, 113 bicycles and 402 pedestrians traversed this crossing, and that the crossing is used by many school children. The physical condition of the crossing approximately conforms with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way and the view of the railway track from the highway is good.

The evidence pertaining to these railway crossings at grade convinces the Commission that the same are dangerous, and that the protection afforded by automatic electric bells at present maintained, is not sufficient, due to the character of the use of these crossings. The Steele public school is located on Weber Street, between Espanola and Del Norte Streets, about four hundred feet from the track. Approximately five hundred

pupils attend this school, and a large number traverse these crossings.

The Commission is of the opinion that gates should be installed at the railway crossing at grade located at Del Norte Street and at the railway crossing at grade located at Espanola Street. These gates may be protected by one towerman, or by flagmen located at each crossing. The crossing gates shall be installed by the railway company subsequent to the approval of the plans for the same which shall first be submitted to the Commission.

Caramillo Street Crossing:

This is an important crossing, as evidenced by the traffic census taken by representatives of the City of Colorado Springs on the 26th day of September, 1916, from 6 a. m. to 8 p. m., showing that seventy-one motors, twenty-two animal-drawn vehicles, sixty-two bicycles and 173 pedestrians traversed the same. The street west of this railway crossing at grade is fifty feet in width and east of the railway crossing at grade is 100 feet in width. The physical condition of the crossing approximately complies with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way of the defendant carrier and the view of the railway crossing from the highway is fair. Trees located on private land overhang the right of way in such a manner as to obstruct the view to the south approaching the crossing from the west on the highway.

It appears neither necessary nor feasible to eliminate this crossing at grade, and the Commission considers the automatic electric bell now installed at this crossing as adequate protection.

Wahsatch Street Crossing:

This crossing is not especially important, as the traffic census taken by representatives of the City of

Colorado Springs on September 26, 1916, between 6 a. m. and 8 p. m., shows that thirty-three motors, twenty-eight animal-drawn vehicles, thirty-four bicycles and fifty-six pedestrians traversed the same. The evidence developed the fact that with very little additional work the physical condition of the crossing would comply with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way and the view of the crossing from the highway is good. The crossing is protected by an automatic electric bell, which appears to be adequate protection, and it is apparent that it is unnecessary to eliminate this crossing. The traffic at this crossing is local.

Columbia Street and Corona Street Crossings:

Columbia and Corona Streets intersect practically at the edge of the railway right of way, the centers of the railway crossings at grade being but 100 feet apart. These crossings are important, as the traffic census taken by representatives of the City of Colorado Springs on September 26, 1916, between the hours of 6 a. m. and 8 p. m., shows that ninety-seven motors, sixty animal-drawn vehicles, 115 bicycles and 202 pedestrians traversed the Columbia Street crossing, while eighty-three motors, twenty-eight animal-drawn vehicles, seventy bicycles and 145 pedestrians, traversed the Corona Street crossing.

It is apparent from the evidence that with little additional work, which the railroad representatives assure the Commission will be completed at an early date, the physical condition of the crossings will conform with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way at either crossing and the view of the railway crossings from the highway is fair.

These railway crossings at grade are now partially protected by an automatic electric bell, located on the railroad right of way about midway between the two crossings. It appears that the bell is not located properly for the adequate protection of both crossings, as the view and sound of the bell are cut off from eastbound traffic on Columbia Street until the grocery store located on the south is passed, which then leaves a view of but 100 feet of the track to the south from a point 100 feet west on the highway.

The Commission is of the opinion that the automatic electric bell should be removed from its present location and that an audible and visual signal, of the type heretofore prescribed by the Commission, shall be installed at a point near the intersection of the two streets and under the supervision of the Commission's Engineer.

It is unnecessary to eliminate this crossing at this time.

San Miguel Street, El Paso Street (north crossing) and Willamette Street Crossings:

The railway crossings at grade located at San Miguel, El Paso Street (north crossing) and Willamette Street, are protected by automatic electric bells. There appear to be no obstructions on the rights of way of the crossings and the views of the crossings from the highways are fair. The traffic census taken by representatives of the City of Colorado Springs at these crossings in the month of September, 1916, indicates that they are fairly important and that local travel constitutes the major portion of the use of these crossings.

These railway crossings at grade conform with the Commission's order in Case No. 56, *supra,* with the exception of the Willamette Crossing. At the Willamette Crossing the grade approaching from the highway on

the west is 7.4 per cent extending west 100 feet to a bridge. The correction of this grade will extend off the right of way about sixty feet, necessitating the co-operation of the City of Colorado Springs with the railroad company in the completion of this work. The Commission is of the opinion that the defendant carrier should immediately confer with the City as to the early completion of the improvement necessary at this crossing and report progress to the Commission.

El Paso Street (south crossing), Boulder Street and Platte Street Crossings:

These railway crossings at grade are protected by gates operated by a towerman, who is on duty from 7 a. m. to 6 p. m. The physical condition of the railway crossing at grade at El Paso Street does not comply with the Commission's order in Case No. 56, *supra*. On the north side of the track the approach to the crossing is eight per cent and extends about fifty feet. In order to correct this, it may be necessary for the City to co-operate with the railroad.

There are no obstructions on the right of way of this crossing and the view of the railway crossing at grade from the highway is fair.

The view of the railway crossings at grade on Boulder Street and Platte Street is fair. These crossings are protected at present by gates located at the three railway crossings at grade and are operated by a towerman located at Boulder Street. The crossings also are protected with bells operated by air pressure when the gates are lowered. The evidence developed the fact that there is no protection at these crossings after 6 o'clock p. m.

The Commission is of the opinion that these crossings should be further protected from 6 o'clock p. m. until 11 o'clock p. m., either by the installation of audible

and visual signals, or by an additional towerman operating the gates from 6 p. m. until 11 p. m., and that warning lights should be installed upon said gates from dusk until 11 o'clock p. m. It is not feasible to eliminate these crossings.

Fountain Street:

This crossing is not especially important. The traffic census taken by representatives of the City of Colorado Springs on September 21st, 1916, between 6 a. m. and 8 p. m., discloses the fact that forty-two motors, eighty-six animal-drawn vehicles, thirty bicycles and 144 pedestrians traversed the same.

The physical condition of this crossing at grade does not comply with the Commission's order in Case No. 56, *supra,* in that the east approach to the crossing has a grade of fifteen per cent for twenty-five feet and then two per cent to the edge of the right of way, followed by an eight per cent grade beyond the railroad property line. This condition should be corrected and it will be necessary for the City of Colorado Springs to co-operate with the company in completing this work.

There are no obstructions on the right of way and the view of the railway crossing at grade from the highway is good. The crossing at present is protected by an automatic electric bell, which is deemed adequate. It appears neither necessary nor feasible to eliminate this crossing.

THE DENVER & RIO GRANDE RAILROAD COMPANY.

Twenty-five scheduled trains each day.

Sierra Madre Street Crossing:

This crossing is located on the outskirts of the town, and the traffic census taken by representatives of the City of Colorado Springs on the 21st day of September, 1916, between the hours of 6 a. m. and 8 p. m., shows that thirty-five motors, sixty-eight animal-drawn

vehicles, thirty-one bicycles and 208 pedestrians traversed the same. It is apparent from the evidence that certain grading and leveling must be done at this crossing by the carrier to make the crossing conform with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way and the view of the railway crossing at grade from the highway is good. The crossing at present is protected by an automatic electric bell, and, considering the nature of the traffic at this crossing, it is the opinion of the Commission that the protection is adequate:

Las Animas Street Crossing:

The traffic census taken by the representatives of the City of Colorado Springs on September 22, 1916, between the hours of 6 a. m. and 8 p. m. shows that forty-four motors, sixty-two animal-drawn vehicles, forty-two bicycles and 127 pedestrians traversed this crossing. The use of this crossing is local in extent. The crossing does not conform with the Commission's order in Case No. 56, *supra,* and it will be necessary for the carrier to do some grading and leveling work at this point. There are no obstructions on the right of way and the view of the railway crossing from the highway is good. The crossing is protected by an automatic electric bell, which appears to furnish adequate protection.

Conejos Street Crossing, (Manitou Branch):

The traffic census taken by representatives of the City on the 22nd day of September, 1916, between 6 a. m. and 8 p. m., shows that 124 motors, 220 animal-drawn vehicles, 111 bicycles and 521 pedestrians traversed the same. While the physical condition of the crossing is good, some leveling work is required to make it conform with the Commission's order in Case No. 56, *supra*. There are no obstructions on the right of way, but the

view of the railway crossing at grade from the highway is poor. There are but four trains operated on this branch line in the winter season, but in the summer the operation is greatly increased on account of tourist travel.

This crossing is not protected, but the evidence convinces the Commission that the trains are operated over this crossing at a low rate of speed. These trains should not exceed a minimum speed of five miles an hour.

The evidence pertaining to this crossing discloses that much switching is done in the vicinity of the crossing, but a greater portion of the switching does not take place on the crossing, but to the east of the crossing. This switching is in such close proximity to the crossing, however, that an electric alarm would ring continually, though no trains would be operating over the crossing. This, of course, would be deceiving and it would be but a short time until the signal would be entirely disregarded by the users of this crossing. It also was asserted that the continual ringing of a bell at this point, due to the switching of trains, would become a nuisance.

In the opinion of the Commission a member of the crew of each train, switch engine or light engine, should flag the crossing ahead of such train, switch engine or light engine.

Mesa Road Crossing:

The traffic census taken by representatives of the City of Colorado Springs on the 21st day of September, 1916, between 6 a. m. and 8 p. m., shows that 319 motors, 123 animal-drawn vehicles, 159 bicycles and 314 pedestrians traversed this crossing. The physical condition of the crossing is good, there are no obstructions on the right of way, and the view of the railway crossing at grade from the highway is good. This crossing

at present is protected by a flagman and an automatic electric bell. The flagman is on duty from 6 a. m. to 6 p. m., although at times he remains on duty for a longer period. This crossing is important and the traffic is by no means local.

In the opinion of the Commission the night traffic over this railway crossing at grade should be protected. It will be the duty of the defendant carrier to employ an additional watchman to flag night traffic at this crossing until 12 o'clock midnight. It does not appear feasible to eliminate this crossing at this time.

Willamette Street Crossing:

The Willamette Street crossing is a passageway eleven feet in width, condemned by the City of Colorado Springs and opened under court order for pedestrian traffic. The crossing is located within the City of Colorado Springs. In the year 1914 the City of Colorado Springs communicated with The Denver & Rio Grande Railroad Company in regard to a subway to be constructed under the tracks of the defendant carrier on St. Vrain Street, which is located 660 feet from Willamette crossing. The evidence developed the fact that after some correspondence an ordinance was drawn by the City of Colorado Springs providing for a reinforced concrete subway to be constructed at the expense of The Denver & Rio Grande Railroad Company under the tracks of the defendant carrier at St. Vrain Street; and it further appears that the company proceeded without objection to build and complete at its own expense what is known as the St. Vrain subway at a total expense of about $3,000.00. Mesa Road is located 1,286 feet from Willamette, giving a total distance from St. Vrain to Mesa Road of 1,946 feet.

The evidence shows that the Willamette crossing is used by children and other residents of the City of

Colorado Springs going to and from the playground in the park established by the City of Colorado Springs, and is commonly used as a passageway across the tracks of the defendant carrier. All parties agree that a watchman, wig-wag signal or gates will not adequately protect Willamette Street crossing, and that a subway is the only practical adequate protection, unless the street be closed. It was suggested at the hearing by representatives of the railroad company that if a subway were to be built, it should be at another location several hundred feet from Willamette crossing and that the Willamette crossing should be closed, but it appears to the Commission from a careful study of the evidence that there is no other point where the subway could be constructed at this time, and that the Willamette crossing must be protected.

It is the contention of the railroad company that, as the St. Vrain pedestrian subway was completed in the year 1915, the City should have chosen another point at which to locate that subway and that the construction of the same was a mistake which has resulted in a demand for the Willamette subway at this time. The Commission is not ready to assume that the city was mistaken in the location of the St. Vrain subway, and even had the city officials made a mistake in judgment as to the traffic conditions and the growth of the city, the Commission is compelled to deal with the present necessity for the protection of this particular crossing.

(1) The law of the State of Colorado pertaining to public utilities delegates to this Commission the duty of adequately protecting railway crossings at grade, and, while the Colorado law is not entirely satisfactory in this regard, as there appears to be no power granted to the Commission to apportion between the railroad and municipality or county the costs in each particular

case in the separation of grades, or erection of viaducts or subways, the Commission undoubtedly has the power and the authority to provide for the proper protection of grade crossings at the expense of the railroad in the event it should appear equitable to the Commission for the railroad to bear the entire expense in any one case.

In the opinion of the Commission, the only adequate protection to be afforded at Willamette crossing is the construction of a reinforced concrete subway, eleven feet in width, under the railroad tracks of the defendant carrier, to be constructed under the supervision of the Commission's engineer, after the Commission first has approved the plans for the same. The Commission is of the opinion also, after a careful examination of the record in this case, that, as a fair and equitable proposition, the municipality of Colorado Springs should bear a portion of the expense of the construction of this subway, which, after completion, should be maintained by the railroad company. The Commission is without apparent authority to order the municipality to pay a certain portion of this expense, but judging from the statements of the representatives of the City, is assured of hearty co-operation by the municipality of Colorado Springs in any feasible and fair arrangement for the proper protection of railway crossings at grade.

The City Commissioners of Colorado Springs evidently are awake to the situation confronting pedestrians and owners of automobiles in the State of Colorado and the railroads operating in Colorado Springs, and are desirous of using every effort to bring about a safer and better condition of travel under conditions existing today. The Commissioners of Colorado Springs recently adopted an ordinance requiring all drivers of automobiles to stop their machines before crossing any railway crossing at grade within the City

of Colorado Springs where a protective device or signal is giving warning of the approach of a train, and have provided penalties for violation of this law. This step appears to be one in the right direction and is the best evidence of the desire of the officials of Colorado Springs to co-operate with the railroads in lessening the loss of life at railway crossings at grade.

The Commission is of the opinion in this particular case that plans for a concrete subway under the tracks of the defendant carrier at Willamette Street grade crossing, similar to those used in the construction of the St. Vrain pedestrian subway, should be submitted by The Denver & Rio Grande Railroad Company to the City of Colorado Springs for its approval and then submitted to the Commission for the approval of the Commission's engineer. Accompanying these plans should be a detailed estimate of the cost of construction. As soon as practicable after the approval of the plans and estimates by the Commission, and in the event the municipality of Colorado Springs agrees to bear twenty-five per cent of the actual cost of the construction of the proposed subway, which cost is to be determined by this Commission after the completion of the work, The Denver & Rio Grande Railroad Company shall commence the construction of the subway at Willamette Street crossing and carry the work to completion.

ORDER IN CASE NO. 90.

THE COLORADO MIDLAND RAILWAY COMPANY,
George W. Vallery, Receiver.

IT IS HEREBY ORDERED, That The Colorado Midland Railway Company, George W. Vallery, Receiver, shall install at the Nevada Street crossing, a red

incandescent electric light to be operated from dusk until dawn and to be attached to the automatic electric bell now operated at that crossing.

IT IS FURTHER ORDERED, That The Colorado Midland Railway Company, George W. Vallery, Receiver, shall install and attach to the automatic bell at Tejon Street crossing, a red incandescent electric light, and operate the light from dusk until dawn.

IT IS FURTHER ORDERED, That The Colorado Midland Railway Company, George W. Vallery, Receiver, shall remove the electric warning bell now located at Sierra Madre Street crossing from its present location to the center of said street, and attach thereto a red incandescent electric light to be operated from dusk until dawn.

IT IS FURTHER ORDERED, That The Colorado Midland Railway Company, George W. Vallery, Receiver, shall continue to operate the automatic electric bell at Eighth Street crossing and shall operate its trains over the said crossing at a speed of not to exceed five miles an hour.

IT IS FURTHER ORDERED, That The Colorado Midland Railway Company, George W. Vallery, Receiver, shall reconstruct the said Eighth Street crossing to conform to the Commission's order in Case No. 56.

ORDER IN CASE NO. 92.

THE CRIPPLE CREEK & COLORADO SPRINGS RAILROAD COMPANY.

IT IS HEREBY ORDERED, That The Cripple Creek & Colorado Springs Railroad Company shall continue to operate the automatic electric bell at Sierra Madre Street crossing, and shall operate its trains over this crossing at a speed of not to exceed five miles an hour.

ORDER IN CASE NO. 93.

THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY.

IT IS HEREBY ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall install gates at the railway crossings at grade located at Espanola Street and Del Norte Street, said gates to be operated by a towerman in control of both sets of gates, or by two flagmen, one located at each crossing.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall submit to this Commission for its approval, the plans for the protection of the Espanola street and Del Norte Street crossings prior to the installation of such protection.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall reconstruct the railway crossing at grade located at Wahsatch Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company, at a point to be designated by the engineer for the Commission, shall erect and install at Columbia Street and Corona Street crossings, an audible and visual signal of a type heretofore approved by the Commission.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall reconstruct the railway crossing at grade at Willamette Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall reconstruct its railway crossing at grade at El Paso Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall further protect the railway crossings at grade at El Paso Street, Boulder Street and Platte Street, by the installation of audible and visual signals at each crossing, or by an additional towerman operating the gates from 6 p. m. to 11 p. m.; and that, in event of the railroad company electing to operate the gates at night from 6 p. m. until 11 p. m., warning lights shall be installed upon the said gates.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall reconstruct its railway crossing at grade located at Fountain Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Atchison, Topeka & Santa Fe Railway Company shall efficiently operate and maintain all electric alarm bells, gates, flagmen, or other safety devices at present operated and maintained, at the above railway crossings at grade.

ORDER IN CASE NO. 91.

THE DENVER & RIO GRANDE RAILROAD COMPANY.

IT IS HEREBY ORDERED, That The Denver & Rio Grande Railroad Company shall reconstruct its railway crossing at grade at Sierra Madre Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company shall reconstruct its railway crossing at grade located at Las Animas Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company shall reconstruct its

railway crossing at grade located at Conejos Street to conform with the Commission's order in Case No. 56.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company shall order a member of the crew of each train, switch engine or light engine, to flag ahead of each train, light engine or switch engine, before crossing its railway crossing at grade located at Conejos Street.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company shall employ an additional watchman at its railway crossing at grade located at Mesa Road to flag night traffic at this crossing until 12 o'clock midnight; or, in lieu thereof, shall install an audible and visual signal at this crossing at a point to be approved by the Commission's Engineer.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company shall efficiently operate and maintain all alarm bells, gates, flagmen, or other safety devices, at present operated and maintained at its railway crossings at grade within the City of Colorado Springs.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company submit to the City of Colorado Springs and to this Commission, plans and estimates for a reinforced concrete subway, of similar construction of the St. Vrain pedestrian subway, to be located under its tracks at Willamette Street grade crossing.

IT IS FURTHER ORDERED, That The Denver & Rio Grande Railroad Company, after having secured the approval of The Public Utilities Commission of the plans and estimates for the proposed subway, and after having received from the City of Colorado Springs an offer to bear twenty-five per cent of the actual cost of the construction of the proposed subway (the actual

cost to be determined by the Commission after the completion of the work), shall begin the construction of the concrete subway to be located at its railway crossing at grade at Willamette Street under the supervision of this Commission, and, after completion of the work, maintain the same at its expense.

S. S. KENDALL,
(SEAL) GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 14th day of December, 1914.

THE MISSOURI LUMBER & SUPPLY COMPANY, *et al.*

v.

THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY, *et al.*,

THE CONSUMERS' LEAGUE OF COLORADO, Intervenor.

(Case No. 28.)

Evidence—Presumptions—Absorption of terminal charges.

(1) It is to be presumed that railroads have taken into consideration the cost of service at terminals in fixing freight rates and it can be assumed that they will be required to absorb terminal switching charges on a portion of the traffic handled, due to competitive conditions, and it is logical to conclude that such fact was considered when the rates were established and therefore a direct charge against shippers.

Jurisdiction of Commission—Terminal charges—Reciprocal switching.

(2) Reciprocal switching charges have an indirect, if not a direct, bearing on freight rates and therefore are subject to regulation by the Commission, and must be reasonable and non-discriminatory.

Return—Terminals—Switching charges.

(3) The Commission was of the opinion that switching charges of railroads should not be expected to earn the carrier a fair return on the terminal property alone as main lines and terminals must be considered together and either would be practically valueless without the other.

Terminals—Reasonableness of switching charges.

(4) While it is impossible to estimate the advantage accruing to a carrier owning large terminals over a carrier owning smaller terminals, the Commission believes that such value should be given consideration in determining the reasonableness of switching charges, as the carrier with the larger facilities not only obtains more revenue through switching service but has the direct means of securing business from shippers on its line which it could not otherwise obtain.

Terminals—Absorption of charges—Burden on state traffic.

(5) As practically all switching charges on interstate shipments in the Denver terminal are absorbed, such shipments being deemed competitive, the burden of switching charges falls most heavily on the intrastate shipments which are non-competitive to a large extent.

Terminals—Switching rates—Blankets.

(6) The Commission was of the opinion that it was reasonable for the carriers to apply, within reasonable bounds, the blanket method of assessing switching charges rather than to divide a terminal into small arbitrary zones and assess a different charge for each zone.

Terminals—Cost of switching service.

(7) In determining the reasonableness of switching charges of the carriers in the Denver terminal, the Commission was of the opinion that the railroads had failed to give any consideration to the empty car movement in arriving at a unit cost of service of moving loaded cars, and that had such factor been properly included the cost per car would be greatly under the figures shown in the exhibits filed.

Terminals—Switching rates—Per-ton basis.

(8) The method of the carriers in assessing a charge per ton, with a minimum charge per car, instead of a flat charge per car was found by the Commission to be reasonable inasmuch as the application of such method eliminates a certain form of discrimination in that it is worth more to a shipper to have a shipment of fifty tons switched than one of twenty tons.

Terminals—Industrial switching charges.

(9) While industrial switching is merely incidental as compared to the total switching service and involves a greater cost of service than reciprocal switching, yet it should bear a fair ratio to the latter, and the Commission believes that as industrial switching is in a sense competitive with drayage business such fact should receive consideration in determining a fair rate for industiral switching

Terminals—Comparisons.

(10) In a case involving the reasonableness of switching charges in the City of Denver the Commission was unable to find anything in the record that would substantiate the claims of plaintiffs or defendants that terminal conditions in Denver were materially different than conditions prevailing in other cities of like size and importance.

Terminals—Reasonableness of switching charges—Comparisons.

(11) In a case involving the reasonableness of switching charges the Commission resorted to a comparison of switching charges, both industrial and reciprocal, in other cities of the same size and importance, and found many precedents for so doing.

Terminals—Switching charges—Blankets.

(12) In blanketing a terminal for the purpose of prescribing reasonable switching charges, the Commission was of the opinion that it would be no more than equitable in a terminal the size of that in the City of Denver to permit the carriers to assess a somewhat higher charge for switching service to extreme outer points than to points within the general switching territory.

(December 18, 1916.)

COMPLAINT against the carriers operating in the City of Denver as to switching charges of twenty cents per ton, minimum $3.00 per car, and twenty-five cents per ton, minimum $5.00 per car, on reciprocal switching, and twenty-five cents per ton, minimum $5.00 per car, on industrial switching, and rates of eight cents per ton, minimum $2.00 per car, and ten cents per ton, minimum $2.50 per car, prayed for; existing rates found unreasonable, and rates of twenty cents per ton, minimum $4.00 per car, on industrial switching (with exception as to extreme long hauls of Colorado & Southern Railway of twenty-five cents per ton, minimum $5.00

per car), and fifteen cents per ton, minimum $3.00 per car, and twenty cents per ton, minimum $4.00 per car, on reciprocal switching, prescribed together with definitions of switching district.

APPEARANCES: J. W. Kelly, for Complainants; Whitehead & Vogl, for Intervenor; Henry T. Rogers, George A. H. Fraser and J. C. Burnett, for The Atchison, Topeka & Santa Fe Railway Company; E. E. Whitted, T. R. Woodrow, for Chicago, Burlington & Quincy Railroad Company; Wm. V. Hodges, D. Edgar Wilson and H. H. Healy, for The Chicago, Rock Island & Pacific Railway Company; J. M. Dickinson, Receiver; E. E. Whitted, T. R. Woodrow and H. A. Johnson, for The Colorado & Southern Railway Company; Gerald Hughes, H. S. Robertson and E. I. Thayer, for The Denver & Inter-Mountain Railroad Company; E. N. Clark and Fred Wild, Jr., for The Denver & Rio Grande Railroad Company; Tyson S. Dines, Tyson S. Dines, Jr., and W. H. Paul, for The Denver & Salt Lake Railroad Company; Tyson S. Dines and Tyson S. Dines, Jr., for The Northwestern Terminal Railway Company; C. C. Dorsey, J. Q. Dier and E. I. Thayer, for Union Pacific Railroad Company.

STATEMENT.

By the Commission:

On July 6, 1915, complainants filed with the Commission a petition alleging that the postoffice address of the complainants is Denver, Colorado, and that the postoffice address of the defendant public utility corporations operating within the State of Colorado and within the City and County of Denver, is Denver, Colorado.

The petition further alleges that the defendants are charging, demanding and receiving unjust, unreasonable, burdensome, excessive, harmful, unlawful and dis-

criminatory freight switching rates and charges for the switching of freight cars within the City and County of Denver.

It is further alleged that the City of Denver has a population of about 240,000 inhabitants and has within its boundaries an area of fifty-nine and one-fourth square miles; and that the City of Denver is served by the defendants as common carriers in the carriage and conveyance of freight commodities usually supplied for the use of a large city and the inhabitants thereof, and that the defendant carriers have numerous freight switches and switching tracks departing from and connecting with their main lines and terminals, onto which the freight cars containing these freight commodities are switched and left upon arrival at Denver for the purpose of being unloaded by the consignee thereof; and that when the said freight cars are so moved and conveyed to the said switches and switching tracks by the said defendants, or any of them, there is imposed upon the contents of the said freight car a charge known as a switching charge in the sum of twenty cents per ton if the switch is made within a certain prescribed district, and twenty-five cents per ton if made from one industrial plant to another or within a certain district covering a wider area outside of the prescribed district; and that the freight switching charge, in some instances, is absorbed by the carrier which moves the freight cars and delivers them to the consignee, and in other instances is charged directly to, and paid by, the consignee as a part of the freight bill; that in all cases the freight switching charge is paid either by the consignee directly, or, indirectly, by the public.

It is further alleged in the petition that if the freight switching charge is paid indirectly by the public, it is represented in, and made a part of, the general

freight rates of the defendant carriers; and that the freight switching service given by the defendant carriers in the City of Denver is provided and maintained by the carriers at a cost no greater than is incurred in switching in any other similar city in the United States, as the topography of the area, upon which the defendant carriers operate in the City of Denver, is comparatively level and the real estate comprising the terminal properties is extremely low in value, and as all other elements of the switching cost are reasonably small.

It is further alleged that the switching rates are so unfair and unreasonable as to cast a great burden upon the manufacturing plants of the City of Denver and the owners thereof, and that many of the manufacturing plants have been prevented from thriving and growing because of the excessive freight switching charges; and that these charges have prevented other manufacturing plants from being established and located in the City of Denver; and the petitioners pray for an order of this Commission declaring these rates and charges to be unreasonable, and establishing fair and reasonable charges for switching within the City of Denver.

The defendant carriers filed answers with the Commission denying generally that the rates and charges for switching within the City and County of Denver are unreasonable and excessive. The defendant carriers, Union Pacific Railroad Company and The Denver & Inter-Mountain Railroad Company, attacked the jurisdiction of the Commission in this cause, and further alleged that exclusive jurisdiction over rates and charges for switching is vested in the Interstate Commerce Commission.

On the 19th day of July, 1915, the Consumers' League of Colorado, a corporation, filed a petition of intervention and the Commission ordered the Con-

sumers' League of Colorado to be made a party, as provided by law in such cases.

This cause came on for hearing on the 30th day of September, 1915, before the Commission at its hearing room in the Capitol Building in the City and County of Denver, Colorado, at which time the Commission overruled the motions of the defendant carriers, Union Pacific Railroad Company and The Denver & Inter-Mountain Railroad Company, attacking the jurisdiction of the Commission.

The parties to the cause introduced into the record the evidence of many witnesses sustaining their respective positions.

The sole question before the Commission for determination in this cause is whether the present reciprocal and industrial switching charges as demanded, collected and received for services performed by the several defendant carriers in the City of Denver, Colorado, are just, reasonable, and non-discriminatory.

The history of switching charges in the City and County of Denver is interesting, and the record discloses that prior to July, 1902, all switching charges were assessed on a per car basis. The charges ranged from $3.00 to $6.00 per car, depending upon location and distance. July 3, 1902, the Colorado & Southern Company published a tariff providing an industrial switching charge of thirty-five cents per ton, minimum $5.00 per car, between all points on its own lines in the Denver terminal. At the same time its reciprocal switching charges were changed from a per car basis to a per ton basis, as follows:

$3.00-per-car rate, changed to twenty cents per ton, minimum $3.00 per car,

$4.00-per-car rate, changed to thirty cents per ton, minimum $4.00 per car,

$5.00-per-car rate, changed to thirty-five cents per ton, minimum $5.00 per car,

$6.00-per-car rate, changed to forty cents per ton, minimum $6.00 per car.

These were the prevailing charges until September 10, 1902, when the industrial switching charge was changed to twenty-five cents per ton, minimum $5.00 per car, and reciprocal switching was placed on a basis of twenty cents per ton, minimum $3.00 and $4.00 per car, within certain territory, and twenty-five cents per ton, minimum $5.00 per car, beyond such territory.

Between July 3, 1902, and September 10, 1902, all other carriers operating in the City of Denver changed their tariffs to conform with the last mentioned charges made by the Colorado & Southern Company as shown above, which rates have remained in effect since. Twenty cents per ton, minimum $3.00 per car, and twenty-five cents per ton, minimum $5.00 per car, on reciprocal switching, and twenty-five cents per ton, minimum $5.00 per car, on industrial switching, therefore, are the prevailing and uniform switching charges assessed by the carriers at present, and are the subject of attack in this proceeding.

As justification for changing from the per-car basis to the per-ton basis in assessing switching charges, the defendants cite the fact that at the time of the change a considerable portion of the trackage of the Denver terminals was three-rail. The tracks of the Union Pacific, Denver & Rio Grande and Colorado & Southern companies were three-rail at that time, and the Denver & Rio Grande was operating narrow gauge trains into and out of Denver, the capacity of narrow gauge equipment at that time being 16,000 pounds, and of standard gauge equipment from 32,000 to 60,000 pounds. About the years 1900 to 1902, the carriers began to purchase

larger equipment. Narrow gauge cars of 50,000 pounds capacity came into general use and standard gauge equipment was increased in capacity from 32,000 and 60,000 pounds to 80,000 and 100,000 pounds capacities.

Owing to the increase in the capacity of their equipment, the carriers did not consider that they were receiving just compensation for the service performed under the then prevailing rates, and believed that, owing to the wide range in the capacity of equipment in use, a charge based upon tonnage would be more equitable than a per-car charge. No testimony was introduced to show what effect this change had upon the revenues of the carriers. It was obvious, however, that the change was beneficial to them, as in every instance the old flat rate per car was made the minimum charge under the new tariffs.

The parties defendant in this case represent every steam road operating in the City of Denver. The terminals of some are extensive, whole those of the others are small and inconsequential, insofar as their mileage and volume of business done are concerned. The mileage within the Denver terminals is as follows:

Chicago, Burlington & Quincy R. R.	39.60
Colorado & Southern Ry.	107.50
Denver & Inter-Mountain R. R.	5.00
Denver & Rio Grande R. R.	37.00
Northwestern Terminal Ry.	9.00
Union Pacific R. R.	71.00
Total	269.10

The Atchison, Topeka & Santa Fe Railway has approximately eight miles of track in the Denver terminal, the same being included in the figure shown for the Colorado & Southern Railway, as the operations of these two carriers are handled jointly. The Chicago, Rock

Island & Pacific Railway owns no tracks in the City of Denver, but operates jointly with the Denver & Rio Grande Railroad. The Denver & Salt Lake Railroad has no terminals, but operates over the tracks of the Northwestern Terminal Railway.

The length of the combined terminals is approximately ten miles, extending through the city in a northerly and southerly direction, and the width is one to three miles, extending in an easterly and westerly direction, with the Union Depot situated approximately in the center. All of this mileage is available to all shippers seeking switching service under the prevailing rates as shown, with the exception of a few industries located in isolated places outside of the established switching zone.

The testimony and exhibits show that almost all of the industries using track facilities are located within a radius of two miles from the Union Depot, the greater number being within one mile and comparatively few being more than two miles distant.

It appears that the defendant carriers in this case apply the same general principles in assessing switching charges in the Denver terminal as they and other carriers apply at other terminals, particularly in regard to absorbing switching charges on carload freight from, or destined to, competitive points; also in regard to making a somewhat higher charge for industrial switching than for reciprocal switching. In addition to absorbing switching charges on carload freight to and from competitive points, the defendant carriers also follow the practice of absorbing switching charges on competitive commodities, on both interstate and intrastate business. Practically all of the carriers operating in Denver, especially the larger lines, carry the following clause in their tariffs:

"Foreign line switching charges will be absorbed on carload traffic originating at a junction point of a foreign line destined to a junction point of a foreign line, or when originating beyond junction point interchanged with a foreign line at a junction point, both the original point and point of destination being junction points of foreign lines."

All Missouri River points and points east thereof, as well as all Pacific Coast points, are considered competitive. In addition, most points in Nebraska, Kansas, Oklahoma and Texas are considered competitive points, and switching charges on shipments from these points are absorbed by the carrier performing the line haul. On the other hand, most intrastate business handled in the Denver terminal either originates at or is destined to non-competitive points, and on all such shipments the shipper is compelled to pay a charge where switching service is performed, except when the commodity is classed as competitive, in which event the carrier performing the line haul absorbs the switching charges. The shipper pays no part of a competitive point switching charge, except as the charge may be reflected in the line haul.

It should be noted that there is some variation in what the different carriers consider competitive commodities, there appearing to be no fixed rule or practice; it seems to be entirely a matter of local concern to each carrier, depending principally upon its desire to build up traffic on its own line. Competitive commodities in a general way consist of heavy articles, such as lime, cement, lumber, stone, etc. Coal is considered a competitive commodity by all carriers and constitutes a large volume of their business.

The smaller lines which are parties defendant in this case did not participate at the hearing to the extent

of offering testimony. The four larger lines, to-wit: The Colorado & Southern, the Chicago, Burlington & Quincy, the Denver & Rio Grande and the Union Pacific companies, offered considerable testimony to substantiate their positions and to show that the prevailing switching charges were not unreasonable.

Figures were submitted by the larger carriers showing the amounts received for switching in the City of Denver for the fiscal year ended June 30, 1915. The following statement gives in detail the amounts received from reciprocal and industrial switching and the amount the carriers absorbed:

	Total Amount Received	Received from Connecting Lines	Per cent of Total	Received from Industrial Switching	Per cent of Total
C. B. & Q. R. R.	$ 64,056.33	$ 63,710.91	99.46	$ 345.42	0.54
C. & S. Ry.	159,949.58	141,370.86	88.38	18,578.72	11.62
D. & R. G. R. R.	49,280.61	48,915.94	99.26	364.67	0.74
U. P. R. R.	33,828.45	32,711.12	96.69	1,117.33	3.31

	Paid Connecting Lines	Absorbed	Per cent of Switching Charges Absorbed
C. B. & Q. R. R.	$ 33,812.10	$ 24,047.70	71.12
C. & S. Ry.	43,328.57	40,647.34	93.81
D. & R. G. R. R.	47,003.35	38,693.59	82.34
U. P. R. R.	81,490.59	66,595.83	81.70

These figures represent the entire switching business done during the period shown, and include both interstate and intrastate traffic. From this statement it will be seen that the switching charges absorbed by the carriers range from 71.12 per cent of connecting-line switching, in the case of the Chicago, Burlington & Quincy Railroad Company, to 93.81 per cent, in the case of the Union Pacific Railroad Company, the average of the four companies being 82.24 per cent.

The American Railway Association has estimated that the depreciation, up-keep and interest on invest-

ment of a freight car approximates forty-five cents per day, which amount represents the per diem charge carriers assess against foreign lines for the use of equipment. The defendants estimate that the average detention to freight cars in switching service in the Denver terminal is five days, and by general agreement the line receiving the car to be switched to an industry on its lines is permitted to make a re-claim against the delivery road for five days' time at forty-five cents per car per day, or a total of $2.25 for each car so switched. This is intended as an offset for the amount the receiving line is compelled to pay the owner of the car for the time it is in its possession.

The Colorado & Southern Railway Company and the Chicago, Burlington & Quincy Railroad Company introduced testimony and exhibits to show in detail the estimated value of their terminals, the revenue derived therefrom and the cost of operation. The Denver & Rio Grande Railroad Company also offered testimony along the same lines, but in less detail.

A summary of the valuation of the Denver terminal of the Colorado & Southern Company, as shown by the exhibits introduced by that Company, is as follows:

C. & S. Ry. Co. Exhibit No. 1 (J. H. B.).

Tracks, as valued by Chief Engineer	$1,747,761.00	
Less tracks used for passenger traffic	62,903.64	
		$1,684,857.36
Real estate and right of way as valued by Real Estate Commissioner	$6,734,518.00	

Less land now covered by lease to industries	$873,429.00		
Land included in Coach yards	514,550.00		
		1,387,979.00	
			5,346,539.00
Value of switch engines assigned to and used in Denver, Terminal freight service			191,701.83
Total value of property in Denver Terminal devoted to freight railroad business...			$7,223,098.19

For the purpose of presenting evidence in this case, the Colorado & Southern Railway Company made an extended study of the terminal freight car movement on its tracks in the City of Denver, together with summaries of the terminal expense. In compiling these statistics the month of March, 1915, was selected as fairly representative of the traffic handled during the entire year. In ascertaining the terminal movements of the cars handled, the Company followed the method adopted by the Wisconsin Railroad Commission in *In re* C., M. & S. P. Ry. Switching Rates in Milwaukee, 14 Wis. R. C., 261. The data comprising these exhibits was collected and assembled entirely by the officers of the railway company, and this Commission has made no verification of the same.

EXHIBIT NO. 5 (J. H. B.)

THE COLORADO AND SOUTHERN RY. CO.

DENVER TERMINAL, MONTH OF MARCH, 1915.

Table Showing Mileage Made and Number of Times Handled by Road and Switch Engines.
Classified According to Types of Movement.

Type of movement.	No. of Cars	Per cent total Cars	Road Engine	Miles	Per cent Total miles	Times handled	Per cent total times	Switch engine	Miles	Per cent total miles	Times handled	Per cent total times	Cost of each car moved
Through	794	6.08	.....	6,949	13.71	1,588	13.87	....	321	1.08	1,803	4.19	....
Av. miles			Per Car	8.75		2.00		....	.40		2.27		4.95
Outbound	2,382	18.25	.....	11,061	21.83	2.382	20.80	....	4,919	16.54	6,880	16.00	....
			Per Car	4.64		1.00			2.07		2.89		6.30
From connection	2,037	15.60	.....	10,650	21 02	2,037	17.79	....	2,611	8.78	3,314	7.71	....
Outbound			Per Car	5.23		1.00			1.28		1.63		3.55
Inbound	3,089	23.66	.....	12,813	25 29	3,089	26.97	....	8,474	28.48	12,227	28.44	....
			Per Car	4.15		1.00			2.74		3.96		8.63
Inbound to	2,355	18.04	.....	9,199	18 15	2,355	20.57	....	2,881	9.68	6,408	14.91	....
Connections			Per Car	3.91		1.00			1.22		2.72		5.93
Terminal	2,399	18.37	.....					....	10,543	35.44	12,355	28.74	....
									4.39		5.15		11.22
Total	13,056	100.00	.....	50,672	100.00	11,451	100.00	....	29,749	100.00	42,987	100.00	....
Avr. mlge. and hldgs.				4.75		1.07			2.28		3.29		7.17

Office General Auditor.
Denver, Colo., Sept. 29, 1915.

Total cost	$93,654.71
Total number of movements	42,987
Average cost per each movement	2.1787

EXPLANATORY NOTES TO FOREGOING EXHIBIT J. H. B. NO. 5.

Through movements, consist of straight C. & S. Ry. through movements.

Outbound movements, consist of shipments originating in Denver terminal, on C. & S. Ry. tracks and going out via C. & S. Ry.

From connections outbound, consist of shipments received in Denver from connections, regardless of originating point, and leaving Denver via C. & S. Ry.

Inbound movements, consist of shipments coming into Denver via C. & S. Ry. and delivered to consignee by C. & S. Ry.

Inbound to connections, consist of shipments coming into Denver via C. & S. Ry. and delivered to connections regardless of destination.

Terminal movements, consist of shipments from one industry on the C. & S. Ry. in Denver terminal to another and from connections to industries on C. & S. Ry. in Denver terminal, and from industries on C. & S. Ry. in Denver terminal to connections.

THE COLORADO & SOUTHERN RAILWAY COMPANY EXHIBIT NO. 3 (J. H. B.).

Hire of Equipment Valued on Per Diem of Forty-five Cents, Allowance for Loading and Unloading Each Car on Free Time Being Two Days.

Repairs—

Per diem	$ .45	
Per diem each car per year....	164.25	
Less interest and depreciation.	108.00	
Repairs per car per annum...	56.25	
Repairs per car per day.....	.1541	
13,056 cars at $.1541 per day...	2,011.93	
13,056 cars per $.1541 for two days		$ 4,023.86

Depreciation—		
Average value freight car....$	900.00	
Depreciation per car per annum at six per cent.....	54.00	
Depreciation per car per day..	.1479	
13,065 cars at $.1479 per day...	1,930.98	
13,065 cars for two days.....		3,861.96
Interest—		
Interest figured same as above.		3,861.96
Total for one month.....		$11,747.78

THE COLORADO & SOUTHERN RAILWAY COMPANY.

Summary (J. H. B.).

Denver Terminal Freight Expense for One Month.

Interest on property used		$36,115.49	
Taxes		6,964.27	
Interest, depreciation and repairs to freight cars used in terminal service		11,747.78	
Operating expenses:			
Maintenance of way...$	7,618.38		
Maintenance of equipment	4,025.15		
Transportation	25,428.06		
General	1,755.58		
Total		38,837.17	
Total cost of switching in Denver terminals.....			$93,654.71
Total number of loaded cars handled in Denver terminals during month of March, 1915.....			13,056

Average cost per loaded car		7.17
Average tons per loaded freight car	22.57	
Average cost per ton		.32

A summary of the data and evidence introduced by the Chicago, Burlington & Quincy Railroad Company as to the value of its terminals and the cost of operating the same is as follows:

Track and track equipment	$1,156,626.00
Real Estate	6,389,403.45
Walnut and Blake St. tracks	465,279.99
Eleven switch engines	96,190.00
Total	$8,107,499.44

This statement excludes the value of real estate occupied by coach yards, includes $600,000 value of leased lands, includes $600,000 approximate value of vacant land not used for any purpose, and includes property used jointly in freight and passenger business.

The following is a summary of the exhibits introduced by the same company, showing interest on investment, taxes and operating expenses applicable to freight switching in the City of Denver for the year ended June 30, 1915:

Interest on value of land	$377,594.21
Interest on value of improvements	69,397.56
Interest on value of Market and Blake St. tracks	27,916.80
Taxes, interest on value of switch locomotives and depreciation, interest and repairs on freight cars	168,355.52
Operating expenses	188,241.95
Total cost freight switching, Denver yard	$831,506.04

Total number of loaded cars handled in Denver yard year ending June 30, 1915	93,689
Average cost per loaded car handled	$8,875

Mr. Fred Wild, Jr., Freight Traffic Manager of the Denver & Rio Grande Railroad Company, testified on behalf of that Company as to the value of its Denver Terminal and cost of operation. Mr. Wild frankly admitted that his statements were mere estimates compiled from data furnished him by the General Auditor and Chief Engineer. A summary of his testimony is as follows:

Value of Terminal	$3,000,000.00
Value of switch engines	90,000.00
Total value	$3,090,000.00
Expenses chargeable to Denver Terminal for month of June, 1915:	
Interest on value of $3,000,000.00 at seven per cent	$ 17,500.00
Interest on value of switch engines	525.00
Taxes	21,275.00
Operation	19,763.66
Total	$ 41,038.66
Number of loaded cars handled month of June, 1915	6,364
Average cost per loaded car	$6.45
Average number of tons per car handled	22.18
Average cost per ton	.29

In the statement of the Colorado & Southern and Chicago, Burlington & Quincy Companies, interest is computed at six per cent, while in that of the Denver & Rio Grande it is seven per cent. It will be noted that the cost of switching cars in the Denver Terminal based on the statements and testimony of the several defend-

ants herein varies in every instance. These statements show that the cost to the Chicago, Burlington & Quincy Company is $8.87 per car; to the Colorado & Southern Company, $7.17 per car; and to the Denver & Rio Grande Company, $6.45 per car.

In the exhibits of the Colorado & Southern and the Denver & Rio Grande Companies, these figures were reduced to a cost per ton basis as follows:

C. & S. Ry. ..... 32c per ton
D. & R. G. R. R. ..... 29c per ton

The practice of absorbing connecting lines' switching charges on carload freight to or from competitive territory is universal with all carriers throughout the United States. It is a condition forced upon the carriers by competition. The custom dates back to the beginning of competitive business between carriers, and is now so interwoven in the fabric of traffic conditions that it would be almost impossible to eliminate the practice, even if the carriers desired to make the change. This fact is fully recognized by all regulatory bodies. The defendants in this case assume the position that so long as the carriers themselves absorb and pay connecting line switching charges on competitive business, it is of no concern to the shipper, as he pays no part of it and the same rate would apply whether switching charges were absorbed or not. Theoretically this may be true, especially as applied to an isolated shipment. However, to properly determine this question, it is necessary to consider the situation as a whole, rather than particular instances.

(1) In the opinion of the Commission, this conclusion of the carriers is based on an erroneous premise and cannot stand in the light of reason and logic. The carriers have but one source of revenue; that derived from transportation in one form or another. The grand ag-

gregate of this revenue should be sufficient to cover the expense of operation, maintenance, and a reasonable return upon the investment as a whole. There are many elements which go to make up freight rates, and it must be presumed that in fixing rates, the carriers have taken into consideration the item of cost of service. It cannot be presumed that the carriers, when establishing a certain rate from a competitive point to the City of Denver, have any way of knowing the number of shipments upon which they will be required to absorb connecting lines' switching charges. It can be assumed, however, that they expect to absorb switching charges on a portion of the shipments, and, as the expense incident thereto is a direct charge against operation, it is only logical to conclude that such expense was considered when the rate was established, and therefore a direct charge against shippers. The sole purpose of absorbing connecting lines' switching charges is to secure the line haul which otherwise would go to competitors; and to foster and build up traffic on competitive commodities located on the lines of the respective carriers, and in this way secure a volume of business which could not be obtained otherwise.

(2) In the first instance, reciprocal switching charges are a matter of agreement among the various carriers affected. It is a method by which one carrier secures the advantages of another carrier's terminal under a reciprocal agreement. It is intended, and ordinarily is the case, that such charges shall offset each other, especially as applied to all of the terminals on a large system. However, in considering one terminal alone, as in the present case, it is quite natural that the carrier having the largest terminal and the most industries to serve receives a distinct benefit which does not accrue to the line having a small terminal. Reciprocal switching

charges have an indirect, if not a direct, bearing on rates, and therefore are subject to regulation by the Commission. Such charges, in the light of all circumstances and conditions, must be reasonable and non-discriminatory.

Section 13 (a) and Section 23 (a) of the Public Utilities Act read as follows:

"Section 13 (a) All charges made, demanded or received by any public utility, or by any two or more public utilities, for any rate, fare, product or commodity furnished or to be furnished or any service rendered or to be rendered, shall be just and reasonable. Every unjust or unreasonable charge made, demanded or received for such rate, fare, product or commodity or service is hereby prohibited and declared unlawful."

"Section 23. (a) Whenever the Commission, after a hearing had upon its own motion or upon complaint, shall find that the rates, tolls, fares, rentals, charges or classifications, or any of them demanded, observed, charged or collected by any public utility for any service or product or commodity, or in connection therewith, including the rates or fares for excursion or commutation tickets, or that the rules, regulations, practices, or contracts, or any of them, affecting such rates, fares, tolls, rentals, charges or classifications, or any of them, are unjust, unreasonable, discriminatory, or preferential, or in any wise in violation of any provisions of law, or that such rates, fares, tolls, rentals, charges, or classifications, are insufficient, the Commission shall determine the just, reasonable or sufficient rates, fares, tolls, rentals, charges, rules, regulations, practices, or contracts to be thereafter observed and in force, and shall fix the same by order as hereinafter provided."

(3) The testimony of the defendants in this case was intended to show that they were not receiving a fair return upon the value of their terminals, their defense being predicated on the assumption that the value of their terminal property should be separated from the other part of their property and that they were entitled to earn a fair return upon the value of the property so

segregated. This Commission cannot agree with that theory, but on the contrary is inclined to believe that terminal property is no more or less important in the transaction of the business of the carriers than any other part of their systems. Their main lines and their terminals must be considered together. Either would be practically valueless without the other.

A study of the exhibits introduced in this case indicates very clearly that a large percentage of switching performed in the Denver terminal is associated with a road movement and that the expense incidental thereto should not be assessed entirely against the terminal property. In I. & S. Docket No. 572, Lighterage and Storage Regulations at N. Y., 35 I. C. C., 47, the Interstate Commerce Commission said:

"Carriers cannot segregate a terminal service, heretofore treated as a part of transportation service covered by the freight rate, and assign to it a separate charge, without taking into consideration the entire through service of which it forms a part and the compensation heretofore received for such through service."

There is probably no large railroad terminal in the country where the revenues derived from switching after deducting cost of operation, maintenance and taxes, would give a carrier a fair return on the investment represented by that terminal, if the value of the same be considered separate and apart from the balance of the system; and it is not expected that it would. As an illustration, the Colorado & Southern Company, one of the defendants in this case, claims that the average cost of switching a loaded car in the Denver terminal is $7.17. This Company operates a line of railroad both north and south of the City of Denver. Assuming that a loaded car moves over its line from Pueblo to Greeley, it necessarily passes through the

Denver terminal. The tariff rate applying on such shipment contemplates not only the line-haul service, but the Denver terminal service as well. The entire revenue derived and expense incurred in transporting such a shipment should be spread over the entire mileage. The same is true of any similar shipment. It naturally follows that it would be unfair to charge the entire terminal cost against the investment in the Denver terminal. It is equally unfair to expect shipments from non-competitive points, on which a shipping charge is exacted, to pay the entire cost of operating the terminal.

The Interstate Commerce Commission in numerous cases has found that large railroad terminals are not self-sustaining. In Louisville & Nashville R. R. Coal and Coke Rates, I. & S. Docket No. 71, 26 I. C. C., 20 (29), the Commission said:

"Hence, whether or not the record indicates profit on the particular division is not controlling, as the incidental benefit to the other portions of the system may much more than offset any loss upon the particular division. It is to be expected that an originating division would apparently not be self-supporting any more than would the average large terminal in a city. To make them self-supporting it is necessary to assign to the originating division and to the terminal a sufficient portion of the revenues to more than offset the expenses. This would have to be an arbitrary sum. It could hardly be accomplished by the ordinary method of pro-rating the revenue or dividing it under a block-mileage system."

(4) The carrier with large terminal facilities has a distinct advantage and value over the carrier with small terminal facilities, other than the revenue derived from switching service, in that it has the direct means of securing business from shippers located on its line

which it could not obtain otherwise. The Commission believes that this value should be given consideration. While it is impossible to estimate what this value is to a carrier, it is known to be great, which fact is recognized by the carriers themselves. It is only natural that a shipper should route the major portion of his shipments over the line owning the terminal on which his establishment is located; or, if he is located where it is necessary to load or unload from team tracks, that he naturally would use the line located nearest to his place of business.

(5) The defendants herein allege that if an order is made in this case which would result in a decrease in switching charges on intrastate business, it would result in placing an undue burden on interstate traffic. This allegation is not borne out by the evidence. On the contrary, it is clearly evident from the record that under the present plan of absorbing switching charges on carload freight to and from competitive points, the burden falls most heavily on intrastate shipments. This is accounted for by the fact that a substantial part of the interstate business moving into and out of the Denver terminal is considered competitive and therefore the switching charges are absorbed by the carriers, while on most of the intrastate shipments moving into and out of the terminal, except such commodities as are treated as competitive, the shipper is compelled to pay the switching charges himself, thus in effect penalizing the local shipper as against the advantages accruing to a shipper of interstate freight.

While it may not be entirely germane to the question before it, the Commission nevertheless feels that it would not be out of place to state that in its opinion it would be advantageous to all concerned if the carriers would treat the entire terminals of the City of

Denver as a unit, and so adjust their tariffs and rates that they could absorb switching charges on all traffic, whether competitive or not. This principle was recognized and upheld by this Commission in Case No. 6, Consumers' League of Colorado v. Colorado & Southern Railway Company, *et al.*, 1st Annual Report, Colo. P. U. C., 163, wherein it said:

"The Commission believes, and so finds, that for the entire haul from any mine situated on any of the lines of defendants in the Northern Coal Fields to the City of Denver, and including a switching charge to connecting or foreign carriers, the rates of sixty-five cents on lump, sixty cents on mine-run, and fifty-five cents on slack would be a reasonable charge; this charge to include the line haul as well as switching charges necessarily involved in spotting cars on industries within the limits of the City of Denver, and including delivery to connecting or foreign carriers.

"The Commission has reached this conclusion after long and laborious work in endeavoring to reconcile the opinion of Judge Perry with the previous opinions of this Commission. We believe it would be disastrous to the mines, the carriers, and the dealers, if two charges were permitted to exist at one and the same time."

Whatever legal objections there might have been in promulgating the order in that case were overcome by the Commission in joining the defendants in an order requiring them to publish through rates from the mines to all points in the City of Denver and allowing them to divide the revenue on any basis satisfactory to them.

(6) The Commission is inclined to the view that it is to the best interests of all concerned for the carriers to apply, within reasonable bounds, the blanket method of assessing switching charges, rather than for them to divide their terminals into small zones and as-

sess a different charge for each zone. By applying the blanket system, each shipper is placed on an equality with his competitors, regardless of his location in the terminal, so long as he is located within a reasonable prescribed switching area. So far as the cost of service is concerned, it matters little to the carrier whether a car is moved a distance of one city block or one mile. The Interstate Commerce Commission, in I. & S. Docket No. 211, *In re* Switching Charges at Sheffield, Minnesota, 26 I. C. C., 475, said:

"It is very difficult to fix any figure which will be in all cases just for the performance of a switching service. So much depends upon the conditions of each case that no universal rule can be laid down. It is our impression that the usual charge for the ordinary switching service in the territory under consideration is from $2.00 to $3.00 per car.

"The defendant contends that this switch movement is abnormal in that the length of the haul is three miles. This is undoubtedly a much longer haul than the normal movement and may properly call for increased compensation, but the defendant overestimates the weight which should be given this circumstance. Looking merely to the out-of-pocket cost of the service, it is not of great significance when the car is once upon the main line in charge of the switch engine and crew, whether it be moved a thousand feet or three miles. The time, and therefore the expense, incident to a switch movement comes largely from the delay in sorting out a particular car and placing it in a particular place. While the length of the haul in this instance should receive substantial recognition, it does not multiply the charge, as the defendant apparently contends."

While the more important lines, parties defendant in this case introduced elaborate tables to show the cost

of switching service, it is evident nevertheless from the record that in the past they have paid little, if any, attention to this cost in assessing switching charges. This is evidenced from the fact that the cost to each line is different, while the charges for switching service performed is uniform.

(7) There is no reason to doubt the accuracy of the figures submitted by the several defendants herein, but the Commission cannot agree entirely with the formula used in arriving at the unit cost. It is evident that some consideration should have been given to the empty car movement through the Denver terminal. Undoubtedly, there is quite a movement of empty equipment through the terminal having no connection or association with the loaded car movement, and if this factor had been considered in the compilation of the exhibits, it would have resulted in showing a marked decrease in the cost per car as shown by the exhibits introduced in the case.

The Railroad Commission of Wisconsin, *In re* C. M. & St. P. Switching Rates in Milwaukee, *supra,* made an elaborate analysis of switching service and costs of the Chicago, Milwaukee & St. Paul Railway Company in its Milwaukee terminal, and found that it would be impracticable to fix a switching rate which would vary with distance, owing to the fact that in many instances it would result in prohibitive rates. The elements of cost and distance were disregarded, therefore, except for the purpose of arriving at an average. An order was entered prescribing a uniform rate for switching service to all points in that terminal. In that case, the Commission said (270):

"It is evident at once that if each movement be called upon to pay a rate exactly equal to the estimated average cost of performing the service, and including

in such cost all indirect or overhead costs and dividends, many of the movements could never be made on account of the prohibitive rate. The carrier should be satisfied with a rate which, while not covering all the items upon which it is entitled to a return, will nevertheless pay all the direct costs and assume a share of the burden of indirect costs. This reasoning is in line with principles often applied in tariff making in general."

(8) The Comission can find no fault with the carriers for changing the switching charges from a flat rate per car to a per ton basis, but is inclined to the belief that the per ton method is much more equitable and fair than a flat charge per car; in fact, that it eliminates a certain form of discrimination. It certainly is worth more to a shipper to have a fifty-ton car switched than it would be to have a twenty-ton car moved. While the cost of service to the carrier may be more in one instance than in the other, it is evident that such increase is merely nominal. There is, however, a certain fixed cost in every switching movement, and the Commission feels that the carrier should be permitted to continue the practice of assessing a minimum charge for each car switched, regardless of weight.

(9) There is a substantial difference between reciprocal and industrial switching. The latter is distinguished from the former by the fact that it is not associated with a line haul and is a more expensive service to the carrier. This difference is generally recognized and a somewhat higher charge is made for this class of service. Ordinarily, industrial switching is merely incidental compared with other terminal services rendered by a carrier. The record indicates that this is particularly true in the case before us. Exhibits introduced by the defendants show that the percentage of revenue

derived from industrial switching, as compared to the total revenue received on account of switching, is as follows: Union Pacific, 3.31 per cent; Denver & Rio Grande, .74 per cent; Chicago, Burlington & Quincy, .54 per cent, and the Colorado & Southern, 11.62 per cent, the general average for the four lines being 6.62 per cent. Industrial switching is in a sense competitive with the drayage business. This fact should receive more or less consideration in determining what would be a fair rate of charge for such service. There should, however, be a fair ratio between the two classes of switching service—reciprocal and industrial. Local conditions undoubtedly have a material bearing on this situation.

(10) An effort was made by the complainants to show that switching conditions in the City of Denver were unusually favorable, while the defendants undertook to show that the conditions were decidedly unfavorable. The Commission is not impressed with the showing made by either side in this particular. It can find nothing in the record warranting a belief that switching conditions in the City of Denver are materially different from conditions prevailing in other cities of equal size and importance. Bearing this in mind, the Commission is impressed with the fact that the revenues from industrial switching are inconsiderable as compared to the total switching revenue. It is difficult to account for this condition unless it be that shippers find it cheaper to use drayage.

It was alleged by the complainants, and an effort was made by the introduction of testimony to prove the allegation, that excessive switching charges within the City of Denver were the direct cause of the abandonment of manufacturing plants within the City of Denver, and the contention was also made that switching

charges within the City of Denver were so excessive as to be prohibitive to prospective manufacturing industries. The testimony was not such as to convince the Commission of the truth of the allegations. If the manufacturing industries of Denver and Colorado have been handicapped by excessive charges of common carriers, it is due to the freight rates into and out of Colorado, rather than the switching charges within the City of Denver. The Commission already has filed a case, in behalf of the State of Colorado, with the Interstate Commerce Commission in an effort to bring about an effective readjustment of alleged excessive freight rates into and out of the State of Colorado, and if the allegations contained in the complaint of The Public Utilities Commission and The Fair Freight Rates Association are sustained by the Interstate Commerce Commission, much-needed relief will be given immediately to Colorado manufacturing industries.

Mr. J. K. Mullen, one of the witnesses for the complainants in this case, a gentleman who has been engaged in the flour and milling business in the City of Denver for many years, and who is recognized as one of the representative business men of that city, testified that in many instances he found it cheaper to dray his product than to avail himself of the service of the railroads on account of their charge of twenty-five cents per ton. He also testified that the usual charge for drayage by electric and auto trucks is one cent per hundred pounds. The Commission believes that the testimony of Mr. Mullen clearly indicates the reason why the revenues from the industrial switching are of such small proportion, and feels that if a reduction should be made in the rate for this class of service it would enable the carrier to meet this competition, and, instead of result-

ing in a loss, would result in an increase of revenue from this source.

(11) In arriving at what would be a reasonable switching charge, both reciprocal and industrial, in the City of Denver, the Commission will resort to a comparison of charges exacted at other places of like size and importance. There are many precedents for this. In fact, the defendants, as well as the complainants, in this case, relied upon this method to prove their contentions. The Interstate Commerce Commission has used this method repeatedly in arriving at conclusions in respect to switching rates, except where peculiar local conditions warranted special consideration. In the case of Transportation Bureau of Seattle v. G. N. Ry. Co., 30 I. C. C., 683, the Commission said:

"We are of the opinion, however, that in the instant case we may attempt the task upon such data as are presented to us, consisting largely of our comparisons of other terminal rates."

See also American Creosote Works v. I. C. R. R. Co., 18 I. C. C., 212; *In re* Wharfage Charges at Galveston, 26 I. C. C., 695; National Casket Company v. S. Ry. Co., 31 I. C. C., 678. Many other cases might be cited to show that the Interstate Commerce Commission has used this method, not only in switching cases, but in rate cases as well.

One of the allegations of the petition was that the average rate for switching service throughout the country was $2.00 per car. The Commission is inclined to believe this to be the fact, since that is the opinion of the Interstate Commerce Commission also. In the case of Spiegle v. S. Ry. Co., 25 I. C. C., 71 (75), the Commission said:

"The charge of switching made by the Southern Railway is in some cases as low as $1.50, and in some

cases as high as $3.00. The usual charge is about $2.00 per car, and this is perhaps the average charge in the country as a whole."

However, in that case the Commission did not attempt to convey the impression that it was a reasonable charge for all terminals. It simply averaged the charges in both small and large terminals in arriving at its conclusion. In the case of the National Casket Co. v. S. Ry. Co., *supra,* the Commission, in referring to the Spiegle case, *supra,* said:

"It may be stated that our estimated cost of $2.00 per car in the Spiegle case was not based upon a single-car movement at any particular point. It contemplated that $2.00 per car was a fair average charge for the service under all the varying circumstances and conditions obtaining at different points."

From this it is plain that the Interstate Commerce Commission does not recognize the fact that a rate of $2.00 per car is a fair or compensatory charge at all terminals. This is emphasized by the fact that that tribunal has rendered many decisions upholding a much larger rate for switching service, as evidenced by the following citations: Slider v. S. Ry. Co., 24 I. C. C., 312; Public Service Commission of Washington v. N. P. Ry. Co., 23 I. C. C., 256; *In re* Alexandria, Va., Switching Charges, 29 I. C. C., 381; Curtis Bros. & Co. v. S. P. Co., 23 I. C. C., 372; Botsford & Barrett v. P. R. R. Co., 29 I. C. C., 469.

The Commission has made a careful survey of switching charges and practices at many places throughout the country, and has found wide variation in the methods of assessing switching charges. It appears that in large terminals the general tendency is towards a per-ton basis, rather than a flat rate per car. In some cases a car rental charge is made in addition to the

switching charge. In other instances, terminals are divided into small arbitrary zones and a different rate of charge applied to each zone. From the research made, it is apparent that as a general thing the charges are higher in a large terminal than in a small one, which is accounted for from the fact that the cost of service is higher and the value of service to the shipper is greater in a large than in a small terminal, where the cost of service is very low and the value of service is comparatively slight.

(12) In blanketing a terminal for the purpose of fixing switching charges it should be spread over a sufficiently large area to embrace all of the general switching movements. In a terminal the size of Denver, and taking into consideration conditions of a purely local nature, it would seem equitable to permit the carriers to exact a somewhat higher charge for switching service to extreme outer points than is charged to points within the general switching zone.

The Commission, from a thorough consideration of the record, and from comparisons made which are a part of the record, is forced to the conclusion that the switching charges, both industrial and reciprocal, as charged, demanded and collected by the several defendants herein for service performed in the City of Denver are unreasonable, unfair and excessive in and of themselves, and also insofar as they exceed the charges assessed and collected for similar service at other terminals of equal size and importance. The several defendants herein will be ordered to cease and desist from charging, demanding or collecting charges for switching service in excess of the charges set forth in the order of the Commission in this cause, which charges are found by the Commission to be reasonable, fair and just

charges for switching service performed within the prescribed switching limits of the City of Denver.

The fact that the Colorado & Southern Railway Company's terminal tracks extend entirely through the Denver District in a northerly and southerly direction makes necessary a special consideration of this road's switching charges with specific reference to Local Industrial Switching. The Commission believes that the additional service incurred in the handling of cars between the two extremities of this carrier's terminals in the Denver District, justifies a charge somewhat greater than that for transportation between two points which does not require a transurban movement over the rails of the same carrier. An exception will therefore be made to the Local Industrial Switching charge providing for a higher amount when such additional service is involved.

ORDER.

This case being at issue upon complaint from the several complainants and intervenors named herein, and a full and complete consideration of the matters and things involved having been had—the evidence and testimony of each defendant having been considered separately and apart from the evidence and testimony of each other defendant, except where the evidence and testimony of any defendant, or defendants, applied to any other defendant or defendants.

IT IS ORDERED, That the carriers, defendants herein, be, and they are hereby, notified and required to cease and desist on or before February 1, 1917, and thereafter to abstain from applying, charging, demanding or collecting their present charges for switching service in the City of Denver.

IT IS FURTHER ORDERED, That the said defendants be, and they are hereby, notified and required

to establish, on or before February 1, 1917, upon notice to the Public Utilities Commission of the State of Colorado, and to the general public, by not less than five days' filing and posting in the manner prescribed in the Public Utilities Act, and thereafter to maintain, the basis of switching charges in the City of Denver as hereinafter set forth; and for the purpose of applying the charges herein shown shall establish a territory known as the Denver District, which shall be divided into two zones, known as the Inner Zone and the Outer Zone.

DEFINITION OF DENVER DISTRICT.

Beginning at a point on the City Limits at the intersection of South Pecos Street and Yale Avenue; thence eastward along Yale Avenue to Franklin Street; thence north to Florida Avenue; thence east to Colorado Boulevard; thence north to Fifty-fourth Avenue; thence west along City Limits to Washington Street; thence north to Fifty-fifth Avenue; thence west to Federal Boulevard; thence south to Fifty-second Avenue; thence west and south along the City Limits to the point of beginning.

Inner Zone.

Beginning at a point on the City Limits at the intersection of Zuni Street and Dakota Avenue; thence east along Dakota Avenue to Josephine Street; thence north to Forty-eighth Avenue; thence west to Race Street; thence north to Fiftieth Avenue; thence west to Franklin Street; thence north to Fifty-second Avenue; thence west to Washington Street; thence north to Fifty-fifth Avenue; thence west to Federal Boulevard; thence south to Fifty-second Avenue; thence west and south along City Limits to the point of beginning.

Outer Zone.

The outer zone is the territory outside of the inner zone, and within the Denver District.

The switching charges named will cover the handling of cars loaded one way and empty the other way, between the points provided for. If the cars are loaded in both directions, charges will apply for each loaded movement.

Industrial Switching.

By industrial switching is meant the movement of a loaded car from an industry, private siding or team track to another industry, private siding or team track, either or both of which may be located on the tracks of the same carrier or two different carriers, within the terminal defined as the Denver District. Industrial switching, involving a movement over the tracks of one carrier only, will be known as Local Industrial Switching, and that involving a movement over the tracks of two or more carriers will be known as Joint Industrial Switching.

Local Industrial Switching.

From an industry, private siding or team track, to another industry, private siding or team track, located on the tracks of the same carrier within the Denver District, the charge shall not exceed twenty cents per ton of 2,000 pounds, minimum charge $4.00 per car, except that if a car originates north of Forty-third Avenue on the Colorado & Southern Railway and is destined to a point on the tracks of the same carrier south of Dakota Avenue, or vice versa, the charge shall not exceed twenty-five cents per ton of 2,000 pounds, minimum charge $5.00 per car.

Joint Industrial Switching.

When a loaded car is moved from an industry, private siding or team track, located on the tracks of a carrier within the Denver District, to an industry, private siding or team track, located on the tracks of another carrier within the Denver District, and which involves

a movement over the rails of two or more carriers, the charge shall not exceed twenty cents per ton of 2,000 pounds for each carrier involved in the haul, subject to a minimum charge of $4.00 per car for each carrier.

RECIPROCAL SWITCHING.

By reciprocal switching is meant the movement of a loaded car from the interchange tracks of a carrier to an industry, private siding or team track located within the Denver District, or from an industry, private siding or team track within the Denver District to the interchange tracks, when the car is received from, or destined to, a point on a connecting line outside of the Denver District.

The charge of a carrier for the service performed by it in handling a car for a connecting carrier, either from an industry to the interchange tracks of the other carrier; from the interchange tracks to an industry on its line, or from its interchange tracks with one carrier to its interchange tracks with still another carrier, shall not exceed:

(a) When the movement is from an industry in the Inner Zone to the carrier's interchange tracks of a connecting line, or from its interchange tracks with a connecting line to an industry in the Inner Zone, or from its interchange tracks with one connecting line to its interchange tracks of a second connecting line, fifteen cents per ton of 2,000 pounds, minimum charge $3.00 per car.

(b) When the movement is from a carrier's interchange tracks with a connecting line to an industry in the Outer Zone, or from an industry in the Outer Zone to a carrier's interchange tracks with a connecting line, twenty cents per ton of 2,000 pounds, minimum charge $4.00 per car.

IT IS FURTHER ORDERED, That the opinion and order in this cause shall apply only to freight traffic moving entirely within the State of Colorado.

S. S. Kendall,
(SEAL) Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 18th day of December, 1916.

CITIZENS OF EDWARDS
v.
THE DENVER & RIO GRANDE RAILROAD COMPANY.

(Case No. 104.)

(December 20, 1916.)

COMPLAINT against inadequate station facilities at Edwards and petition for depot; defendant ordered to erect and maintain suitable station building.

APPEARANCES: W. H. Wellington, for complainant; E. N. Clark, for defendant.

STATEMENT.

By the Commission:

On the 9th day of October, 1916, the Commission received a written petition signed by some thirty-eight (38) citizens of Colorado, residing in and about the trade center of Edwards, Colorado, requesting the construction of a clean, sanitary and suitable depot by The Rio Grande Railroad Company at that place.

On the 19th day of October, 1916, the defendant corporation filed with the Commission its answer to the petition, stating that Edwards is a sidetrack, situated 10.17 miles west of Minturn, Colorado; 4.19 miles from an agency station known as Avon, and 11.82 miles from an agency station known as Wolcott;

That three families, aggregating approximately twelve (12) persons, reside within a radius of one thousand (1,000) feet from the Edwards switch, and that the balance of the petitioners, whose names appear on the petition, reside from one-half of one mile to five miles from said switch;

That the revenue received from freight and passenger business done at said Edwards during the years 1911, 1912, 1913, 1914 and 1915, on inbound and outbound passenger and freight business originating at said point, over all lines from point of origin to destination, was the sum of $21,219.01, or an average of $353.65 per month; and

That in view of the proximity of other agency stations to the Edwards switch, and the small amount of business transacted at this point, the defendant would not be justified in erecting a station at said switch.

On the 3rd day of August, 1916, the Commission received a written report from its inspector, Mr. E. S. Johnson, relative to his visit to Edwards on the 27th day of July, 1916, for the purpose of investigating conditions at that place relative to informal complaint No. 265, requesting depot facilities. The report stated in part:

"Edwards is situated in Eagle County, Colorado, on the second division and second district branch of The Denver & Rio Grande Railroad, about ten (10) miles west of Minturn, and between three (3) and four (4) miles from Avon, the nearest railroad station.

"A general merchandise store is located here (average gross receipts, March to July, 1916, $1,672.14), and some six or seven residence buildings in the immediate neighborhood; a schoolhouse, with an average yearly attendance of thirty-two (32) children. Tributary to Edwards is a farming community of some sixty (60) families; five (5) small mining companies, employing about fifteen (15) men, who receive their shipments through Edwards.

"There are no station facilities of any kind at Edwards. A spur extends from the main line to accommodate shippers. Edwards is a flag-stop for passenger trains Nos. 15 and 16, and for daily freight trains between Minturn and Glenwood Springs.

"A financial statement submitted by the accounting department of The Denver & Rio Grande Railroad Company, showing business transacted at Edwards for the years 1914 and 1915, shows the earnings to be small and, in my opinion, would not warrant the expenditure necessary for the erection of a station building, nearest station being only three (3) or four (4) miles distant. However, considering that the railroad company stops some of its passenger trains here, I believe that a building or shelter should be erected, as no protection is afforded to passengers, or to express and merchandise unloaded at this point."

This report was read into the record at the hearing of the above entitled cause, held in the Commission's rooms, Capitol Building, Denver, December 8, 1916.

It developed from the testimony submitted at this hearing that within a distance of approximately seventeen (17) miles, including the territory at Edwards, there are three (3) agency stations and two (2) non-agency stations. The record also shows that fruit, vegetables and other perishable freight is unloaded frequent-

ly, and this largely for people living some distance north and south of the railroad, in what is known as the Lake Creek and Squaw Creek districts; that almost daily passengers arrive or depart, and that when trains are late, outgoing patrons of the road are compelled to wait in storms and cold without shelter.

Produce in the vicinity, such as hay, oats, barley and potatoes, is shipped from this switch.

ORDER.

IT IS THEREFORE ORDERED, That the defendant, The Denver & Rio Grande Railroad Company, shall, within thirty (30) days, install at the spur on its main line of track, known as Edwards, a suitable shelter of sufficient size to accommodate the business at this point. Same to be painted and provided with seats and a stove.

Plans for same to be submitted to this Commission for its approval within ten (10) days from the date of this order.

(SEAL)

S. S. KENDALL,
GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 20th day of December, 1916.

THE HUERFANO COAL COMPANY, *et al.*,

v.

THE CRIPPLE CREEK & COLORADO SPRINGS RAILROAD COMPANY.

THE PIKE'S PEAK FUEL COMPANY, *Intervenor.*

(Case No. 86.)

Rates—Railroads—Value of Commodity.

(1) The value of a commodity is one of the elements determining the reasonableness of rates, and this fact has received recognition by the Commission in prior cases.

(December 30, 1916.)

COMPLAINT against the rates on coal from the Walsenburg and Trinidad Districts to points in the Cripple Creek District; rates found unreasonable, and rates of $2.75 per ton on lump, $2.65 on nut, and $2.50 on slack, coal, respectively, prescribed from the Walsenburg District with twenty-five cents per ton differential from the Trinidad District.

APPEARANCES: George Manly, for complainants; C. C. Hamlin and J. H. Rothrock, for The Cripple Creek & Colorado Springs Railroad Company; E. N. Clark and Fred Wild, Jr., for The Denver & Rio Grande Railroad Company; E. E. Whitted, A. S. Brooks and George Williams, for The Colorado & Southern Railway Company; Tyson S. Dines, Jr., for intervenor.

STATEMENT.

By the Commission:

On July 8, 1916, the petitioners herein filed with the Commission a complaint attacking the reasonableness of the rates on coal as charged by the several defendants

herein from the Walsenburg and Trinidad Districts to the Cripple Creek District; and alleged that the rates on various classes of coal between the aforementioned points are approximately fifty cents per ton higher than apply from the Canon City Group to the Cripple Creek District, which coal from said District is handled by the same carriers as are complained against in this proceeding and hauled approximately the same distance and under similar conditions; that the character of the coal is approximately the same, and prayed for an order of the Commission to reduce the rates from the Walsenburg District to the Cripple Creek District to the same basis applying from the Canon City Group to the Cripple Creek District, with the usual arbitrary rate of twenty-five cents per ton higher from Trinidad points.

To this petition the several defendants herein filed separate answers, the substance of each being a general denial of the allegations as set forth in the petition, except the admission that the rates charged as shown by the petition were correct.

On September 19, 1916, The Pike's Peak Fuel Company, a corporation created and existing under the laws of Colorado, whose principal business is the mining of lignite coal near Pike View, El Paso County, Colorado, and who alleged that its principal market for its product is the Cripple Creek District, filed a petition of intervention and was permitted to become a party to the cause, as provided by law in such cases.

The issues thus made up, and after due notice to all parties of interest, the cause came on for regular hearing before the Commission at the hearing room, Capitol Building, Denver, Colorado, on October 23, 1916. At the opening of the case, the attorneys for The Cripple Creek & Colorado Springs Railroad Company and Leased Lines filed a motion that the case be continued, and that

all producers of coal, who market or who are endeavoring to market any portion of their products in said District, be notified to appear before the Commission and present their reasons for or against the granting of the application herein to the end that a general investigation and hearing be had into the reasonableness of all rates to the Cripple Creek District from all coal mining districts in the State of Colorado. This motion was overruled by the Commission and testimony was taken.

The record discloses the fact that the Cripple Creek District receives its coal supply from four coal-producing districts, designated as Southern, Canon City, Colorado Springs and Western Slope Groups. During the year 1915, the Southern Group furnished approximately thirteen and two-thirds per cent, Canon City Group twenty-three per cent, Colorado Springs Group thirty-three and one-third per cent, and the Western Slope Group thirty per cent of the total. The coal from all of the above named Groups is of a bituminous nature, except that produced in the Colorado Springs District, which is a light lignite, much inferior in quality and much cheaper in price than that produced at the other Groups. The average distance from the three Groups, which are affected in this case, to the Cripple Creek District, is as follows: Colorado Springs Group to Cripple Creek District, fifty-six miles; Canon City Group to Cripple Creek District, 136 miles, and Walsenburg Group to Cripple Creek District, 163 miles.

The present rates applying between these Groups and the Cripple Creek District are as follows:

Walsenburg Group to Cripple Creek District—

Lump, egg and mine run	$3.00 per ton
Nut	2.90 per ton
Slack	2.65 per ton

Canon City Group to Cripple Creek District—

Lump, egg and mine run	$2.50 per ton
Nut	2.40 per ton
Slack	2.15 per ton

Colorado Springs Group to Cripple Creek District—

Lump, egg and mine run	$1.75 per ton
Nut	1.65 per ton
Slack	1.40 per ton

It thus will be seen that the rates on the various classes of coal are fifty cents per ton lower from the Canon City Group than those in effect from the Walsenburg Group, and the rates from the Colorado Springs Group are $1.25 per ton lower than the rates from the Walsenburg Group of mines.

It might be noted here that on April 22, 1916, the Commission, in I. & S. Docket No. 4, *In re* Coal Rates from Canon City to Cripple Creek, 2 Colo. P. U. C. 81, permanently suspended certain tariffs of the carriers, which tariffs contemplated an increase of fifty cents per ton on all classes of coal from the Canon City Group to the Cripple Creek District. The Commission found in that case that the carriers had failed to sustain the burden of proof in justification of the proposed increased rates. The evidence in the case now before the Commission indicates that practically all of the coal shipped from the Canon City Group to the Cripple Creek District is used for domestic purposes, while most of the coal shipped from the Walsenburg District and practically all of the coal from the Colorado Springs District is used for steam purposes.

It appears that, owing to the low quality of the coal produced at the mines in the Colorado Springs District, the Cripple Creek District is the only outside market available to the shippers at that point. The intervenor in this case strongly urged the necessity of a substantial

differential in the rates over its chief competitors, the operators in the Walsenburg District, and to substantiate this position cited the fact that its product from the Colorado Springs District not only is an inferior grade of coal and commands a much less price, but that the mine run coal of this District comes into direct competition in the Cripple Creek District with slack from the Walsenburg District.

(1) The value of a commodity is always an element to be considered in fixing rates, and was one of the elements in the mind of the Commission when it used the following language in Case No. 10, *In re* Eastern Colorado Coal Rates, reported in 1 Colo. P. U. C. 48 (56):

"Wherever possible the coal mining districts of this State should be placed on an equality and given the fullest opportunity to compete with each other."

The Commission feels that this fact should receive careful and serious consideration. It is apparent that if the rates from Canon City and Walsenburg to the Cripple Creek District are placed on an exact equality, it will result either in raising the rates from Canon City and placing an undue burden on shippers at that point, or in driving the Colorado Springs operators out of the Cripple Creek market. This conclusion is reached from the record in this case, which contains much information not heretofore before the Commission. Consideration also will be given the fact that the distance from the Walsenburg Group to the Cripple Creek District is approximately twenty-seven miles farther than from the Canon City Group.

Having in mind the various factors entering into this case and the service performed by the carriers, the Commission is of the opinion, and so finds, that rates of $2.75 per ton on lump coal, $2.65 per ton on nut coal,

and $2.50 per ton on slack coal, carload, from points in the Walsenburg District to Cripple Creek District points, are fair, just, reasonable and compensatory, and an order therefore will be entered in accordance with this opinion. The Commission is of the further opinion that the same differential should apply between the Walsenburg and Trinidad Districts as at present obtains.

ORDER.

IT IS THEREFORE ORDERED, That the defendants be, and they are hereby, required to cease and desist, on or before January 20, 1917, from charging, demanding, collecting or receiving their present rates for the transportation of coal, in carloads, from points in the Walsenburg and Trinidad Districts to Cripple Creek District points.

IT IS FURTHER ORDERED, That the defendants be, and they are hereby, notified and required to establish and put in force, on or before January 20, 1917, rates of $2.75 per ton on lump coal, $2.65 per ton on nut coal, and $2.50 per ton on slack coal, from points in the Walsenburg District to Cripple Creek District points.

IT IS FURTHER ORDERED, That the defendants be, and they are hereby, notified and required to maintain rates on coal from Trinidad District points to Cripple Creek District points which shall be twenty-five cents per ton higher than the rates from the Walsenburg District points.

S. S. KENDALL,
(SEAL) GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 30th day of December, A. D. 1916.

In re MOUNTAIN STATES TELEPHONE & TELEGRAPH COMPANY.

(Case No. 22.)

(Valuation findings.)

Apportionment—Property in valuation proceedings.

(1) In valuing the plant of a telephone utility for rate making purposes, which plant extended over the entire state, the Commission found it necessary to divide the property into several unit groups due to differences in freight rates, labor costs, difficulties in construction, etc.

Valuation—Unit costs—Factors considered.

(2) In the valuation of a telephone utility for rate making purposes the Commission determined the cost of a unit of plant in place, including therein the cost of labor and material, incidental expenditures in connection with labor, supply expense, freight and cartage, plant supervision, tool expense and general expense, and to arrive at such unit cost determined the cost of material at the nearest warehouse, supply expense chargeable to this material or cost of handling at warehouse, freight charges, cartage, labor of installation, incidental labor expenditures, plant supervision and tool expense, and general expense.

Valuation—Average costs.

(3) In the valuation of a telephone utility the Commission made use of weighted or average prices of material which fluctuate in value on account of market conditions, and no consideration was made of market values or prices actually paid on such material.

Valuation—Reproduction cost as measure.

(4) The Commission was of the opinion that the term "reproduction cost" should not be used in its strict sense in the valuation of property of public utilities for rate making purposes, but should be so modified and altered as to bring before the Commission the cost of reproducing the property under normal or average conditions, due regard being given to the conditions under which the property had been actually constructed, and the prices paid for labor and materials.

Valuation—Tangible property—Paving over mains.

(5) The Commission was of the opinion that consideration should be given, in arriving at the value of property of utilities for rate making purposes, to paving actually cut and properly replaced in the installation of underground conduits, and that to make allowance for paving not actually cut and replaced was improper.

Valuation—Tangible property—Rights-of-way.

(6) In the valuation of a telephone utility for rate making purposes, the Commission did not adopt reproduction cost as the measure of the value of the rights-of-way but was of the opinion that the

actual sacrifices made by the company in acquiring such rights-of-way, when the same can be determined, should be used in valuing rights-of-way.

Valuation—Tangible property—Land.

(7) In the valuation of a telephone utility for rate making purposes, the Commission found that the land owned by the company should be appraised at its fair market value.

Valuation—Overhead expenses—Contingencies.

(8) In the valuation of a telephone utility for rate making purposes, the Commission found that the company's engineer had allowed three per cent on all inventoried items for contingencies and omissions, but that, due to the fact that the building appraisers had included contingencies and omissions in appraisals of buildings, and since the Commission had rejected reproduction cost in arriving at the value of rights-of-way, no allowance being made for contingencies and omissions on this item, such figure was excessive, and the Commission accepted the amount ascertained by the Commission's engineer.

Valuation—Overhead expenses—Interest during construction.

(9) In the valuation of a telephone utility for rate making purposes, upon which the fair value was fixed by the Commission at $14,698,414. it was ascertained that the allowance for interest during construction was excessive in that the amount shown by the engineer for the company included interest during construction on the cost of paving not cut and replaced by the company, and the amounts shown by the engineers for the company and the Commission included interest during construction on the reproduction cost of rights-of-way, and the Commission therefore found the proper allowance for interest during construction to be $665,000, instead of the amounts found by the engineers for the company and the Commission.

Valuation—Telephone plant—Working capital.

(10) The sum of $529,375.96 was allowed for working capital in the valuation of a telephone utility whose value for rate making purposes was fixed by the Commission at $14,698,414, working capital being the amount of cash, supplies or other available assets that may be readily converted into cash, reasonably necessary for the purpose of bridging the gap between outlay and reimbursements, and the Commission found that items representing controlling interest in the stock of The American District Telegraph Company, the operations of which do not enter into the giving of telephone service, and deposits from subscribers held by the company should be excluded from working capital.

Valuation—Reproduction cost less depreciation.

(11) In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that, as the property of the company was in excellent physical condition and capable of giving good service, deductions on account of depreciation should not be made on the assumption that the property was incapable of

giving good service, and the amount of deterioration as determined by the company was of no assistance to the Commission in arriving at the amount that should be in the reserve for accrued depreciation, the annual rate at which such reserve should be set aside, or the amount which should, in fairness to the patrons, be deducted for rate making purposes.

Valuation—Reproduction cost less depreciation.

(12) In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that the method adopted by its engineer for arriving at reproduction cost less depreciation, based on a consideration of both the age and life, and the inspection methods, was reasonable and proper, and found the cost of reproduction less depreciation of the property of the company, exclusive of any allowance for intangible or non-physical values, to be $12,350,468.

Valuation—Telephone plants—Book cost or value.

(13) In the valuation of a telephone utility for rate making purposes, the Commission found the book value of the fixed capital accounts assignable to Colorado to be $13,166,918.75.

Valuation—Development expense—Miscellaneous construction expenditures.

(14) In the valuation of the properties of a telephone utility for rate making purposes, upon which the fair value was fixed at $14,698,414 by the Commission, the Commission found that an item of $372,896 claimed by the company as miscellaneous construction expenditures was entirely excessive inasmuch as this sum was based very largely upon depreciation of plant and equipment which had been otherwise provided for in the appraisal of the property.

Valuation—Development expense—Cost of selling service.

(15) In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that an allowance of $420,529, representing an amount of $4.50 per present subscriber on the theory that it would cost such sum to secure each subscriber, was unreasonable and should not be allowed.

Valuation—Development expense—Interest during construction.

(16) In the valuation of a telephone utility for rate making purposes, the Commission found that an allowance of $82,419 as miscellaneous interest during construction on expenditures on other than physical structures made prior to the beginning of operation was improper and should not be allowed as the same was based on a computation of eight per cent on imaginary expenditures for a portion of the cost of selling service, miscellaneous construction expenditures, cost of publication and traveling expenses in obtaining franchises, and the appraised value of rights-of-way, all of which the Commission had disallowed in whole or in part.

Valuation—Development expense—Fair return.

(17) In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that an amount of $2,508,183 purporting to represent an estimated fair return to the

company during the six-year construction period was improper and should not be allowed as such return must be based on actual, and not upon imaginary expenditures such as miscellaneous construction expenditures and cost of selling service, which the Commission does not believe would have been made, and further was in error in that it included an estimate of depreciation on the physical property of the company at a rate of six per cent which was excessive, and that the expense of depreciation, which was not an out-of-pocket expenditure, should not have been capitalized.

Valuation—Development expense—Cost of money and promoter's remuneration.

(18) In a valuation of a telephone utility for rate-making purposes, the Commission found that an allowance of $1,659,056 to cover cost of money and promoters' remuneration, was unreasonable and should not be allowed inasmuch as the payment of four and one-half per cent of the gross revenues of the company to The American Telephone & Telegraph Company covered the cost of obtaining money and promoting the business of the company.

Valuation—Book cost or value.

(19) The experience of the Commission has shown that book costs or values of utilities are of very little assistance in obtaining fair values for rate making purposes, as the methods of the various utilities in building up book values are not uniform, the accounting methods in the past have been varied, and utilities have built up enormous book values based on many erroneous assumptions.

Depreciation reserve—Amount found reasonable.

(20) In the valuation of a telephone utility for rate making purposes, upon which the fair value for rate making purposes was fixed by the Commission at $14,698,414, the Commission found a depreciation reserve of $1,169,426.58 to be inadequate.

Valuation—Present fair value.

(21) In arriving at the fair value of the property of a telephone utility for rate making purposes, the Commission found that to the cost of reproduction less depreciation, amounting to $12,350,468, there should be added the sum of $358,024 to cover the reasonable cost of organization; the sum of $15,000 to cover the cost of acquiring such franchises as the company owned; the sum of $1,364,922 for unearned accrued depreciation; and that in addition there should be added a sum sufficient to cover the cost of other intangible values.

Valuation—Present fair value—Apportionment.

(22) In the valuation of the property of The Mountain States Telephone & Telegraph Company for rate making purposes, the Commission found the present fair value assignable to Colorado to be $14,698,414 for rate making purposes as of August 31, 1915, and from a study of the fixed capital accounts was able to also develop the fair value of the properties within the state for rate making purposes as of June 30th of each year from 1912 to 1915.

Return—Efficiency of management—Salaries.

(23) In the valuation of a telephone utility for rate making purposes, the Commission found that the company had been carefully managed, no expenses having been included under operating expenses which were unreasonable in their nature, and that no excessive or exorbitant salaries were being paid by the company or for which the company did not receive full value.

Discrimination—Free service—Telephones.

(24) In valuing the properties of a telephone utility for rate making purposes, the Commission found that no rebates or discounts were being made which would reflect in free service or discrimination, but found that free service to the amount of $22,045.08 for the year 1914, representing free service to railroad companies, irrigation ditch companies and for franchise requirements, should have been charged for, and that the amount derived therefrom should be added to the revenues of the company for that year, and that in the future free service to railroad companies, irrigation ditch companies and for franchise requirements should be abolished, such service to be charged for at the regular schedule rates.

Apportionment—Expenses—Services of holding company.

(25) In the valuation of the properties of The Mountain States Telephone & Telegraph Company within the State of Colorado for rate making purposes, the Commission was of the opinion that an equitable allocation of the annual payment of four and one-half per cent of the company's gross revenues to The American Telephone & Telegraph Company should be made as between operating expenses and construction accounts, and that a portion of the payment which is made for engineering advice and services covering basic plans for switchboards, and outside plant, and for the standardization thereof, and also a portion of the payment which covers the cost of making traffic studies, furnishing legal advice and financial assistance, should be charged to construction accounts and not reflected in operating expenses, and the Commission found thirty per cent of such payment to be a proper apportionment to the construction accounts.

Intercorporate relation—Services of holding company—Reasonableness of charge.

(26) In the valuation of the properties of The Mountain States Telephone & Telegraph Company within the State of Colorado for rate making purposes, the Commission found that a payment of four and one-half per cent of the gross revenues annually to The American Telephone & Telegraph Company for lease or rental of telephone instruments, and for services which are of an engineering, accounting, legal, traffic and financial nature, and which represented an average payment to The American Company of $1.58 per owned station of The Mountain States Company for the year 1914, was not in excess of the value of the services rendered and that such amount should be allowed if properly accounted for.

Depreciation—Allowance held reasonable.

(27) In the valuation of a telephone utility for rate making purposes, the Commission found that the life tables used by the company were erroneous as, while they might fairly be representative of conditions throughout the United States, they were not representative of conditions prevailing in the State of Colorado, and found that the company should set aside annually 5.65 per cent of its investment in depreciable property as an annual depreciation requirement.

Return—Fair value—Telephone plants.

(28) In the valuation of a telephone utility's properties within the State of Colorado for rate making purposes on which the fair value was found to be $14,690,794.57 as of June 30, 1915, the Commission found the revenues for the year, amounting to $3,398,270.42, were insufficient to meet all operating expenses, provide for depreciation and pay a return of eight per cent on the fair value of the property, in the sum of $484,921.37, and that the ability of the company to pay seven per cent on its capital stock was due to the fact that this was being done at the expense of its depreciation reserve.

Return—Surplus and contingencies.

(29) The Commission, in the valuation of a telephone utility for rate making purposes, was not impressed with the necessity of laying aside a surplus for extraordinary emergencies, such as tornadoes, heavy wind storms, fires, etc., except within reasonable bounds, but found that the appropriation from the surplus of an amount for the payment of pensions, and sick and accident benefits to employees, and a sum to be paid as a bonus to employees, were warranted and in accord with modern policies.

Return—Rate of—Factors considered.

(30) The fact that the legal rate of interest within the State of Colorado is eight per cent per annum should be considered by the Commission as a factor in the determination of a reasonable rate of return but it is not controlling.

Return—Surplus and contingencies.

(31) In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that a return of not to exceed one per cent upon the fair value of the property should be allowed for the purpose of creating a surplus as a guarantee against contingencies and establishing and maintaining the credit of the company,—such surplus to be at all times under the scrutiny of the Commission.

Return—Rate held reasonable—Telephone plants.

(32) In the valuation of a telephone utility's properties within the State of Colorado for rate making purposes, the Commission found a payment of seven per cent in dividends to stockholders not to be excessive; that such dividend was sufficient to attract capital in the field for improvements and extensions; that a return of not to exceed one per cent upon the fair value of the property should be allowed as a surplus for contingencies; and was of the opinion

that the maximum rate of return, for the purpose of paying dividends and creating a surplus, which the utility should be permitted to earn prior to a consideration by the Commission of a general reduction in rates, shall be eight per cent.

(January 5, 1917.)

INVESTIGATION on motion of the Commission as to the reasonableness of the rates and the adequacy of the service of The Mountain States Telephone & Telegraph Company within the State of Colorado; the fair value of the property within the state on August 31, 1915, found to be $14,698,414 for rate-making purposes, and the company found to be earning less than eight per cent upon such value; company denied permission to increase rates to enable a return of eight per cent on the fair value pending a determination by the Commission of the reasonableness of the rates and the adequacy of the service.

STATEMENT.

By the Commission:

Numerous complaints having been received by the Commission as to the rates, charges, service, and rules, regulations and practices of The Mountain States Telephone & Telegraph Company within the State of Colorado; and it appearing to the Commission from careful examination of the subject-matter contained in the complaints filed that it would be necessary to investigate upon its motion into all phases of the properties and management of The Mountain States Telephone & Telegraph Company before the Commission could deal intelligently with any one or more of the issues presented in the complaints filed; and it further appearing that The Mountain States Telephone & Telegraph Company furnishes at least ninety per cent of the telephone service, both local and toll, to the inhabitants of the State of Colorado; and it further appearing to the Commission

that it would be advisable, in the regulation of this important public utility, to have before it for future use a fair appraisal of the utility's property and all necessary information pertaining to its revenues and expenses:

The Commission, on the 4th day of June, 1915, decided to investigate into the reasonableness of the rates and charges, and the rules, regulations and practices surrounding the same, and into the adequacy of the service, of The Mountain States Telephone & Telegraph Company, and gave notice to the said The Mountain States Telephone & Telegraph Company, hereinafter called the "Telephone Company," that the investigation and hearing would convene at the hearing room of the Commission in the State Capitol Building in the City and County of Denver, State of Colorado, at the hour of 10:00 o'clock a. m., on the 3rd day of January, 1916.

On the 15th day of July, 1915, the Commission issued a supplemental order instructing the Telephone Company to make for the Commission, under the direction and supervision of F. J. Rankin, the Commission's Engineer in charge of this investigation, a full and complete inventory as of August 31, 1915, of its physical properties located within the State of Colorado.

On the 6th day of August, 1915, the Commission ordered the Telephone Company to place all of its books and records and accounts, in any way material for a proper investigation of this case, at the disposal of F. W. Herbert, in charge of the Statistical Department of the Commission, for the purpose of enabling the Commission to arrive at a full and correct determination of any questions relating to the finances of the Telephone Company generally, and particularly within the State of Colorado.

On the 8th day of November, 1915, the Commission issued an order for the Telephone Company to submit to L. G. Gomez, Rate Engineer for the Commission, so far as should be necessary to ascertain the causes which underlie the operations of the Telephone Company with respect to rates, rules, regulations and practices for and within the State of Colorado, the general books and records of the Telephone Company, and all other books, records and memoranda pertaining to the business affairs of the Company generally, and particularly within the State of Colorado.

The hearing in this cause convened on the 3rd day of January, 1916, at the hearing room of the Commission, and extended over a period of approximately one year.

All witnesses for the Commission and the Telephone Company were directed to prepare their testimony in the form of written statements, which were read into the record, after which the witnesses were examined on the statements read.

Following is a detailed statement of the witnesses testifying, the subjects covered by them, and the exhibits introduced explanatory of their testimony:

WITNESS STATEMENTS

Statement No.	Subject	Witness
	Opening Remarks by Counsel for the Company	Milton Smith
1	Telephone History	Robt. B. Bonney
2	Telephone Accounting	Roderick Reid
A	A Report of an Examination of the Books and Accounts of The Mountain States Telephone & Telegraph Co.	Fred W. Herbert
3	History of the Telephone in Colorado	Howard T. Vaille
4	Inventory of the Physical Property of The Mountain States Telephone & Telegraph Company as of August 31, 1915	G. E. McCarn

B	Report on the Inventory of the Physical Property of The Mountain States Telephone & Telegraph Company as of August 31, 1915	F. J. Rankin
5	The Value of the Property of The Mountain States Telephone & Telegraph Company Devoted to Public Use in the State of Colorado as of August 31, 1915	G. E. McCarn
6	Report of Replacement Values of Buildings ings Owned by The Mountain States Telephone & Telegraph Company in the State of Colorado	John Hill
7	Reproduction Cost New of the Buildings Owned by The Mountain States Telephone & Telegraph Company in the State of Colorado as of August 31, 1915	A. B. Chamberlain
8	Statement Concerning Values of the Real Estate Owned by The Mountain States Telephone & Telegraph Company in the State of Colorado	Chas. T. Fertig
9	Unit Costs of Right of Way and the Cost	
GAL D	....	
	of Right of Way necessary in a Reproduction as of August 31, 1915, of the Existing Plant of The Mountain States Telephone & Telegraph Company	Frank A. Cannon
10	Construction Costs of The Mountain States Telephone & Telegraph Company in Colorado January 1, 1913, to August 31, 1915, Compiled by the Accounting Department of The Mountain States Telephone & Telegraph Company	Roderick Reid
11	Derivation of Unit Costs for Outside Plant Used in the Valuation of the Property of The Mountain States Telephone & Telegraph Company Devoted to Public Use in the State of Colorado as of August 31, 1915	Murray MacNeill
12	Derivation of Unit Costs and Other Costs for Central Office Equipment and Station Equipment used in the Valuation of the Property of The Mountain States Telephone & Telegraph Company Devoted to Public Use in the State of Colorado as of August 31, 1915	C. A. Crapo
13	Method of Pro-Rating the Appraised Value of The Mountain States Telephone & Telegraph Company's Property in Colo-	

	rado Which Is Not Used Exclusively for Colorado Business and Operations	G. E. McCarn
14	The Period for the Reproduction of the Property of The Mountain States Telephone & Telegraph Company Subject to Interest During Construction in the State of Colorado as of August 31, 1915	R. B. Bonney
15	Interest During Construction	Roderick Reid
16	Working Capital	Roderick Reid
17	A Statement Bearing on the Supply Contract Existing Between The Mountain States Telephone & Telegraph Company and The Western Electric Company	F. B. Uhrig
C	Working Capital	F. W. Herbert
D	Cost of Reproduction of the Property of The Mountain States Telephone & Telegraph Company in the State of Colorado, as of August 31, 1915	F. J. Rankin
E	Report on the Book Values of Fixed Capital Accounts of The Mountain States Telephone & Telegraph Company, as of August 31, 1915, as Compiled from the Books and Records of the Company	F. W. Herbert
18	Cost of Establishing Business of The Mountain States Telephone & Telegraph Company, as of August 31, 1915	Walter F. Brown
19	Promoter's Remuneration	Walter F. Brown
20	The Period for the Reproduction of the Property of The Mountain States Telephone & Telegraph Company in Establishing the Business, as of August 31, 1915	R. B. Bonney
21	Cost of Establishing the Business of The Mountain States Telephone & Telegraph Company in the State of Colorado, as of August 31, 1915	C. E. Hannum
22	Book Values of Fixed Capital Accounts	Roderick Reid
23	Cost of Creating and Developing an Organization of the Size and Efficiency of that of The Mountain States Telephone & Telegraph Company on August 31, 1915, for the State of Colorado	Walter F. Brown
24	Study of Building Up an Organization of the General Accounting Department and Revenue Accounting Department up to its Standing and Efficiency as of August 31, 1915, for the State of Colorado	Roderick Reid

25	Appraisal of Cost During Organization and Development Period of Executive Officers and Staff	F. H. Reid
26	Cost of Establishing Commercial Department in the State of Colorado, as of August 31, 1915	W. F. Brown
27	Cost of Organizing the Traffic Department up to its Standing and Efficiency, as of August 31, 1915	W. F. Cozad
28	Cost of Organizing Plant Forces, as of August 31, 1915	G. E. McCarn
29	Cost of Creating and Developing a Legal Organization for The Mountain States Telephone & Telegraph Company in Colorado, as of August 31, 1915	Floyd F. Walpole
30	Earnings and Expenses of The Mountain States Telephone & Telegraph Company in Colorado	Roderick Reid
31	Revenues of The Mountain States Telephone & Telegraph Company in Colorado	F. H. Taylor
32	Expenses of The Mountain States Telephone & Telegraph Company in Colorado	H. W. Bellard
33	Difference between the Book Value and the Appraised Value of the Physical Property	G. E. McCarn
34	The Existing Condition of Plant and Reproduction Cost New, Less Depreciation	G. E. McCarn
35	The Existing Condition and Reproduction Cost New, Less Depreciation of Buildings	Geo. W. Brown
36	The Relationship between The Western Electric Company and The Mountain States Telephone & Telegraph Company	G. E. McCarn
37	Occupation of Buildings	A. B. Chamberlin
38	Depreciation	G. E. McCarn
39	Annual Appropriation for Depreciation	H. W. Bellard
40	Reserves	Roderick Reid
H	Depreciation, Depreciation Rates and Annual Depreciation Requirement	F. J. Rankin
J	Reserves	F. W. Herbert
41	Service as Viewed from the Standpoint of the Traffic Department	W. F. Cozad
42	Service as Viewed from the Standpoint of the Plant Department	N. O. Pierce

43	Traffic Engineering and Kindred Subjects	C. C. Bagby
44	Financial History	Roderick Reid
45	Benefit Plan of The Mountain States Telephone & Telegraph Company	H. T. Vaille
46	Annual Depreciation Requirement	H. W. Bellard
47	Capital Requirements	F. H. Reid
K	Financial History of The Mountain States Telephone & Telegraph Company	F. W. Herbert
48	Rate of Return	F. H. Reid
49	Rate of Return	T. H. Reynolds
50	Rate of Return	J. B. Geijsbeck
51	Bond Issues of Colorado and Denver	Floyd F. Walpole
52	The Tennessee Situation	Floyd F. Walpole
53	The Four and One-half Per Cent Payment to The American Telephone & Telegraph Company	E. B. Field, Jr.
54	Notes and Charts Illustrating Conditions and Progress of Telephone Development	Roderick Reid

EXHIBITS

Exhibit No.	Contents of Exhibit	Presented by
1	Photographs of all plant and equipment of The Mountain States Telephone & Telegraph Company	G. E. McCarn
2	Route Map, Clason's Map of Colorado, etc.	G. E. McCarn
3	Summary of the principal items of property, as of August 31, 1915	G. E. McCarn
4	Details of value of physical property, as of August 31, 1915	G. E. McCarn
5	Plant Values, including Contingencies and Omissions	G. E. McCarn
6	Details of Building Appraisal	John Hill
7	Affidavits of local appraisers of real estate	Chas. T. Fertig
8	Copies of forms and circulars used by the Company and in the appraisal	Roderick Reid
9	74 Volumes relating to outside plant	M. MacNeill
10	Specimen pages from material price books	C. A. Crapo
11	Graphs of telephone plant during six-year construction period	R. B. Bonney
12	Graphs of telephone plant during six-year construction period	R. B. Bonney
13	Graphs relating to the cost of establishing the business	C. E. Hannum
14	Book values of Fixed Capital Accounts by exchanges	Roderick Reid
15a	Tables relating to the cost of organization of the Accounting Department of the company	Roderick Reid

15b	Tables relating to the cost of organization of the executive department of the company	F. H. Reid
15c	Tables relating to the cost of organization of the commercial department of the company	W. F. Brown
15d	Tables relating to the cost of organization of the traffic department of the company	W. F. Cozad
15e	Tables relating to the cost of organization of the plant department of the company	G. E. McCarn
15f	Tables relating to the cost of organization of the legal department of the company	F. F. Walpole
16	Detail of Revenues and Expenses by exchanges	Roderick Reid
17	Detail of expenses	Roderick Reid
18	Tables showing average owned stations in service	Roderick Reid
19	Accounting Circular No. 8, and Interstate Commerce Commission's Uniform System of Accounts	Roderick Reid
20	Forms used in connection with the determination of the existing physical condition of property	G. E. McCarn
21	The existing condition of buildings	G. W. Brown
22	Illustrations of Depreciation of Plant	G. E. McCarn
22a	Details of Depreciation Calculations	F. J. Rankin
23	Copies of operating rules and circular rates	W. F. Cozad
24	Circular relating to the Employees' Benefit Plan	H. T. Vaille
25	Relationship Contract between The American Telephone & Telegraph Company, and The Mountain States Telephone & Telegraph Company	E. B. Field, Jr.
26	Graphic charts showing condition and progress of telephone development	Roderick Reid

History of the Development of the Telephone in Colorado.

Mr. Vaille and Mr. Roderick Reid, for the Telephone Company, testifed as to the history of the Telephone Development in Colorado. Their testimony on this subject is believed to be of sufficient interest to warrant including herein a synopsis of the same, as follows:

The telephone was introduced in Colorado in October of 1878 by F. O. Vaille, E. O. Wolcott and Henry R. Wolcott, who formed a partnership for installing telephone service in the City of Denver. This company was organized with the understanding that it would require 125 subscribers before starting operations. The Denver exchange was opened on February 24, 1879, with sixty-three subscribers, and shortly thereafter the full number of 125 subscribers was secured.

At about this time the Western Union Telegraph Company was also engaged in the telephone business, and on July 17, 1879, it organized in Colorado a corporation known as the Colorado-Edison Telephone Company, and obtained consent from the City of Denver to construct a system under date of August 8, 1879.

On July 27, 1880, H. A. W. Tabor and his associates organized the Leadville Telephone Company, and procured licenses from the American Bell Telephone Company covering the City of Leadville, and including territory within a radius of fifteen miles from the postoffice.

Litigation was in progress between the American Bell Telephone Company interests and the Western Union Telegraph Company interests covering a period from 1877 up to the latter part of 1880, by the settlement of which the companies controlled throughout the State by the Western Union Telegraph Company were turned over to the interests of the American Bell Telephone Company. In this way F. O. Vaille and his associates obtained control of the corporation known as the Colorado-Edison Telephone Company, operating in Denver and vicinity.

On January 10, 1881, F. O. Vaille and his associates organized The Colorado Telephone Company with an authorized capital stock of $200,000, and on the 15th day

of February, 1881, Mr. Vaille and his associates sold to The Colorado Telephone Company all the property, rights and franchises held by them in the telephone business in the State of Colorado. This included the short term license contract, which Mr. Vaille and his associates held with the American Bell Telephone Company, and these contracts, which were the forerunners of like contracts afterwards made with the Bell Company and its successors, became the property of The Colorado Telephone Company. The Colorado Telephone Company thereupon became possessed not only of the property originally constructed by Mr. Vaille and his associates, but also the property formerly owned by the Western Union Telegraph Company.

The Colorado Telephone Company owned the operating rights of the Bell system in Colorado, excepting those controlled by the Leadville Telephone Company. On May 4, 1888, The Colorado Telephone Company purchased the Leadville Telephone Company's property, and from that date controlled all the telephone interests in the telephone service in the State of Colorado.

On June 15, 1883, The Colorado Telephone Company increased its capital stock to $1,500,000. At this time the old license contracts with the American Bell Telephone Company were about to expire, and a certain amount of this stock was used to acquire a new contract with the American Bell Telephone Company by issuance of part of the stock of The Colorado Telephone Company. This new contract was made in November of 1883, and the American Bell Telephone Company became owner of one-half interest in the property, business and profits of The Colorado Telephone Company.

On January 1, 1888, the stockholders of The Colorado Telephone Company decided to decrease the capital stock from $1,500,000 to $750,000, of which $150,000

was to be put into the treasury for future developments, and $600,000 to be divided equally between the stockholders of The Colorado Telephone Company and the American Bell Telephone Company. On June 24, 1893, the capital stock was again increased to $1,500,000, in order to provide sufficient capital for increased construction.

On June 11, 1900, the capital stock of The Colorado Telephone Company was increased from $1,500,000 to $3,000,000. On December 9, 1901, the capital stock of The Colorado Telephone Company was increased from $3,000,000 to $5,000,000, and on November 9, 1904, the capitalization was increased from $5,000,000 to $10,000,000 which amount was the authorized capitalization of the company in the merger into The Mountain States Telephone & Telegraph Company as of August 1, 1911. The several additions to capital stock and recapitalization for a larger amount was all used for extensions and service of the Telephone Company in the State of Colorado and in the adjoining territory of New Mexico.

Early in 1886, The Colorado Telephone Company began development in the territory of New Mexico, and about that time incorporated The Colorado Telephone & Telegraph Company as a subsidiary company operating in Las Vegas and Albuquerque, New Mexico. In 1909, as a result of development and increase of business in the New Mexico territory, the Tri-State Telephone & Telegraph Company was formed, in order to carry on the telephone development and operation in southern New Mexico, eastern Arizona and western Texas.

About the time of the formation of The Colorado Telephone Company, a company known as The Rocky Mountain Bell Telephone Company operated in Utah, Montana, Idaho and Wyoming.

Early in 1911 negotiations were entered into with a view of consolidating all the telephone companies then operating in these western states, and, on July 17, 1911, The Mountain States Telephone & Telegraph Company was incorporated with an authorized capital of $50,000,000.

Of this capital stock there has been issued, up to and including August 31, 1915, the total sum of $33,473,700, as follows:

In exchange for:	
The Colorado Telephone Company stock	$11,200,000
The Tri-State Telephone & Telegraph Company stock	1,000,000
Rocky Mountain Bell Telephone Company stock	1,421,700
In settlement and cancellation of:	
Rocky Mountain Bell Telephone Company debt	6,271,200
The Colorado Teelphone Company debt	325,000
For the purchase of other properties, to December 31, 1911	96,400
For the purchase of other properties, from January 1 to December 31, 1912	38,600
For the purchase of other properties, from January 1 to August 31, 1915	324,400
The following amounts of stock were issued for cash for improvements, betterments and new construction in plant as follows:	
To December 31, 1911	50,000
From January 1 to December 31, 1912	6,591,300
From January 1 to December 31, 1913	2,699,400
From January 1 to December 31, 1914	2,474,500
From January 1 to August 31, 1915	981,200
Making a total of stock outstanding in The Mountain States Telephone & Telegraph Company, of	$33,473,700

The above represents the stock value at par of The Mountain States Telephone & Telegraph Company as of August 31, 1915, the close of this investigation.

Table showing the Growth in Subscribers' Stations of The Mountain States Telephone & Telegraph Company, and predecessor companies, from 1879 to August 31, 1915, in Colorado:

Years	No. of Stations
1879	63
1880	288
1881	1,083
1882	1,202
1883	1,166
1884	1,041
1885	1,143
1886	1,249
1887	1,371
1888	1,899
1889	2,406
1890	2,793
1891	2,844
1892	3,009
1893	2,782
1894	2,989
1895	3,260
1896	3,571
1897	3,966
1898	4,671
1899	6,542
1900	9,587
1901	15,479
1902	22,179
1903	29,005
1904	35,710
1905	43,267
1906	51,982
1907	60,950
1908	62,635
1909	68,447
1910	74,661
1911	78,978
1912	83,170

1913	86,784
1914	90,018
1915 to Aug. 31,	91,908

The total number of Subscribers' Stations of The Mountain States Telephone & Telegraph Company for the whole system on August 31, 1915, was 205,922.

Inventory.

The inventory of the physical properties of the Telephone Company, involving an actual count, measurement and classification of all its physical property within the State of Colorado, was undertaken in the latter part of July, 1915, and the work proceeded without interruption until completion. For the purpose of this inventory or field count the State of Colorado was divided into five divisions, which divisions were in turn divided into working districts; each division being in charge of a Division Supervisor, and each working district in charge of a working district chief who was directly in touch with the men making the actual count of the property and was responsible for the work in his district. In addition to this direct supervision given to the work by the working district chiefs and division supervisors, general supervision of the inventory on the part of the Telephone Company was given through the offices of the General Plant Superintendent located in Denver.

In addition to the field forms used in making this inventory, which were first approved by the Commission for the purposes, there was issued by the Plant Department of the Telephone Company, a very complete book of instructions which governed the manner in which the inventory work was to be carried out. It gave in detail

the methods to be used for inventorying the different portions of the plant, and, in addition to being a valuable aid to the men in the field, insured uniformity in all portions of the State. This inventory of the physical property was begun and compiled under the direct supervision of the Engineering staff of the Commission, and was compiled in strict accordance with the Classification of Accounts prescribed by the Interstate Commerce Commission for Telephone Companies.

The physical properties of the Telephone Company were inventoried under the direction of the Commission's Engineer, and were classified in accordance with the classification heretofore adopted by the Commission, and includes the following items:

Rights of Way,
Land,
Buildings,
Central Office Equipment,
Other Equipment of Central Offices,
Station Apparatus,
Station Installations,
Interior Block Wires,
Private Branch Exchanges,
Booths and Special Fittings,
Exchange Pole Lines,
Exchange Aerial Cable,
Exchange Aerial Wire,
Exchange Underground Conduit,
Exchange Underground Cable,
Toll Pole Lines,
Toll Aerial Cable,
Toll Aerial Wire,
Toll Underground Conduit,
Toll Underground Cable,
Office Furniture and Fixtures,

General Shop Equipment,
General Store Equipment,
General Stable and Garage Equipment,
General Tools and Implements.

Organization, Cost of Securing Franchises, and Interest during Construction are elements of value recognized by the Accounting rules as proper charges to the Fixed Capital Accounts, and were given consideration by the Engineers in appraising the property of the Telephone Company.

To properly inventory these properties, forms were provided so that there could be no question in the minds of the inventory men as to the manner in which the different items of plant were to be recorded, and to assist materially in preventing omissions and duplications in the actual work of counting the property.

Throughout the entire period of inventorying this property the Commission's Engineering department was in close touch with the work, visiting each section of the State and practically every district where the work was in progress. This was done for the purpose of forming opinions as to the manner in which the work was being carried out, and for the further purpose of assuring the Commission that its orders in these matters were being properly complied with. It became necessary for the Telephone Company to place on this work two hundred of its employees.

After the original inventory had been practically completed the Commission's Engineer requested a check of the original count, and agreed with the General Plant Superintendent of the Company that a re-count of approximately 5 per cent should be sufficient to test the accuracy of the original work. The men used in making this accuracy test, or re-count, were picked from the entire organization of the Telephone Company and were

all men of practical telephone experience, and had, in addition, the benefit of about three months actual inventory experience. The Engineering staff of the Commission was in close touch with this work of checking the inventory.

Subsequent to the completion of the inventory and check of the property, the Commission decided to make an independent check of the Telephone Company's property, and accordingly selected the following towns in which to test the accuracy of the work of the Telephone Company:

Alamosa,	Denver,	Colorado Springs,
Delta,	Fort Morgan,	Englewood,
Fort Collins,	Longmont,	Greeley,
Littleton,	Sterling,	Pueblo.
Boulder,		

Complete checks were made by the Commission's Engineers of all the property in the smaller of these towns, and of portions of the property in the larger towns. These towns were selected with a view to covering the State generally, and the Telephone Company had no previous knowledge of the Commission's intention to make a count in any of these towns.

Land, Buildings, Central Office Equipment, Underground Conduit, Underground Cable, Subscribers' Stations, Station Installations, Booths and Special Fittings, Other Equipment of Central Offices, Office Furniture and Fixtures, General Shop Equipment, General Store Equipment, General Stable and Garage Equipment, and General Tools and Implements, were not inventoried directly in the field, inasmuch as this property was more or less inaccessible and the quantities could be more readily determined from the Company's record than from any other source.

D. S. Hooker, of the Commission's Engineering staff, visited every community in the State in which land

or buildings are owned by the Telephone Company, and verified the ownership of the land, and compared the buildings with the plans; from which plans the buildings were later appraised. He collected at the same time information relating to the assessed value of the lands and the lands adjacent thereto, with such additional information as could be collected on recent sales of land in the immediate vicinity.

Practically all of the Central Office Equipment was inventoried from the records of the Plant Department of the Telephone Company. According to the present practice of the Telephone Company no changes whatever are permitted in the installations of Central Office Equipment without the approval of the Engineering Department, and, as a result, the Plant records are always complete in every respect. The Engineering Department of the Commission compared the Plant records of the Telephone Company with the actual installations and testified that these records were found to be complete and correct in every detail.

Underground Conduit and Underground Cable were not inventoried directly in the field, inasmuch as this plant is installed from four to seven feet underground and is not easily accessible. It was necessary, therefore, that such property be listed from the records of the Telephone Company after the records had been verified for the purpose of determining their accuracy. It is necessary that the Telephone Company's records of such property be kept complete at all times in order to facilitate the proper and economical operation of its property.

Station apparatus and station installations, all located on the premises of the patrons of the Telephone Company, were not inventoried in the field, but the Telephone Company's local wire chiefs were instructed by the Commission's Engineer to furnish a statement as of

August 31, 1915, showing the number of desk and wall sets in each of the exchanges, excluding therefrom those associated with private branch exchanges, and dividing this information so as to give the number of both common battery and magneto sets. Since the revenue of the Telephone Copmany depends to some extent upon the accuracy of its records of subscribers' station apparatus, and since the inventory was to be taken as of August 31, 1915, and the amount of this equipm naturally fluctuates, it became apparent to the Engineering staff of the Commission that this equipment could be more readily inventoried in this way than in any other.

Booths and Special Fittings were inventoried in the same manner as other property located on the premises of the subscribers.

General Equipment, being property common to all public utilities, consists of such items as Office Furniture and Fixtures, General Shop Equipment, General Stable and Garage Equipment, General Tools and Implements, and General Store Equipment. It was not considered feasible or necessary to inventory the property coming under this classification for the reason that the traveling auditors of the Telephone Company make periodic inventories of the Office Furniture and Fixtures, and that annual inventories are made of General Stable and Garage Equipment and General Tools and Implements by the Plant Department of the Telephone Company, and these accounts are adjusted at that time—these adjustments being permitted by the Accounting rules. The amount of General Store Equipment was so small as to be of no consequence, and no general shop equipment is owned by the Company.

Engineers for both the Commission and the Telephone Company stated that this method of appraising the items classified as General Equipment was in accordance with good general practice, and that the inventory

and appraisal of this property would have involved a large amount of work and expense, and that, if carefully done, the difference between the amount arrived at and the amount carried on the Telephone Company's books would have been negligible for the purposes of this investigation.

The following is a summary of the principal items of the property of the Telephone Company devoted to public use in the State of Colorado, disclosed in the inventory as of August 31, 1915:

	Number	Total
REAL ESTATE:		
Land		44
Buildings		
Central Offices	36	
Devoted to other Telephone purposes	27	63
CENTRAL OFFICE EQUIPMENT:		
Common Battery switchboards	36	
Magneto switchboards	129	
Toll switchboards	4	169
C. B. switchboards—Operations' Positions	494	
Magneto switchboards—Operators' Positions	169	
Toll switchboards—Operators' Positions	65	728
STATION APPARATUS:		
Stations		92,000
No. 1 Private Branch Exchanges		251
No. 2 Private Branch Exchanges		209
Cordless Private Branch Exchanges		34
No. 1 Apartment House Systems		36
OVERHEAD SYSTEM:		
Poles		368,078
Crossarms, equipped		352,037
Wood Brackets		354,957
Anchors		40,997
Feet of aerial cable		3,186,395
Terminals, protected	871	
Terminals, unprotected	11,120	11,991
Loading coils		28
Miles of single wire in aerial cable		89,671
Miles of single wire, serial:		
No. 8 B. W. G. Bare Copper	935.82	
No. 9 N. B. S. Bare Copper	2,656.85	
No. 12 N. B. S. Bare Copper	16,885.46	
No. 8 B. W. G. Insulated Copper	.39	
No. 12 B. & S. Bare Copper	2,063.49	

No. 9 N. B. S. Insulated Copper	4.79	
No. 12 N. B. S. Insulated Copper	35.71	
No. 12 B. & S. Insulated Copper	37.92	
No. 5 Aluminum	205.16	
Circular Loom	3.89	
No. 6 Bare Iron	42.92	
No. 8 Bare Iron	167.42	
No. 9 Bare Iron	39.32	
No. 10 Bare Iron	1,881.62	
No. 12 Bare Iron	9,778.67	
No. 14 Bare Iron	34,643.04	
No. 12 Insulated Iron	90.49	
No. 14 Insulated Iron	459.81	
Twisted Pair Insulated	1,261.3	
Miscellaneous sizes	40.53	71,234.66
DISTRIBUTION SYSTEM:		
Drop Wires		95,284
Interior Block Wires		4,909
UNDERGROUND SYSTEM:		
Trench Feet—Underground Conduit		365,538
Duct Feet—Underground Conduit		2,030,582
Manholes		1,195
Feet of underground cable, Main	841,667	
Feet of underground cable—Subsidiary	123,194	
Feet of House Cable	22,171	
Terminals—protected	1,129	
Terminals—unprotected	686	1,815
Miles of single wire in U. G. Cable—Main	102,679	
Miles of single wire in U. G. Cable—Subsidiary	3,878	
Miles of single wire in House Cable	595	107,162

Appraisal.

The appraisal of the properties of the Telephone Company within the State of Colorado was of such magnitude that the Commission will cover this subject only in a summary way. (1) After the inventory of the physical property had been completed and properly compiled it became necessary for the Engineering Department of the Commission and the Engineering Department of the Telephone Company, in order to arrive at the cost of reproduction of properties of the Telephone Company within the State of Colorado, to apply appropriate unit costs to the different units of plants. It is well to understand that the Engineering Department of the Commis-

sion and the Engineering Department of the Telephone Company did not, in their separate appraisals of the properties of the Telephone Company, use the term "reproduction cost" in the strict sense of what it would cost to reproduce these properties as of any specific date, but rather in the sense that Commissions generally have used the term "reproduction costs," taking into account average prices on materials that fluctuate in value on account of market conditions, and making use of prices actually paid by the Telephone Company during the past few years for labor and materials other than those that fluctuate in value. Many elements entered to make this problem a very difficult one. Among these might be mentioned freight rates, the different unit labor costs in the different sections of the State, and the rugged nature of a large portion of the State, which made it necessary to carry on construction work under difficult and even hazardous conditions, and, due to the high altitudes of portions of the State, work naturally was carried on under practically all climatic conditions. The work of building up unit costs was further complicated by the fact that the State of Colorado had only one warehouse center; viz, Denver, and that with a few exceptions all material is necessarily shipped from this point.

The first class freight rates in effect in the State vary from a few cents to $2.30 per cwt. for the most remote sections of the State—which is a condition for which the Telephone Company is not responsible—and it was deemed necessary to divide the State into twelve freight groups for the purpose of arriving at representative freight costs for the different sections of the State. It therefore became necessary to further subdivide these groups according to whether they fell within the mountain or plains sections of the State, the latter division being necessary for the purpose of arriving at labor costs.

It was found necessary for the Engineers to build up sixteen separate and distinct sets of unit costs for each item of physical property, rather than one or two sets of unit costs—which might have been satisfactory for single communities or for large areas in which the matter of freight charges and character of country was relatively unimportant; this procedure being necessary in order to arrive at the different unit costs for the different sections of the State.

(2) The term "unit cost," as used in this investigation, covers the cost of a unit of plant in place, and includes, in addition to cost of labor and material going to make up that unit, incidental expenditures in connection with labor, supply expense, freight and cartage, plant supervision and tool expense, and general expense. In order to arrive at the cost of a unit of plant in place in this case it was necessary to determine, first, the cost of material involved at the nearest warehouse; second, supply expense chargeable to this material or cost of handling at warehouse; third, the weight and freight class or freight classes of the material involved; fourth, the necessary expenditures on account of freight and cartage; fifth, the necessary labor for installing the unit in place; sixth, the incidental expenditures incurred in connection with labor; seventh, Plant Supervision and Tool Expense, and, eighth, General Expense.

The material involved in the reproduction of the property, with the exception of Poles, Underground Cable, Underground Conduit, Central Office Equipment, hard-drawn copper wire, and material purchased locally, was priced f. o. b. Denver, the prices used being derived from a study of the prices actually paid by the Telephone Company during the thirty-two months period ending August 31, 1915. The material so priced did not fluctuate to any extent during that period, as the market was

not particularly active during that time, and the Commission's Engineers testified that the prices thus derived were representative of normal conditions.

The Commission's Engineers testified that the prices used on such material as Central Office Equipment, Subscribers' Station Apparatus, Private Branch Exchanges, Booths and Special Fittings, Protectors, Bells, etc., were the actual prices of The Western Electric Company to Associated Telephone Companies in effect on August 31, 1915, and that these prices were, if anything, lower than those actually paid by the Telephone Company during the construction of its plant.

(3) In arriving at the proper prices to apply to materials which fluctuate in value on account of market conditions, and which form a large portion of the properties of the Telephone Company, use was made of weighted or average prices, no consideration being given to the market quotations on these materials at the time of the investigation, or to the prices actually paid by the Telephone Company for such materials. Since the records of the Telephone Company are not available prior to 1911 it was not possible to determine the prices paid by the Telephone Company for such items as copper, poles, lead-covered cables, etc.

For a number of years this Company has purchased a large portion of its materials from The Western Electric Company, which acts in the capacity of purchasing agent and storekeeper for the Telephone Company and for all other associated Bell companies. This relationship between the Telephone Company and The Western Electric Company will be discussed later in the opinion.

Freight and cartage costs were determined entirely from the published tariffs in effect on the date of this investigation, after determining accurately the weight and freight class of all material to be shipped. The allowance made for cartage over and above freight charges

was based on detailed studies covering the Telephone Company's actual expenditures for cartage of material for a period of years.

To the cost of all material handled through the Telephone Company's storerooms was added an allowance for Supply Expense, which is a proper charge to the cost of materials. This expense covers all costs except insurance and taxes incurred directly in connection with the storage, handling and distributing of materials and supplies, and includes the pay and expenses of purchasing agents, managers of stores, clerks and laborers, rent paid for stores, cost of lighting and heating, undistributed transportation charges, overages or shortages in the Material and Supplies Account disclosed by inventories, and the depreciation on Material and Supplies due to breakage, leakage, shortage and wear and tear. As used in this case Supply Expense covers, in addition, a quantity of miscellaneous material classified as exempt. This miscellaneous material consists of small items, which exist in large quantities, and which the construction forces of the Telephone Company are not required to account for, and for which no allowance was made in the build-up of unit costs—the Telephone Company's expenditures for these items being charged directly to Supply Expense.

The loading allowed in this case for Supply Expense was based on the actual experience of the Telephone Company in conducting stores during the past thirty-two months. All labor studies were derived entirely from studies of actual work carried on by the Telephone Company during the five-year period just preceding the date of this investigation. A large number of the completed estimates of the Telephone Company were studied, covering both exchange and toll construction under both mountain and plains conditions, and from these estimates labor unit costs were established, which are actual labor costs and which necessarily take into account the

conditions under which the work was carried on. Such labor costs are based on facts, are not the result of theories or estimates, and, while the cases are rare in which sufficient information is available to permit engineers to build up labor unit costs which can be substantiated, it is undoubtedly desirable that these costs be determined in this manner when such information is available.

In addition to labor costs as above outlined, the incidental expenses which cover railroad fare, livery, board and lodging, and which are incurred in connection with labor, and are proportional thereto, were apportioned to the different units of construction on the basis of the labor employed. The allowances made for incidental expenditures in this case were based on the actual expenditures of the Telephone Company for a period of years.

In addition to Labor and Material costs, as previously outlined, other expenditures must be incurred for the purpose of supervising labor, drawing up plans and specifications, and for general and miscellaneous expenses. These allowances are most frequently made by engineers in the form of overheads, the allowances being given as a percentage of all direct labor and material costs. With the exception of Plant Supervision and Tool Expense, and General Expense, each of which is definitely defined in the accounting rules governing telephone companies, the only overhead allowances considered by the engineers in this investigation were Contingencies and Omissions and Interest during Construction. These overhead allowances will be discussed later in this opinion.

Such allowances made for Plant Supervision and Tool Expense and General Expense, were included in the unit costs as a loading on the amount of labor required. The accounting rules for telephone companies define Plant Supervision as the cost of general supervi-

sion in the maintenance and construction of the plant, where a separate department of the company is charged with such supervision. This account includes the pay and expenses of the plant supervising officers, such as the general plant superintendent, the district plant superintendent, plant engineers, and the office and field force who are charged with planning for and superintending the work of maintenance and plant construction. As carried by this Company this account also covers the cost of all engineering done by the Telephone Company; no separate engineering department being maintained.

Tool Expense includes all expenses in connection with tools, such as the cost of small hand tools, cost of repairing tools, cost of tools lost or stolen, and depreciation on tools taken out of service because of breakage or other deterioration.

A portion of the Telephone Company's miscellaneous and general expenses, including the salaries and expenses of employes of the Executive, Financial, Accounting, Legal and Traffic Departments, are properly charged to Construction.

While the accounting rules provide that a portion of general expenses shall be charged to construction work, the basis on which this should be determined is not stated. The accounting rules, however, definitely state that plant supervision and tool expense shall be cleared on the basis of labor employed, and that tool expense shall be cleared on an equitable basis. In the build-up of unit costs, all labor was given the proper loading for Plant Supervision and Tool Expense, and General Expense was applied as a loading on Labor and Plant Supervision and Tool Expense combined, on the theory that the general officers of the Telephone Company supervise all labor and the employes of the General Plant Department as well.

The labor loadings applied in this case were based

upon the actual experience of the Telephone Company in construction and maintenance of its plant, and represent what would be the actual cost of the Telephone Company for Plant Supervision and Tool Expense and General Expense if it were in fact to reproduce the present property today.

The above method of arriving at labor costs and the necessary expenditures for Plant Supervision and Tool Expense and for General Expense, for use in building up unit costs, was recommended by the Engineering Department of the Commission and was agreed upon by the officers of the Telephone Company as being the only method by which reasonable unit costs could be arrived at, it being recognized that any other basis for arriving at unit costs would have been speculative.

In order that representative unit costs might be built up it was necessary for the General Auditor of the Telephone Company to furnish to the General Plant Superintendent, who was conducting the appraisal on behalf of the Telephone Company, the prices paid for certain materials during the four years period prior to this investigation, and to furnish, in addition, the charges to Supply Expense, Plant Supervision and Tool Expense, and General Expense, the prices paid for labor during this period, and other miscellaneous data pertaining to costs. In order to ascertain that proper material prices were applied by the Engineer for the Commission a thorough check was made by the Commission's Statistician, in as much detail as possible, of the records of the Telephone Company, for the purpose of verifying the amounts and prices paid for such material, labor, incidental and general expense items used by the General Plant Superintendent and the Commission's Engineer in building up the unit costs to apply to the inventory of the physical property.

These records were checked by the Commission's

Statistician in detail from the original reports of the field forces to the Auditing Department.

The following illustrates clearly the manner in which unit costs were derived:

Unit Cost Details—Colorado Appraisal—Exchange Plant

Unit—Cross Arms—10-Pin Painted — Account No. 241

	Quantity	Weight	Freight Class	(A) Material Cost	(C) Labor Cost Plains	(C) Labor Cost Mountains
Cross Arm, Douglas Fir	1	37.66	4	.609	..	..
Pins, locust, std. 1¼ inches by 8 inches	10	3.013	3	.147	..	..
Braces, cross arm, galvanized 30 inches	2	4.30	4	.143	..	..
Bolts, carriage, galvanized ⅜ inch by 4 inches	2	.34	4	.021	..	..
Bolts, cross arm, ⅝ inch by 12 inches	1	[illegible]	4	.056	..	..
Screws, F. D. galvanized, ½ inch by 4½ inches	1	.29	4	.016	..	..
Washers, square galv., 2¼ inches by 2¼ inches by 3-16 inch	2	.54	4	.023	..	..
Washers, round galv., 1½ inches by ½ inch hole	2	.126	4	.007	..	..
Nails 6d (exempt)	10	.061	4	...	..	..
LABOR	..	....	..	...	.35	.58
Total				1.022	.35	.58
(B) Supply Expense (9.2 per cent of A)				.094	..	..
(D) Plant Sup. and Tool Expense (26.662 per cent of C)				...	.09	.15
(F) General Expense (9.089 per cent of C plus D)				...	.04	.07
(G) Incidentals—Plains (20.42 per cent of C)				...	.07	..
Mountains (28.82 per cent of C)				...	..	.17
Total				1.116	.55	.97
Cost of Material (A plus B)					1.116	1.116
TOTAL COST IN PLACE, Not Including Freight (A plus B plus C plus D plus F plus G)					1.666	2.086

Exchange Freight Groups Number	Material and Labor	Freight and Cartage	Total Cost in Place
1 Mountains	$ 2.086	$ .648	$ 2.73
2 Mountains	2.086	.490	2.58
3 Plains	1.666	.434	2.10
3 Mountains	2.086	.434	2.52

4	Plains	1.666	.378	2.04
4	Mountains	2.086	.378	2.46
5	Mountains	2.086	.348	2.43
6	Plains	1.666	.304	1.97
6	Mountains	2.086	.304	2.39
7	Plains	1.666	.232	1.90
8	Plains	1.666	.213	1.89
9	Plains	1.666	.184	1.85
10	Plains	1.666	.155	1.82
10	Mountains	2.086	.155	2.24
11	Plains	1.666	.121	1.79
12	Plains	1.666	...	1.67

Rights of Way.

The inventory of the pole lines of this Company was taken in such a way that the number of poles on private property and on public highways was accurately determined. As a result it was found that approximately 77,000 poles were on private property, and approximately 275,000 were on public highways. With the exception of poles within city limits set on private property and on public highways, it was assumed by the engineers that in reproducing this property it would be necessary to acquire private property rights on 77 per cent of the poles set on private property, and abutting rights on 55 per cent of the poles set on public highways. These percentages were derived from a study of the Telephone Company's experience in acquiring rights of way for approximately 33,000 poles.

On this theory the Commission's Engineer found that in reproducing the property of the Company it would cost $272,848.00 to acquire the necessary rights of way as of August 31, 1915. He testified that it was not possible to determine the number of poles upon which the Telephone Company had acquired either private property or abutting rights, and further, that poles within city limits had been entirely excluded from the rights of way study for the reason that only a small number of these were set on private property, and that the amount of right of way required in towns and cities is

small in comparison with the amount required in the rural districts. This exclusion was made for the further reason that the cost of obtaining rights of way is not so high in the towns and cities as in the rural districts.

It was not possible for the Commission's Engineer to determine the original cost to the Telephone Company for rights of way, for the reason that the Rights of Way Account had been carried by the Company for only a few years, and that prior to that time the cost of obtaining rights of way was handled in various ways; sometimes by charging such cost to the Construction Accounts; sometimes by charging to the Operating Expenses; and, in other cases, telephone service had been given for right of way. The Commission's Statistician testified that the amount spent by the Telephone Company for rights of way, since the Rights of Way Account had been carried, amounted to $26,985.68, but that this amount by no means covered all of the rights of way now owned by the Telephone Company.

Land

The record in this case shows that the Telephone Company owns forty-three parcels of land, located in all sections of the State, and that each parcel was appraised separately. A resident of each city or town in the State, in which land is owned by the Company, was selected by the Telephone Company as a local appraiser, and was asked to give his opinion as to the fair present value of the Telephone Company's land in that location. In addition, the Telephone Company employed Mr. Charles T. Fertig, of Colorado Springs, a real estate appraiser of wide experience, for the purpose of making an independent appraisal of all these parcels of land. Each town and city in Colorado, in which land is owned by the Company, was visited personally by Mr. Fertig, and he submitted, at one of the hearings in this case, figures which in his judgment represented the fair present value of

the land located in Colorado and owned by the Company. D. S. Hooker, the Commission's Civil Engineer, likewise visited all towns and cities in the State, in which land is owned by the Telephone Company, and made a valuation of these parcels of land entirely independent of the work of valuation of the appraisers for the Company. The results of these appraisals by the local appraisers, Mr. Fertig and Mr. Hooker, together with the assessed valuations of these parcels of land, are as follows:

COMPARISON OF LAND APPRAISALS.

Location	Local Appraisers Aug. 31, 1915	Mr. Fertig Aug. 31, 1915	Mr. Hooker Aug. 31, 1915	Assessed Valuation
Alamosa	$ 400.00	$ 300.00	$ 850.00	$ 250.00
Boulder	5,000.00	5,000.00	5,600.00	4,500.00
Canon City	3,500.00	3,500.00	4,000.00	3,500.00
Clifton	100.00	80.00	100.00	80.00
Colorado City	400.00	300.00	600.00	500.00
Colorado Springs	27,500.00	29,000.00	27,500.00	25,000.00
Cripple Creek	650.00	260.00	250.00	250.00
Delta	4,000.00	4,000.00	2,500.00	2,000.00
Denver—Champa	100,000.00	100,000.00	125,000.00	100,000.00
Denver—York	4,000.00	3,300.00	4,000.00	3,750.00
Denver—South	2,000.00	1,800.00	2,000.00	1,600.00
Denver—Gallup	1,800.00	1,500.00	1,500.00	1,200.00
Denver—Osage	35,000.00	25,000.00	25,000.00	17,300.00
Denver—Downing	6,500.00	5,000.00	8,000.00	7,500.00
Denver—Montclair	1,500.00	1,000.00	1,300.00	850.00
Denver—So. Logan	800.00	760.00	800.00	320.00
Denver—So. Penn.	500.00	500.00	500.00	340.00
Durango	1,600.00	1,800.00	1,600.00	1,600.00
Florence	300.00	300.00	300.00	180.00
Fort Collins	2,500.00	3,000.00	2,000.00	1,500.00
Fort Morgan	3,000.00	3,500.00	1,800.00	1,600.00
Garfield	50.00	10.00	50.00	10.00
Gilcrest	75.00	30.00	50.00	20.00
Grand Junction	1,500.00	2,500.00	3,000.00	2,250.00
Greeley	3,500.00	3,000.00	3,500.00	3,000.00
Johnstown	200.00	100.00	100.00	60.00
Julesburg	250.00	500.00	500.00	350.00
Leadville	600.00	600.00	1,000.00	560.00
Longmont	3,500.00	5,000.00	2,750.00	2,500.00
Mesa	100.00	50.00	100.00	37.00
Monte Vista	1,000.00	500.00	1,300.00	650.00
Pitkin	300.00	75.00	200.00	100.00

Pueblo	4,000.00	5,000.00	7,000.00	5,000.00
Salida	800.00	1,000.00	800.00	750.00
San Acacio	100.00	100.00	50.00	25.00
Sterling	2,500.00	2,000.00	2,600.00	2,200.00
Telluride	500.00	550.00	600.00	420.00
Trinidad	8,958.00	10,000.00	13,500.00	12,120.00
Victor	25.00	390.00	300.00	200.00
Walsenburg	1,800.00	2,000.00	1,000.00	500.00
Wellington	400.00	300.00	400.00	280.00
Wiley	150.00	100.00	150.00	90.00
Yampa	180.00	120.00	150.00	240.00
Total	$231,538.00	$223,815.00	$253,700.00	$205,162.00

Buildings

The buildings owned by the Telephone Company consist of general and central offices, garages, stables, shops, warehouses and miscellaneous structures, all of which are used in its general operations. The cost of the buildings complete includes, in addition to the buildings proper, all fixtures, such as water, steam and gas pipes, wiring fixtures, elevators, boilers, furnaces, etc. This cost should include also architects' fees and supervision during construction. Messrs. George W. Brown, Alexander Simpson, Jr., C. E. Walker of Denver, and John Hill of Los Angeles, four general contractors of wide experience, were appointed by the Telephone Company for the purpose of appraising all buildings owned by it in the State. These men were furnished with the working drawings and specifications of these buildings, each of which was inspected and compared with the specifications in the field. The values arrived at are based on the actual quantities of material found in the different buildings, as taken from the specifications and verified by actual inspection. To the actual cost of labor and material required for the given buildings was added the cost of building permits, water for plaster and cement work, cost of surety bonds, liability insurance, and 10 per cent for contractors' profits. Likewise an allowance of 5 per cent for architects' fees was allowed on all build-

ings of which the appraised value was $3,000 or more. With the exception of Contingencies and Omissions, Architects' Fees, and Interest During Construction, no other overheads were allowed in arriving at the cost of reproduction of the buildings. In addition to the work of the building appraisers appointed for that purpose, the Architect of the Company appraised all of its buildings by the cubical contents method, and arrived at an appraised value approximately $20,000 in excess of that found by the building appraisers.

With the exception of the small buildings located at Gilcrest, Mesa, Johnstown and Garfield, all of the buildings of the Telephone Company were inspected by the Engineering Department of the Commission and compared with the plans and specifications under which such buildings were erected, and the work of the building inspectors was reviewed with the idea of determining the accuracy of the quantities of material required, as well as for the purpose of comparing prices of labor and material.

Without going into the details of the methods adopted by these appraisers, which were subsequently approved by the Engineering Department of the Commission, the cost to reproduce the buildings owned by the Telephone Company within the State of Colorado, as found by these appraisers, was $839,095.43. This sum does not include architects' fees, but does include the total reproduction cost on certain buildings located in Denver which will hereafter be apportioned to the State of Colorado.

Underground Conduit

The Telephone Company, in its appraisal of Underground Conduit, added to the cost of laying such conduit the cost of cutting and replacing the paving now over conduits, regardless of whether or not such paving was originally cut by the Company. The Commission's Engi-

neer found that, with the exception of Denver and Pueblo, practically no paving had been cut by the Telephone Company; its underground system having been laid in advance of such paving as is now in existence. From the records of the different cities where paving has been cut and the Telephone Company billed for the actual cost of relaying, the Engineering Department of the Commission was able, with a few exceptions, to ascertain the amount of paving that had been cut in the past and the amount paid for the relaying thereof. This amount was found by the Commission's Engineering Department to be in the neighborhood of $25,000, or $90,000 less than the cost of replacing all paving over underground conduit at this time.

The method of arriving at the reproduction value of all the other classifications of property not herein specifically discussed, has been sufficiently covered in connection with the method of arriving at unit costs, and we will not dwell further upon the details of this important matter.

Construction Overhead

Contingencies and Omissions: As has been heretofore stated, all overhead charges, with the exception of Interest During Construction and Contingencies and Omissions, were included by the Engineers in the build-up of unit costs. Allowances are almost universally made in appraisal work for Contingencies and Omissions. This allowance is made to cover inadvertent omissions in the inventory, and contingencies in the course of construction which cannot be readily foreseen, and the cost of which cannot be estimated in advance. The allowance made for this item is usually termed an overhead charge, although it is not in reality an overhead charge inasmuch as it is made simply for the purpose of making the count of physical property complete. Obviously, it is impossible to make a perfect count or inventory of any prop-

erty, and the degree of accuracy attainable depends upon the character of the property to be inventoried and upon the care with which the inventory work is executed. The inventory of the physical property in this case was made with exceeding care, and the Engineers for both the Telephone Company and the Commission testified that they were of the opinion that additional expenditures for the purpose of a more detailed inventory would not have been warranted. Nevertheless, check counts made on certain portions of the property inventoried, conducted independently by the Telephone Company and by the Engineering Department of the Commission, disclosed more units of plant than were found by the original inventory. While some reasons may be advanced for the additional amount of property found by these check counts, all witnesses were of the opinion that the result of such checks indicated that omissions had crept into the inventory, and that a careful and detailed count would have disclosed more property than was indicated by the original inventory. Neither the Engineers for the Company nor for the Commission believed that the result of these check counts should have any particular bearing upon the allowance to be made for Contingencies and Omissions, but felt, rather, that the results of these counts indicated that the inventory was reasonably correct and that, in addition, some omissions had occurred. The exact percentage which should be added to the amount of physical property on account of omissions cannot be accurately determined by any known means; it depends upon the care with which the inventory is made, the manner in which unit costs are built up, and to some extent upon the character of the property being appraised. The proper allowance must be a matter of judgment based upon a careful study of every item that has any bearing on the subject. Witnesses for the Telephone Company claimed that an allowance of 3 per cent of the cost of reproduction of all

property inventoried, amounting to $395,755.94, should be made. The Commission's Engineer made a detailed estimate of the amount to be allowed for Contingencies and Omissions, and arrived at the sum of $354,792.43. The Telephone Company did not give in detail the method of arriving at 3 per cent as a proper allowance, but called the attention of the Commission to the many ways in which Omissions might occur and Contingencies arise, and likewise cited numerous court and commission decisions in which various percentages had been allowed for this purpose.

The method of arriving at the amount claimed by the Engineering Department of the Commission to be reasonable, is as follows:

CONTINGENCIES AND OMISSIONS.

Plant Account	Cost of Reproduction	Contingencies and omissions Per Cent	Amount
Right of way	$ 272,848.25	..	.....
Land	210,080.64	..	.....
Buildings	760,821.72	..	.....
Central office equipment	1,391,169.85	1	$ 13,911.70
Other equipment of central offices	32,053.78	..	.....
Station apparatus	633,582.24	1	6,335.82
Station installations	283,960.58	1	2,830.61
Interior block wires	14,168.96	5	708.45
Private branch exchanges	131,881.44	2	2,637.63
Booths and special fittings	51,561.09	1	515.61
Pole lines	4,020,921.74	4	160,836.87
Aerial cables	1,374,388.59	2	27,487.77
Aerial wire	2,727,937.92	4	109,117.51
Underground conduit	638,671.59	2	12,773.45
Underground cable	890,850.77	2	17,817.01
Office furniture and fixtures	78,749.85	..	.....
General store equipment	2,923.85	..	.....
General stable and garage equipment	36,788.27	..	.....
General tools and implements	20,851.88	..	.....
Total	$13,573,315.41	2.62	$354,972.43

Interest During Construction: The Commission's Engineer testified that Interest During Construction is a

part of the cost of a completed property, and has been so recognized in the accounting classification of the Interstate Commerce Commission, which has been accepted by this Commission for telephone companies. For the purpose of arriving at the amount to be allowed for Interest During Construction engineers have usually assumed that current rates of interest, applied to the cost of the plant during one-half of the period of construction, would indicate the loss of Interest During the Construction period, and the amount so determined should be considered in arriving at the value of the propetry. This general rule, however, applied to the case now under consideration, in which the assumed construction period was taken at five years, would mean that the charges for Interest During Construction would amount to approximately 15 per cent of the cost of the plant. However, the actual construction period, for the purpose of calculating Interest During Construction, must be taken as the period during which money is tied up in construction work not ready for service, and must not be taken as the one during which the property could be most economically reproduced. The assumption of a very long construction period, for the purpose of reproducing the property of a utility, will, in reality, reduce the amount to be allowed for Interest During Construction, for the reason that under such a scheme portions of property are placed in service as soon as completed, and the investment therein is no longer subject to a charge for Interest During Construction. Under the scheme used by the Telephone Company in calculating Interest During Construction the investment in property as soon as ready for use was deducted from the amount subject to Interest During Construction, with the result that the loss of interest during the construction period, on money tied up in property not ready for use, was kept at a minimum.

Interest During Construction, being a part of the cost of the completed property, bears no relation to the rate of return that should be allowed on money which the utility has invested for the service of the public. The evidence submitted in this case by the Telephone Company shows that money for construction purposes can be obtained at 6 per cent, and this evidence is based on what money for this purpose has actually cost the Company in the past. This rate applied to the investment in property not in service throughout the construction period indicated that the loss of interest on such money amounted to approximately 5 per cent of the entire investment in the physical property.

The estimate of the Commission's Engineer, based on a construction period of two years, and on an interest rate of 6 per cent, is as follows:

INTEREST DURING CONSTRUCTION.
ASSUMED CONSTRUCTION PERIOD. TWO YEARS' RATE ASSUMED, SIX PER CENT PER ANNUM.

Account	Cost of Reproduction	Interest During Construction Per Cent	Interest During Construction Amount
Land	$ 210,080.64	10	$ 21,008.06
Buildings	760,821.72	6	45,649.30
Central office equipment	1,391,169.85	6	83,470.19
Other equipment	32,053.78	3	961.61
Station apparatus	633,582.24	..	.....
Station installations	283,060.58	..	.....
Interior block wires	14,168.96	..	.....
Private branch exchanges	131,881.44	1	1,318.81
Booths and special fittings	51,561.09	..	.....
Pole lines	4,020,921.74	6	241,255.30
Aerial cable	1,374,388.59	5	68,719.43
Aerial wire	2,727,937.92	4	109,117.52
Underground conduit	638,671.59	6	38,320.30
Underground cable	890,850.77	5	44,542.54
Total	$13,161,150.91	4.97	$654,363.06
Contingencies and omissions	354,972.43	4.97	17,642.13
Total	$13,516,123.34	4.97	$672,005.19

Working Capital

Witness Roderick Reid for the Telephone Company testified that the items considered in the study of working capital of any public utility should represent a sum sufficient and ample, under normal conditions, to meet and carry on the obligations of the company. The company must have sufficient cash capital to provide not only for the prompt payment of operating expenses, repairs, etc., as they accrue, but also for taking advantage of cash discounts, or emergencies, and for maintaining the credit of the organization.

The allowance to be made is based on such items as securities, cash, employes' working funds, bills receivable, accounts receivable, material and supplies, prepayment, and miscellaneous clearing accounts, from which deductions should be made for audited vouchers and wages unpaid, accounts payable, and miscellaneous accounts unpaid. In the compilation of the working capital of The Telephone Company the amount submitted by Auditor Reid was $575,448.71, and this amount was given in detail by him as follows:

WORKING CAPITAL.
Year Ending August 31, 1915.

105-116	Securities		$ 59,269.29
113	Cash		240,607.57
115	Employees' working funds		31,222.25
117- 10	Bills receivable—Miscel.—Motorcycle		1,992.98
117- 10	Bills receivable—Miscel.—Other		393.35
117- 10	Bills receivable—Miscel.—Warrants		5,302.71
118- 01	Accts. rec.—Due from subscribers (live)	$129,642.00	
164- 01-02	Accts. rec.—Less unearned revenue	1,076.86	
			128,565.14
118- 02	Accts. rec.—Abeyance accounts		15,687.10
118- 04	Accts. rec. — Due from collectors and agents		386.56
118- 05	Accts. rec.—Unbilled exchange service		12,113.83
118- 06	Accts. rec.—Unbilled toll service		25,207.20
119- 02	Accts. rec.—American Tel. & Tel. Co.		1,554.43
119- 05	Accts. rec.—Western Electric Co.		49.46

119- 06	Accts. rec.—Bell operating companies....		1,587.86
119- 07	Accts. rec.—Sub-licensed & other com. cos.		634.90
120- 01	Accts. rec.—Miscellaneous—Special		313.18
120- 02	Accts. rec.—Miscellaneous debtors .....$	6,819.85	
164- 03	Accts. rec.—Less unearned directory adv.	2,277.08	
			4,542.77
120- 03	Accts. rec.—Miscellaneous suspended		43.76
122- 01	Material and supplies—Plant suppiles....$105,661.72		
122- 02	Material and supplies—Office supplies	5,031.86	
122- 03	Material and supplies—Postage	509.10	
722	Material and supplies—W. E. Co. Clear and (undist. sup.)	24,469.61	
			135,672.29
129	Prepayments—Prepaid rents		2,573.59
131	Prepayments—Prepaid insurance		11,832.62
132	Prepayments—Prepaid directory expense..		4,620.03
133- 01	Prepayments—Prepaid interest		1,031.94
133- 02	Prepayments—Prepaid pole attachments..		2,576.19
133- 03	Prepayments—Prepaid railway transp'r...		849.39
708	Clearing—Custom work (acct. rec.).....		1,099.68
724	Clearing—Connecting co. rev. rec.		321.19
723	Clearing—Pay roll clearance rec.		1,019.99
725	Clearing—Freight clearance rec.		91.39
726	Clearing—Short check clearance rec.		39.56
			$691,202.19
Deductions:			
158	Audited vouchers and wages unpaid.....		$ 81,074.39
160- 01	Accts. pay.—To A. T. & T. Co., general....		555.40
160- 02	Accts. pay.—To A. T. & T. Co., traffic.....		277.83
160- 03	Accts. pay.—To A. T. & T. Co., miscell...		641.36
160- 05	Accts. pay.—To Western Electric Co.		27,228.38
160- 06	Accts. pay.—To Bell operating companies.		659.57
160- 07	Accts. pay.—Sub-licensed & other com. cos.		1,369.06
161	Accts. pay.—Miscellaneous		3,947.49
			$115,753.48
	Net working capital.....		$575,448.71

Mr. Herbert, the Commission's Statistician, found the amount of Working Capital for the State of Colorado to be $529,375.96 as of August 31, 1915. The difference between the amounts found by him and Mr. Reid is accounted for by the fact that Mr. Herbert deducted the sum of $40,275.00 to cover investment securities in other

companies, and further deducted Subscribers' Deposits amounting to $5,797.75. Otherwise Mr. Herbert and Mr. Reid agreed upon the amount allowed for Working Capital.

Property Assignable to the Company as a Whole

Certain of the Lands and Buildings of the Telephone Company, located in the State of Colorado, are used for its operations as a whole. It was therefore necessary for the Commission's Engineer to prorate the investment of such property as between Colorado and the Company elsewhere on an equitable basis.

The Denver main office building is occupied by the general offices of the Company, the offices of the Eastern Division, and by the Denver Exchange, and general and central district offices. In arriving at the proportion to be assigned to Colorado the number of square feet of floor space occupied by the general offices, the square feet occupied by the Eastern Division offices, and also the square feet occupied by the Denver exchange departments and central district office, was determined. The floor space occupied by the Company's general offices was then prorated on the basis of owned stations for Colorado to the owned stations for the Company as a whole. The square feet of floor space occupied by the Eastern Division offices was prorated on the basis of owned stations in Colorado to the total owned stations in the Eastern Division. The entire floor space occupied by the Denver exchange departments and Central District department was all assigned to Colorado, since this space is devoted exclusively to Colorado business. By combining the proportion of the general office space and the Eastern Division space with the space devoted exclusively to Colorado operations, the total amount of floor space assignable to Colorado and properly included in the valuation of the Colorado property was arrived at. The per cent that the floor space thus arrived at bears to the total

floor space in the building was then applied to the valuation of the building, and the portion which should be included in the appraisal of the Colorado proprety was thus obtained.

The Telephone Company's Denver warehouse, located at No. 1175 Osage Street, is occupied by the Denver Plant Department, The Western Electric Company, and the General Stationery Department. The Commission's Engineer apportioned the space occupied by the Denver Plant Department to Colorado, since the work of that Department is confined strictly to Denver; and the portion occupied by The Western Electric Company was also apportioned to Colorado for the reason that the rental received from The Western Electric Company for the use of the warehouse was included by the Commission's Statistician in the Colorado revenues. The space occupied by the General Stationery Department of the Company, being general, was apportioned to Colorado on the basis of Colorado owned stations to the total owned stations of the Telephone Company.

The appraised value of the three lots of land located on Champa Street in Denver, and occupied by the main office building of the Company, was prorated on the same basis as Denver main building, with the result that 75.85 per cent of the appraised value of those lots was assigned to Colorado.

The Commission's Engineer found that the furniture and fixtures located in the Denver main office, are used by the General, Division, and Denver offices of the Company. On the books of the Telephone Company this furniture and fixtures is carried in the Denver office furniture and fixtures account. Office furniture and fixtures in the General offices, and General Store Equipment were prorated on the same basis as Land and Buildings.

The following table gives the cost of reproducing the properties of the Telephone Company, assignable to

Colorado, as found by the Commission's Engineering Department and the Telephone Company's Engineering Department. These reproduction costs do not include intangible values:

	I. C. C. No.	Reproduction Cost McCarn	Reproduction Cost Rankin
Right of way	207	$ 281,033.69	$ 272,848
Land	210	210,080.64	210,081
Buildings	212	783,646.37	760,822
Central office equipment	221	1,432,904.95	1,405,082
Other equipment	222	32,053.78	32,054
Station apparatus	231	652,589.71	639,918
Station installations	232	291,552.40	285,892
Interior block wire	233	14,594.03	14,877
Private branch exchanges	234	135,837.88	134,519
Booths and fittings	235	53,107.92	52,077
Exchange pole line	241	2,181,361.67	2,202,540
Exchange aerial cable	242	1,410,153.74	1,396,462
Exchange aerial wire	243	1,289,952.90	1,302,477
Exchange underground conduit	244	657,831.74	559,645
Exchange underground cable	245	903,869.69	895,094
Toll pole lines	251	1,960,167.72	1,979,219
Toll aerial cable	252	5,466.51	5,414
Toll aerial wire	253	1,519,823.15	1,534,579
Toll underground cable	255	13,706.60	13,574
Interest during construction	258	676,113.00	674,078
Office furniture and fixtures	261	78,749.85	78,750
General store equipment	263	2,926.85	2,927
Stable and garage	264	36,788.27	36,788
Tools and implements	265	20,851.88	20,852
Working capital	...	575,448.71	529,376
Total	...	$15,220,633.66	$15,039,945

Reproduction Cost Less Depreciation

G. E. McCarn, General Plant Superintendent for the Telephone Company, contended that the Commission, in arriving at the value of the properties of the Telephone Company, should use as a basis the cost to reproduce the properties, for the reason that sufficient evidence had been introduced to the Commission to prove conclusively that the property was giving service as good as could be

obtained from a new plant, and that therefore the property was in 100 per cent esrvice condition.

Mr. Rankin, the Commission's Engineer, contended that as one test for the Commission, in arriving at the present value of the properties of the Telephone Company, it should take the cost of reproducing the properties new, in the sense that this Commission uses the term "reproduction," and should determine the full amount of the theoretical accrued depreciation, after which the Commission should direct its attention to the amount in the depreciation reserve; Mr. Rankin's theory being that the amount of accrued depreciation, when properly determined, provides the best measure of the amount that should be in the reserve for accrued depreciation at the time of the investigation.

He further testified in the hearings that in his opinion the deductions for depreciation, in arriving at a fair value for rate making purposes, should not, as a rule, be made on account of the fact that the property was found to be old, obsolete, inadequate or otherwise incapable of giving good service, but that when the property was found to be in such a condition that good service could not be given, the first duty of the Commission would be to order the utility to put its property in such a condition that good service could be had.

He also stated that while many decisions of courts and commissions hold that the present or depreciated value of the property of a public utility is the proper basis for rate making, proper allowance being made for non-physical values, that in his opinion such weight must be given to the depreciated value of the physical property as the merits of individual cases warrant, and that, in addition to the amount of accrued depreciation at the time of the investigation, due consideration should be given to the amount which the utility had been able to set aside to make good such depreciation; and that like-

wise consideration should be given to the manner in which such reserve had been set aside, invested and accounted for by the utility.

Mr. Rankin stated that, in his opinion, when depreciation reserves so set aside on the straight line basis, are invested in the property of the utility and become a part of the property which is appraised, the net deduction on account of depreciation should be equal to the amount in the reserve for depreciation at the time of the investigation, but that no deduction whatever from reproduction cost should be made in arriving at the value of a property for rate-making purposes when it is the practice of the utility or the requirement of the Commission that depreciation reserves be set aside on the sinking fund basis. His general opinion was, that assuming the property of the utility was in condition to give good and adequate service, depreciation deduction should be made for the purpose of giving the consumer the benefit of the earnings upon that which he had contributed to the reserves, or upon the temporary investment of the consumer in the property, and that such deductions should not be made in a rate making case for the reason that the property was not new.

Mr. Rankin stated that, in his opinion, the actual amount of depreciation could not be fully determined by the inspection method, and that the amount arrived at by this method was of no value to the Commission in arriving at the proper basis for rate making purposes, inasmuch as it gave the Commission no information as to the reserve that should be available for depreciation, or as to the reserve that was then invested in the property. The amount of depreciation as determined by the inspection method, in the opinion of the Commission's Engineer, bears no relation to the amount that should be in the reserve for depreciation; neither does it give the

Commission any information as to the rate at which such reserve should be set aside.

He further stated that it was not possible in this case—as in practically all cases—to obtain all of the necessary information for making use of the "age and life" method, but that for most of the property this information could be and was obtained and made use of. However, the records of the Telephone Company covering poles and wire did not disclose the age of this property, and, as a result, it was necessary for the Commission's Engineer to give consideration to the inspection method. He further testified that, in his opinion, the inspection method of arriving at the depreciated condition of poles could be relied upon for the reason that the measurable deterioration upon such plant is approximately in proportion to its age, and the results obtained by such a method would be approximately the same as those obtained by the age and life method, if such age and life data were available.

The Commission's Engineer further testified that, in his opinion, a combination of the age and life method and of the inspection method, should always be used in arriving at the depreciated condition of physical property; the inspection method being relied upon mainly for the purpose of establishing the age of the property in service and the number of years that it could be retained in service without replacement; and, further, that after the age and life data had been reasonably determined the service condition of the property should be taken as the ratio of the remaining life to the total life, and that little consideration should be given to the amount of measurable depreciation.

Witness McCarn stated that, in his opinion, if the Commission were to deduct from the cost of reproducing the property any sum whatever due to depreciated condition of the property, the amount should be determined

by actual inspection of the properties of the Telephone Company, and that no consideration should be given to the age and life method as used by Mr. Rankin.

He also contended that in this case it had been proven conclusively to the Commission that the Telephone Company was rendering adequate service, and therefore the Commission should consider the properties of the Telephone Company on the basis of adequate service and not on the basis of a property in a depreciated condition; and that the properties of the Company did not dereciate at a uniform rate, but rather that if the properties were properly maintained depreciation would occur practically at the time of removal rather than through a course of years, and therefore, if any depreciation were deducted by the Commission from the reproduction cost of the properties, an actual inspection should be made of the properties and only that deducted which could be actually determined from inspection and observation. On this theory Mr. McCarn, and the Engineering staff of the Telephone Company, conducted quite an extensive investigation and presented their findings to the Commission.

The amount determined by Mr. McCarn, as representing the amount of depreciation of the property, by the inspection method, was $1,087,404.93. Mr. Rankin found the amount of accrued depreciation, as determined by the age and life method, to be $2,532,548.00. On the following page will be found the reproduction cost less depreciation of the properties of the Telephone Company, exclusive of intangible values, as found by Mr. McCarn, for the Telephone Company, and Mr. Rankin, for the Commission:

	Reproduction Less Depreciation	
	McCarn	Rankin
Right of way	$ 281,033.69	$ 272,848
Land	210,080.64	210,081
Buildings	751,516.87	617,027
Central office equipment	1,376,167.98	945,620
Other equipment	28,207.33	24,041
Station apparatus	610,954.49	415,947
Station installations	282,251.88	231,287
Interior block wire	13,206.14	13,389
Private branch exchanges	131,450.32	91,473
Booths and fittings	50,399.42	34,527
Exchange pole line	1,911,745.37	1,872,159
Exchange aerial cable	1,262,933.62	950,991
Exchange aerial wire	1,190,497.58	1,155,749
Exchange underground conduit	642,175.34	456,410
Exchange underground cable	874,944.41	721,614
Toll pole lines	1,717,908.52	1,682,336
Toll aerial cable	4,895.88	3,688
Toll aerial wire	1,402,644.75	1,473,585
Toll underground cable	13,269.44	11,538
Interest during construction	676,113.00	674,078
Office furniture and fixtures	72,449.86	59,063
General store equipment	2,625.97	2,927
Stable and garage	30,166.38	36,788
Tools and implements	18,141.14	20,852
Working capital	575,448.71	529,376
Total	$14,133,228.73	$12,507,394

Book Value

Mr. Herbert, Chief Statistician of the Commission, acting upon the order of the Commission issued on August 6, 1915, conducted a thorough investigation of the book accounts as outlined in said order. A careful study was made by Mr. Herbert of the accounting methods of the Telephone Company for the purpose of determining whether the Telephone Company was complying with the uniform classification of accounts as prescribed by the Interstate Commerce Commission for telephone companies, which classification has been adopted by this Cimmission.

For the purpose of this investigation Mr. Herbert took the date of August 1, 1911—being the date on which the Telephone Company acquired the entire properties and assets of The Colorado Telephone Company—and the books and records were thoroughly examined from the date of August 1, 1911, to December 31, 1915.

Considerable attention was first given to the Fixed Capital Accounts of the Telephone Company, particular attention being directed to the details of the districts and exchanges, and the major accounts comprising the physical property book value accounts of the Company. The books were carefully scrutinized to determine whether all charges made to the Fixed Capital Accounts were proper, and that no operating expense accounts were included in the Fixed Capital Accounts, or that no construction accounts were included in operating expenses. These accounts were all checked at the district exchanges for comparison with the books in the General Auditor's office.

In Mr. Herbert's consideration of fixed capital accounts no attention was given to the accounts other than exchanges included entirely within the boundaries of the State of Colorado.

The Plant Investment accounts of each and every exchange station in the State of Colorado was checked on the books of the Telephone Company, and proper segregation made, giving the details of all plant equipment items to the several exchanges, showing the book value of each of the exchanges, and also toll line equipment included within the boundaries of the State.

In the compilation of Fixed Capital Accounts no intangible values were included.

Mr. Herbert made a very careful audit of the Fixed Capital Accounts of the Telephone Company as a whole, and by exchanges included entirely within the boundaries of the State of Colorado. The Plant Investment Ac-

count of each and every exchange in the State of Colorado was taken from the general books of the Telephone Company, and the proper segregation made. After Mr. Herbert verified these records they were compared with the detailed compilations of the Auditing Department of the Telephone Company, with the result that the statements compiled by Mr. Herbert and by the Company were found to correspond in every detail.

Mr. Reid, in his evidence before the Commission, stated that the early accounting practices cause the Fixed Capital values, as shown by the book accounts today, to be less than would be revealed by the appraisal of today. He further testified that during the operations of the Telephone Company charges had been made to the Operating Expense Accounts, which should have been made to the Construction Accounts, with the result that the Fixed Capital Accounts as disclosed by the books of the Company do not represent the book value which would be obtained if the books were today rewritten in accordance with the present classification of accounts.

He further testified that adjustments to the Fixed Capital Accounts, based on inventories taken by the Company, are not permitted by the Interstate Commerce Commission, with the exception of such adjustments as it is necessary to make of the General Equipment accounts. The charges to the Construction Accounts are not so made as to identify each item of the plant, and, when portions of plant are replaced, the estimated—if not known—cost of such original plant is charged to the Depreciation Reserves, and the difference between the original cost of such plant and the cost of the replacements is either charged or credited to Fixed Capital Accounts.

Mr. McCarn testified that the difference between the appraisal and book values of the Telephone Company was due to the fact that the proper segregation of ac-

counts was not made in the earlier accounting methods of the Company, and that although these book values in the auxiliary records of the Telephone Company today may be sufficient for administrative purposes, they do not represent the actual cost of the property to the Company and are not as reliable as results obtained by a proper inventory and appraisal of the property.

The Book Value of the properties located in the State of Colorado, as compiled from the books of the Telephone Company by Mr. Herbert, and as agreed to by the Auditors of the Company, was, on August 31, 1915, as follows:

Total Exchange	$10,125,965.23
Total of Toll	3,040,953.52
Grand Total	$13,166,918.75

The above amount does not include the necessary Working Capital.

Revenues and Expenses

Mr. Herbert, in the consideration of the operations of the Telephone Company allocated certain expense accounts, which applied to the Telephone Company as a whole. A certain proportion of these accounts was prorated to Colorado on the basis of owned stations. In adopting this method he arrived at the average number of stations for the Telephone Company as a whole each month for a period of one year, and divided the sum of these monthly averages by twelve, giving the average number of stations for the year. He then ascertained the average number of stations in Colorado for each month for the same year, and dividing this sum by twelve, obtained the average number of owned stations in the State for the year; and in this way determined the ratio of the average number of owned stations for the State to the average number of owned stations for the Telephone Company as a whole.

In a similar manner the expenses applicable to the Eastern Division of the Telephone Company as a whole (in which the State of Colorado is included), were assigned to the State of Colorado on the basis of the owned stations in the State to the number of owned stations in the Division. The expenses chargeable to a district as a whole were prorated to the exchanges in that district on the basis of owned stations in the exchange to the owned stations in the district.

The same method was used by Mr. Herbert for prorating the expenses of exchange areas to any larger areas; that is, on the number of owned stations in any exchange to the number of owned stations in the area involved.

In auditing the revenues and expenses of the Telephone Company the Statistician allocated all accounts in accordance with the Accounting Classification of Telephone Companies.

In building up the statement of General Office Expense the same method of prorating was used, and pay rolls and pay roll summaries were carefully examined; particular attention being paid to the item of taxes—which was checked from the original county records.

Careful attention was given to the manner in which the rates and schedules of the Telephone Company in the different exchanges were compiled with in billing, both for local and toll service, and as to whether or not any rebates or discounts were made which would reflect in free service or discrimination in rates. An examination was likewise made of the entire free service rendered by the Telephone Company, and the total amount of free service and the purposes for which it was given was reported to the Commission.

Mr. Roderick Reid, for the Telephone Company, presented for the Commission's consideration written testimony giving in detail the revenues and operating ex-

penses of the Telephone Company by exchanges during the several years of operation between August 1, 1911, to December 31, 1915. Mr. Herbert made a careful audit and check of the amounts submitted by Mr. Reid and found that they were correct and had been allocated according to the Classification of Accounts.

Following will be found detailed statements by exchanges of the Revenues and Expenses of the Telephone Company applicable to the State of Colorado from January 1, 1912, to December 31, 1915.

NOTE.—The Toll Service Revenues represent the toll business originating in the Exchange.
Some of the items are pro-rated to areas.
Operating expenses in following tables do not include the annual depreciation requirements.

In order to arrive at the amount available for a return on the investment in each exchange, there should be deducted from the "Total net revenue from all sources," as herein shown, the proper requirement for depreciation for each exchange, as established by the Commission in this case.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Aguilar

	1912	1913	1914	1915
Exchange Service Revenues	2,851.80			
Toll Service Revenues	3,019.88			
Miscellaneous Operating Revenues	5.61			
Total Operating Revenues	5,877.29			
Maintenance Expense (not including depreciation)	627.01			
Traffic Expenses	989.43			
Commercial Expenses	550.14			
General and Miscellaneous Expenses	173.07			
Uncollectible Expenses and Other Operating Expenses	35.33			
Taxes	102.59			
Rents	19.24			
Interest, Amortization, etc.	14.12			
Licensee Revenue—Dr.	263.90			
Total Operating Expenses and Deductions (not including depreciation)	2,774.83			
Net Revenue	3,102.46			
Non-operating Revenues	70.78			
Non-operating Expenses				
Net Non-operating Revenues	70.78			
Total Net Revenue from all Sources	3,173.24	Transferred to Trinidad Exchange.		

Akron

	1912	1913	1914	1915
Exchange Service Revenue	1,483.05			
Toll Service Revenues	1,228.96			
Miscellaneous Operating Revenues	3.21			
Total Operating Revenues	2,715.22			
Maintenance Expense (not including depreciation)	411.27			
Traffic Expenses	683.22			
Commercial Expenses	402.94			
General and Miscellaneous Expenses	109.25			
Uncollectible Expenses and Other Operating Expenses	33.32			
Taxes	161.10			
Rents	12.08			
Inteerst, Amortization, etc.	8.88			
Licensee Revenue—Dr.	115.54			
Total Operating Expenses and Deductions (not including depreciation)	1,937.60			
Net Revenue	777.62			
Non-operating Revenues				
Non-operating Expenses	44.52			
Net Non-operating Revenues	44.52			
Total Net Revenue from all Sources	822.14	Transferred to Brush Exchange		

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Alamosa

	1912	1913	1914	1915
Exchange Service Revenues	10,260.25	13,415.85	12,736.05	12,775.30
Toll Service Revenues	8,474.60	8,117.07	9,009.06	9,380.88
Miscellaneous Operating Revenues	29.36	298.19	296.87	361.70
Total Operating Revenues	18,764.21	21,831.11	22,041.98	22,517.88
Maintenance Expense (not including depreciation)	3,792.91	3,283.77	3,212.62	3,880.60
Traffic Expenses	3,224.50	3,805.50	4,050.96	4,566.06
Commercial Expenses	2,532.74	3,184.82	3,538.88	3,616.16
General and Miscellaneous Expenses	982.76	1,385.64	1,123.94	1,171.73
Uncollectible Expenses and Other Operating Expenses	179.22	185.58	315.63	67.79
Taxes	763.55	1,631.08	1,823.80	1,675.27
Rents	65.11	10.80	3.60	25.05
Interest, Amortization, etc.	72.82	98.12	144.13	247.06
Licensee Revenue—Dr.	816.93	933.91	943.23	953.39
Total Operating Expenses and Deductions (not including depreciation)	12,430.54	14,519.22	15,156.79	16,203.11
Net Revenue	6,333.67	7,311.89	6,885.19	6,314.77
Non-operating Revenues	364.94	476.54	433.94	374.76
Non-operating Expenses				
Net Non-operating Revenues	364.94	476.54	433.94	374.76
Total Net Revenue from All Sources	6,698.61	7,788.43	7,319.13	6,689.53

Antonito

	1912	1913	1914	1915
Exchange Service Revenues	6,960.35	7,631.75	5,924.45	6,040.38
Toll Service Revenues	2,135.07	2,161.16	2,882.54	3,296.20
Miscellaneous Operating Revenues	13.79	115.53	110.25	119.12
Total Operating Revenues	9,109.21	9,908.44	8,917.24	9,455.70
Maintenance Expense (not including depreciation)	1,021.94	975.08	1,333.06	969.28
Traffic Expenses	2,877.30	2,583.48	2,680.38	1,986.42
Commercial Expenses	1,408.23	1,250.04	1,355.99	1,270.63
General and Miscellaneous Expenses	460.62	523.95	408.26	402.20
Uncollectible Expenses and Other Operating Expenses	100.87	50.51	100.69	110.11
Taxes	530.76	590.58	590.71	620.46
Rents	4.05	540.00	548.00	557.25
Interest Amortization, etc.	37.44	39.37	56.00	110.02
Licensee Revenue—Dr.	385.68	411.40	368.88	383.57
Total Operating Expenses and Deductions (not including depreciation)	6,826.89	6,964.41	7,441.97	6,409.94
Net Revenue	2,282.32	2,944.03	1,475.27	3,045.76
Non-operating Revenues	187.64	213.99	187.74	157.93
Non-operating Expenses				
Net Non-operating Revenues	187.64	213.99	187.74	152.93
Total Net Revenue from All Sources	2,469.96	3,158.02	1,663.01	3,203.69

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Arvada

	1912	1913	1914	1915
Exchange Service Revenues	36,447.73	17,487.35	19,708.59	21,133.82
Toll Service Revenues	27,501.26	10,570.91	10,736.52	11,753.59
Miscellaneous Operating Revenues	121.15	375.25	493.25	497.73
Total Operating Revenues	64,070.14	28,433.51	30,938.36	33,385.13
Maintenance Expense (not including depreciation)	11,091.92	4,579.65	4,257.43	3,822.44
Traffic Expenses	12,746.47	5,680.25	6,385.48	6,644.19
Commercial Expenses	9,890.17	4,258.63	4,710.53	4,021.71
General and Miscellaneous Expenses	3,299.11	1,552.40	1,816.19	1,548.57
Uncollectible Expenses and Other Operating Expenses	1,261.49	578.52	701.98	24.68
Taxes	4,037.80	2,243.62	2,308.51	2,541.70
Rents	200.74	658.01	632.18	628.96
Interest, Amortization, etc.	264.77	154.92	271.51	460.50
Licensee Revenue—Dr.	2,805.57	1,225.50	1,334.67	1,452.41
Total Operating Expenses and Deductions (not including depreciation)	45,598.04	20,931.50	22,418.48	21,145.16
Net Revenue	18,472.10	7,502.01	8,519.88	12,239.97
Non-operating Revenues	1,326.94	623.87	643.23	570.86
Non-operating Expenses				
Net Non-operating Revenues	1,326.94	623.87	643.23	570.86
Total Net Revenue from All Sources	19,799.04	8,125.88	9,163.11	12,810.83

Aspen

	1912	1913	1914	1915
Exchange Service Revenues	6,336.91	6,298.45	6,505.67	6,389.03
Toll Service Revenues	2,196.78	2,202.67	2,106.10	2,367.25
Miscellaneous Operating Revenues	40.91	456.17	199.44	97.18
Total Operating Revenues	8,574.60	8,957.29	8,811.21	8,853.46
Maintenance Expense (not including depreciation)	2,676.48	1,319.74	785.18	819.07
Traffic Expenses	1,646.92	1,998.20	1,776.61	1,697.87
Commercial Expenses	1,132.78	1,252.53	1,287.67	1,093.67
General and Miscellaneous Expenses	460.19	465.97	401.99	388.64
Uncollectible Expenses and Other Operating Expenses	40.73	31.20	85.55	.45
Taxes	657.52	619.68	670.66	950.17
Rents	.26	150.00	198.25	215.37
Interest, Amortization, etc.	37.12	33.22	50.63	92.12
Licensee Revenue—Dr.	377.38	371.06	373.37	376.26
Total Operating Expenses and Deductions (not including depreciation)	7,029.38	6,241.60	5,629.91	5,633.62
Net Revenue	1,545.22	2,715.69	3,181.30	3,219.84
Non-operating Revenues	186.06	190.12	183.89	150.16
Non-operating Expenses				
Net Non-operating Revenues	186.06	190.12	183.89	150.16
Total Net Revenue from All Sources	1,731.28	2,905.81	3,365.19	3,370.00

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Berthoud

	1912	1913	1914	1915
Exchange Service Revenues		8,529.20	8,925.85	9,442.31
Toll Service Revenues		3,590.50	3,776.58	4,553.35
Miscellaneous Operating Revenues		134.57	128.30	157.10
Total Operating Revenues		12,254.27	12,830.73	14,152.76
Maintenance Expense (not including depreciation)		1,430.52	1,381.53	1,589.28
Traffic Expenses		2,661.60	2,852.97	3,096.88
Commercial Expenses		1,764.09	1,754.94	1,758.59
General and Miscellaneous Expenses		765.85	663.98	714.94
Uncollectible Expenses and Other Operating Expenses		86.14	165.94	*42.54
Taxes		1,302.40	1,295.45	1,363.87
Rents		360.55	351.00	352.73
Interest, Amortization, etc		55.43	84.99	166.48
Licensee Revenue—Dr.		538.15	562.60	620.24
Total Operating Expenses and Deductions (not including depreciation)		8,964.73	9,113.40	9,620.47
Net Revenue		3,289.54	3,717.33	4,532.29
Non-operating Revenues		312.75	304.68	271.20
Non-operating Expenses				
Net Non-operating Revenues		312.75	304.68	271.20
Total Net Revenue from All Sources		3,602.29	4,022.01	4,803.49

*Credit.

Boulder

	1912	1913	1914	1915
Exchange Service Revenues	69,988.52	60,712.45	60,661.19	64,119.68
Toll Service Revenues	22,588.85	17,755.84	17,317.48	20,013.58
Miscellaneous Operating Revenues	228.38	792.71	670.53	774.55
Total Operating Revenues	92,805.75	79,261.00	78,649.20	84,907.81
Maintenance Expense (not including depreciation)	14,432.66	13,580.26	10,836.55	12,594.20
Traffic Expenses	16,546.97	12,909.43	12,527.84	12,763.94
Commercial Expenses	11,473.11	10,068.81	12,440.76	9,960.92
General and Miscellaneous Expenses	5,784.97	7,326.84	5,422.79	5,269.64
Uncollectible Expenses and Other Operating Expenses	516.49	837.87	695.07	30.02
Taxes	4,449.34	3,861.21	4,392.91	5,296.66
Rents	134.24	111.00	148.00	178.06
Interest, Amortization, etc.	457.68	357.58	528.63	1,072.72
Licensee Revenue—Dr.	4,133.32	3,467.34	3,464.52	3,687.25
Total Operating Expenses and Deductions (not including depreciation)	57,928.78	52,520.34	50,457.07	50,853.41
Net Revenue	34,876.97	26,740.66	28,192.13	34,054.40
Non-operating Revenues	2,293.72	2,069.70	1,967.64	1,736.61
Non-operating Expenses				
Net Non-operating Revenues	2,293.72	2,069.70	1,967.64	1,736.61
Total Net Revenue from All Sources	37,170.69	28,810.36	30,159.77	35,791.01

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Breckenridge

	1912	1913	1914	1915
Exchange Service Revenues	3,690.40	4,003.35	4,196.95	4,402.70
Toll Service Revenues	3,647.29	3,916.25	3,911.07	3,533.29
Miscellaneous Operating Revenues	8.29	101.44	84.86	81.97
Total Operating Revenues	7,345.98	8,021.04	8,192.88	8,017.96
Maintenance Expense (not including depreciation)	1,351.28	1,320.34	1,430.30	1,127.04
Traffic Expenses	1,873.92	1,873.86	2,069.73	2,178.74
Commercial Expenses	881.24	877.46	752.66	844.49
General and Miscellaneous Expenses	261.17	514.66	1,124.95	485.74
Uncollectible Expenses and Other Operating Expenses	41.36	48.12	94.50	26.08
Taxes	169.35	253.98	237.86	233.47
Rents	4.98	180.00	222.75	214.78
Interest, Amortization, etc.	20.78	22.37	36.29	64.87
Licensee Revenue—Dr.	322.37	340.12	347.46	339.16
Total Operating Expenses and Deductions (not including depreciation)	4,926.45	5,430.91	6,316.50	5,514.37
Net Revenue	2,419.53	2,590.13	1,876.38	2,503.59
Non-operating Revenues	104.15	115.23	112.33	102.45
Non-operating Expenses				.45
Net Non-operating Revenues	104.15	115.23	112.33	101.81
Total Net Revenue from All Sources	2,523.68	2,705.36	1,988.71	2,605.40

Brighton

	1912	1913	1914	1915
Exchange Service Revenues		8,428.70	9,067.66	8,620.50
Toll Service Revenues		4,560.15	4,508.90	5,015.95
Miscellaneous Operating Revenues		161.73	170.13	169.42
Total Operating Revenues		13,150.58	13,746.69	13,805.87
Maintenance Expense (not including depreciation)		1,591.51	2,625.20	2,156.04
Traffic Expenses		2,340.67	2,991.35	3,070.82
Commercial Expenses		1,286.35	1,729.32	1,209.91
General and Miscellaneous Expenses		749.28	637.28	577.72
Uncollectible Expenses and Other Operating Expenses		93.30	152.55	92.73
Taxes		1,101.65	1,114.17	1,188.07
Rents		240.00	275.93	274.70
Interest, Amortization, etc.		84.87	96.87	140.97
Licensee Revenue—Dr.		577.08	603.75	599.94
Total Operating Expenses and Deductions (not including depreciation)		8,064.71	10,226.42	9,310.90
Net Revenue		5,085.87	3,520.27	4,494.97
Non-operating Revenues		306.17	294.68	228.48
Non-operating Expenses				
Net Non-operating Revenues		306.17	294.68	228.48
Total Net Revenue from All Sources		5,392.04	3,814.95	4,723.45

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Brush

	1912	1913	1914	1915
Exchange Service Revenues	8,272.45	10,563.30	6,819.40	6,367.18
Toll Service Revenues	2,587.76	3,690.92	4,363.56	5,744.15
Miscellaneous Operating Revenues	18.97	189.03	151.66	161.80
Total Operating Revenues	10,879.18	14,443.25	11,334.62	12,273.13
Maintenance Expense (not including depreciation)	1,580.00	2,086.09	3,366.18	1,698.86
Traffic Expenses	2,373.77	2,782.82	2,857.40	3,156.36
Commercial Expenses	1,435.47	1,808.92	2,071.33	1,759.52
General and Miscellaneous Expenses	650.77	846.02	606.97	436.19
Uncollectible Expenses and Other Operating Expenses	29.52	98.44	158.83	136.78
Taxes	602.80	1,310.85	1,228.41	1,427.93
Rents	8.99	412.50	426.00	428.94
Interest, Amortization, etc.	52.51	76.09	98.02	1,053.13
Licensee Revenue—Dr.	486.71	623.81	483.26	511.16
Total Operating Expenses and Deductions (not including depreciation)	7,220.54	10,045.54	11,296.40	11,058.87
Net Revenue	3,658.64	4,397.71	38.22	1,214.26
Non-operating Revenues	263.16	346.05	272.40	169.49
Non-operating Expenses				
Net Non-operating Revenues	263.16	346.05	272.40	169.49
Total Net Revenue from All Sources	3,921.80	4,743.76	310.62	1,383.75

Buena Vista

	1912	1913	1914	1915
Exchange Service Revenues	3,034.65	3,051.45	3,144.70	3,162.05
Toll Service Revenues	1,548.02	1,525.59	1,348.16	1,438.23
Miscellaneous Operating Revenues	7.51	52.15	41.83	40.83
Total Operating Revenues	4,590.18	4,629.19	4,534.69	4,641.11
Maintenance Expense (not including depreciation)	1,095.41	741.59	640.85	355.27
Traffic Expenses	1,264.32	1,274.20	1,227.82	1,333.93
Commercial Expenses	520.33	471.43	465.20	525.83
General and Miscellaneous Expenses	253.69	269.82	232.66	231.89
Uncollectible Expenses and Other Operating Expenses	15.17	12.54	18.95	*7.33
Taxes	124.48	377.59	365.15	386.58
Rents	2.48	120.00	125.25	193.61
Interest, Amortization, etc.	20.78	20.47	31.02	57.23
Licensee Revenue—Dr.	206.49	204.05	200.31	202.86
Total Operating Expenses and Deductions (not including depreciation)	3,503.15	3,491.69	3,307.21	3,279.87
Net Revenue	1,087.03	1,137.50	1,227.48	1,361.24
Non-operating Revenues	104.15	110.28	107.71	91.91
Non-operating Expenses				
Net Non-operating Revenues	104.15	110.28	107.71	91.91
Total Net Revenue from All Sources	1,191.18	1,247.78	1,335.19	1,453.15

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Canon City

	1912	1913	1914	1915
Exchange Service Revenues	27,567.24	30,272.26	29,741.50	28,981.28
Toll Service Revenues	9,919.75	9,535.19	10,820.29	9,960.50
Miscellaneous Operating Revenues	128.00	538.85	525.02	521.56
Total Operating Revenues	37,614.99	40,346.30	41,086.81	39,463.34
Maintenance Expense (not including depreciation)	3,604.22	4,739.32	5,830.81	5,768.25
Traffic Expenses	5,923.23	6,226.25	6,319.96	5,833.21
Commercial Expenses	3,799.61	4,402.85	4,729.34	3,703.58
General and Miscellaneous Expenses	2,553.80	2,807.12	2,316.37	2,078.04
Uncollectible Expenses and Other Operating Expenses	87.16	226.97	249.08	174.73
Taxes	2,523.88	1,766.79	1,764.39	1,805.03
Rents	67.60	96.00	107.00	123.78
Interest, Amortization, etc.	197.51	196.94	277.10	487.04
Licensee Revenue—Dr.	1,662.90	1,752.20	1,788.41	1,691.96
Total Operating Expenses and Deductions (not including depreciation)	20,419.91	22,214.44	23,382.46	21,665.62
Net Revenue	17,195.08	18,131.86	17,704.35	17,797.72
Non-operating Revenues	989.84	1,100.40	980.23	789.63
Non-operating Expenses				
Net Non-operating Revenues	989.84	1,100.40	980.23	789.63
Total Net Revenue from All Sources	18,184.92	19,232.26	18,684.58	18,587.35

Carbondale

	1912	1913	1914	1915
Exchange Service Revenues		3,829.90	3,985.80	4,147.50
Toll Service Revenues		3,513.76	3,228.60	2,973.30
Miscellaneous Operating Revenues		94.22	74.95	75.55
Total Operating Revenues		7,437.88	7,289.35	7,196.35
Maintenance Expense (not including depreciation)		944.48	1,116.82	881.57
Traffic Expenses		1,746.55	1,744.43	1,935.27
Commercial Expenses		1,040.62	717.80	664.36
General and Miscellaneous Expenses		297.21	255.38	280.48
Uncollectible Expenses and Other Operating Expenses		57.13	14.85	*19.27
Taxes		515.82	502.42	532.70
Rents		258.00	289.00	295.32
Interest, Amortization, etc.		24.82	38.45	67.52
Licensee Revenue—Dr.		319.43	316.57	308.85
Total Operating Expenses and Deductions (not including depreciation)		5,204.06	4,995.72	4,946.80
Net Revenue		2,233.82	2,293.63	2,249.55
Non-operating Revenues		148.10	141.06	130.61
Non-operating Expenses				1.50
Net Non-operating Revenues		148.10	141.06	129.11
Total Net Revenue from All Sources		2,381.92	2,434.69	2,378.66

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Castle Rock

	1912	1913	1914	1915
Exchange Service Revenues	4,034.02	4,457.45	4,480.75	4,922.00
Toll Service Revenues	5,303.54	5,890.72	5,932.89	7,012.03
Miscellaneous Operating Revenues	10.43	141.22	139.58	157.63
Total Operating Revenues	9,347.99	10,489.39	10,553.22	12,091.66
Maintenance Expense (not including depreciation)	1,824.29	1,902.81	2,073.06	2,353.16
Traffic Expenses	1,934.71	2,056.54	2,070.45	2,189.89
Commercial Expenses	1,633.22	1,685.23	1,671.11	1,555.97
General and Miscellaneous Expenses	354.49	404.96	368.88	343.41
Uncollectible Expenses and Other Operating Expenses	24.49	67.57	77.00	*17.06
Taxes	409.73	1,046.26	1,003.25	1,100.27
Rents	40.30	240.00	241.10	246.37
Interest, Amortization, etc.	28.87	33.44	52.32	91.21
Licensee Revenue—Dr.	407.87	441.76	435.96	508.75
Total Operating Expenses and Deductions (not including depreciation)	6,657.97	7,878.57	7,993.13	8,371.97
Net Revenue	2,690.02	2,610.82	2,560.09	3,719.69
Non-operating Revenues	144.70	168.13	152.35	135.92
Non-operating Expenses				
Net Non-operating Revenues	144.70	168.13	152.35	135.92
Total Net Revenue from All Sources	2,834.72	2,778.95	2,712.44	3,855.61

*Credit.

Central City

	1912	1913	1914	1915
Exchange Service Revenues	8,287.20	8,230.22	6,638.57	5,476.16
Toll Service Revenues	3,147.85	3,151.66	2,605.18	2,297.69
Miscellaneous Operating Revenues	17.70	91.38	76.37	62.17
Total Operating Revenues	11,452.75	11,473.26	9,320.12	7,836.02
Maintenance Expense (not including depreciation)	1,697.03	1,801.64	2,154.24	759.55
Traffic Expenses	2,009.05	1,882.63	2,075.16	1,780.11
Commercial Expenses	1,865.91	1,587.65	1,235.05	942.83
General and Miscellaneous Expenses	581.20	590.50	373.07	369.64
Uncollectible Expenses and Other Operating Expenses	140.21	86.11	97.52	48.83
Taxes	481.12	570.24	685.69	725.29
Rents	5.60	240.00	256.25	242.00
Interest, Amortization, etc.	47.27	42.54	48.19	70.47
Licensee Revenue—Dr.	512.52	504.98	410.60	341.88
Total Operating Expenses and Deductions (not including depreciation)	7,339.91	7,306.29	7,335.77	5,280.60
Net Revenue	4,112.84	4,166.97	1,984.35	2,555.42
Non-operating Revenues	236.92	241.15	170.81	114.56
Non-operating Expenses				
Net Non-operating Revenues	236.92	241.15	170.81	114.56
Total Net Revenue from All Sources	4,349.76	4,408.12	2,155.16	2,669.98

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Colorado Springs

	1912	1913	1914	1915
Exchange Service Revenues	166,339.80	173,397.47	183,040.35	187,981.92
Toll Service Revenues	45,283.51	43,727.47	41,088.81	41,885.83
Miscellaneous Operating Revenues	820.35	2,508.64	2,015.48	1,995.17
Total Operating Revenues	212,443.66	219,633.58	226,144.64	231,862.92
Maintenance Expense (not including depreciation)	23,531.49	24,424.72	29,050.80	20,370.73
Traffic Expenses	37,266.90	37,463.50	39,240.84	39,622.46
Commercial Expenses	21,988.30	24,207.82	24,021.81	22,916.65
General and Miscellaneous Expenses	10,654.26	11,699.16	11,026.90	11,483.48
Uncollectible Expenses and Other Operating Expenses	1,125.79	1,493.68	1,736.75	176.41
Taxes	8,864.54	2,913.65	4,709.58	7,685.98
Rents	315.60	670.01	836.53	688.87
Interest, Amortization, etc.	1,329.69	857.10	15,482.54	2,466.35
Licensee Revenue—Dr.	9,321.39	9,474.06	9,829.30	10,015.93
Total Operating Expenses and Deductions (not including depreciation)	114,397.96	113,203.72	135,935.05	115,426.86
Net Revenue	98,045.70	106,429.86	90,209.59	116,436.06
Non-operating Revenues	4,158.11	4,585.55	4,570.30	3,950.74
Non-operating Expenses				64.17
Net Non-operating Revenues	4,158.11	4,585.55	4,570.30	3,886.57
Total Net Revenue from All Sources	102,203.81	111,015.41	94,779.89	120,322.63

Craig

	1912	1913	1914	1915
Exchange Service Revenues	2,140.92	2,915.10	3,364.77	3,735.03
Toll Service Revenues	2,173.99	3,621.41	3,945.10	4,300.53
Miscellaneous Operating Revenues	6.02	92.89	108.39	100.79
Total Operatingg Revenues	4,320.93	6,629.40	7,418.26	8,136.35
Maintenance Expense (not including depreciation)	1,089.17	1,152.30	815.81	1,150.43
Traffic Expenses	1,746.52	1,809.36	1,968.49	1,999.47
Commercial Expenses	929.44	808.93	753.72	765.26
General and Miscellaneous Expenses	163.13	212.16	223.99	325.98
Uncollectible Expenses and Other Operating Expenses	101.43	9.64	29.47	84.26
Taxes	44.59	282.33	373.60	432.61
Rents	47.85	545.13	420.00	421.66
Interest, Amortization, etc.	12.85	17.38	34.29	62.66
Licensee Revenue—Dr.	163.51	256.04	288.51	318.34
Total Operating Expenses and Deductions (not including depreciation)	4,298.49	5,093.27	4,907.88	5,560.67
Net Revenue	22.44	1,536.13	2,510.38	2,575.68
Non-operating Revenues	64.40	86.42	101.56	95.15
Non-operating Expenses				.60
Net Non-operating Revenues	64.40	86.42	101.56	94.55
Total Net Revenue from All Sources	86.84	1,622.55	2,611.94	2,670.23

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Creede

	1912	1913	1914	1915
Exchange Service Revenues	2,742.80	2,668.50	2,242.55	1,713.48
Toll Service Revenues	2,377.02	1,457.82	1,038.59	1,387.32
Miscellaneous Operating Revenues	5.15	49.23	35.02	38.97
Total Operating Revenues	5,124.97	4,175.55	3,316.16	3,139.77
Maintenance Expense (not including depreciation)	390.72	552.11	234.73	409.83
Traffic Expenses	1,037.14	950.64	919.38	903.25
Commercial Expenses	487.68	386.34	350.17	252.10
General and Miscellaneous Expenses	193.26	167.38	118.14	391.84
Uncollectible Expenses and Other Operating Expenses	74.54	26.74	27.55	13.62
Taxes	257.55	157.18	161.72	132.67
Rents	4.15	187.00	222.00	207.09
Interest, Amortization, etc.	13.80	12.52	15.62	21.66
Licensee Revenues—Dr.	223.47	178.40	142.03	131.69
Total Operating Expenses and Deductions (not including depreciation)	2,682.31	2,618.31	2,191.34	2,463.75
Net Revenue	2,442.66	1,557.24	1,124.82	676.02
Non-operating Revenues	69.18	68.31	53.86	33.66
Non-operating Expenses				.16
Net Non-operating Revenues	69.18	68.31	53.86	33.50
Total Net Revenue from All Sources	2,511.84	1,625.55	1,178.68	709.52

Crested Butte

	1912	1913	1914	1915
Exchange Service Revenues	982.60	2,077.27	1,680.29	1,427.27
Toll Service Revenues	738.39	1,228.38	1,044.24	841.28
Miscellaneous Operating Revenues	2.12	105.33	54.72	25.59
Total Operating Revenues	1,723.11	3,410.98	2,779.25	2,294.14
Maintenance Expense (not including depreciation)	203.47	369.95	534.89	164.26
Traffic Expenses	660.61	1,440.90	1,610.11	1,415.11
Commercial Expenses	330.54	468.44	329.66	180.97
General and Miscellaneous Expenses	71.67	121.25	103.35	77.07
Uncollectible Expenses and Other Operating Expenses	10.67	40.17	52.14	*11.30
Taxes	27.38	232.95	212.72	229.68
Rents	33.10	252.00	252.00	254.51
Interest, Amortization, etc.	5.71	9.20	12.57	18.25
Licensee Revenue—Dr.	76.43	140.11	116.91	97.03
Total Operating Expenses and Deductions (not including depreciation)	1,419.58	3,074.97	3,224.35	2,425.58
Net Revenue	303.53	336.01	*445.10	*131.44
Non-operating Revenues	28.52	49.38	41.54	29.12
Non-operating Expenses				
Net Non-operating Revenues	28.52	49.38	41.54	29.12
Total Net Revenue from All Sources	332.06	385.39	*403.56	*102.32

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Cripple Creek

	1912	1913	1914	1915
Exchange Service Revenues	47,637.60	46,085.26	46,940.07	46,514.10
Toll Service Revenues	15,120.82	13,441.72	12,853.62	13,466.30
Miscellaneous Operating Revenues	364.18	1,677.03	1,458.13	1,103.49
Total Operating Revenues	63,122.60	61,204.01	61,251.82	61,083.89
Maintenance Expense (not including depreciation)	5,513.55	8,152.66	8,531.78	8,520.34
Traffic Expenses	9,301.79	10,271.60	10,148.85	10,984.69
Commercial Expenses	5,878.57	5,993.74	6,326.06	6,527.48
General and Miscellaneous Expenses	2,903.07	3,090.15	2,926.43	2,877.23
Uncollectible Expenses and Other Operating Expenses	287.09	700.42	832.94	410.59
Taxes	5,834.53	4,731.97	4,579.14	5,523.33
Rents	105.09	3.05	.72	14.11
Interest, Amortization, etc.	184.34	180.59	324.10	495.45
Licensee Revenue—Dr.	2,820.51	2,629.85	2,650.00	2,627.96
Total Operating Expenses and Deductions (not including depreciation)	32,828.54	35,754.03	36,320.02	37,981.18
Net Revenue	30,294.06	25,449.98	24,931.80	23,102.71
Non-operating Revenues	923.85	985.49	980.84	818.57
Non-operating Expenses				
Net Non-opearting Revenues	923.85	985.49	980.84	818.57
Total Net Revenue from All Sources	31,217.91	26,435.47	25,912.64	23,921.28

Del Norte

	1912	1913	1914	1915
Exchange Service Revenues	17,738.00	7,419.35	5,381.52	5,074.56
Toll Service Revenues	6,275.37	2,172.39	3,123.41	2,965.97
Miscellaneous Operating Revenues	62.75	130.04	120.21	113.83
Total Operating Revenues	24,076.12	9,721.78	8,625.14	8,094.36
Maintenance Expense (not including depreciation)	4,143.30	1,198.98	1,531.95	747.67
Traffic Expenses	5,237.42	1,796.98	1,783.18	1,977.25
Commercial Expenses	3,911.45	1,194.85	1,185.35	987.93
General and Miscellaneous Expenses	1,134.89	441.77	332.91	309.69
Uncollectible Expenses and Other Operating Expenses	196.41	139.11	105.92	83.11
Taxes	865.01	581.57	601.59	662.78
Rents	12.22	444.00	444.34	446.25
Interest, Amortization, etc.	90.58	33.82	47.26	74.52
Licensee Revenue—Dr.	961.61	353.48	332.71	315.05
Total Operating Expenses and Deductions (not including depreciation)	16,552.89	6,184.56	6,365.21	5,604.25
Net Revenue	7,523.23	3,537.22	2,259.93	2,490.11
Non-operating Revenues	453.97	180.25	151.57	115.21
Non-operating Expenses				51.97
Net Non-operating Revenues	453.97	180.25	151.57	63.24
Total Net Revenue from All Sources	7,977.20	3,717.47	2,411.50	2,553.35

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Delta

	1912	1913	1914	1915
Exchange Service Revenues	12,108.43	10,913.64	10,006.55	8,903.36
Toll Service Revenues	4,962.18	4,064.00	3,827.21	3,416.61
Miscellaneous Operating Revenues	936.28	1,157.67	519.47	335.47
Total Operating Revenues	18,006.89	16,135.31	14,353.23	12,655.44
Maintenance Expense (not including depreciation)	3,499.38	2,634.87	2,027.06	1,584.15
Traffic Expenses	4,052.48	4,053.31	3,770.90	3,573.69
Commercial Expenses	3,193.04	3,385.78	2,681.07	2,241.90
General and Miscellaneous Expenses	1,072.60	1,003.08	784.59	1,227.98
Uncollectible Expenses and Other Operating Expenses	117.61	290.38	231.43	43.69
Taxes	1,198.77	1,747.03	1,547.20	1,800.02
Rents	31.66	180.00	228.50	232.28
Interest, Amortization, etc.	83.29	72.63	98.91	162.32
Licensee Revenue—Dr.	732.01	650.64	608.05	539.75
Total Operating Expenses and Deductions (not including depreciation)	13,980.84	14,017.72	11,977.71	11,405.78
Net Revenue	4,026.05	2,117.59	2,375.52	1,249.66
Non-operating Revenues	417.40	388.47	337.00	256.94
Non-operating Expenses				
Net Non-operating Revenues	417.40	388.47	337.00	256.94
Total Net Revenue from All Sources	4,443.45	2,506.06	2,712.52	1,506.60

Denver

	1912	1913	1914	1915
Exchange Service Revenues	1,304,929.22	1,307,051.08	1,160,474.06	1,200,821.27
Toll Service Revenues	267,782.13	261,671.40	229,039.74	247,008.97
Miscellaneous Operating Revenues	5,820.05	20,798.64	23,474.57	24,084.23
Total Operating Revenues	1,578,531.40	1,589,521.12	1,412,988.37	1,471,914.47
Maintenance Expense (not including depreciation)	139,313.81	147,172.22	159,962.14	160,600.30
Traffic Expenses	253,744.76	276,592.08	288,609.55	310,030.37
Commercial Expenses	190,520.92	198,722.12	195,322.20	172,501.01
General and Miscellaneous Expenses	71,432.83	85,335.57	77,856.25	76,609.91
Uncollectible Expenses and Other Operating Expenses	14,708.42	12,591.56	30,714.87	7,543.74
Taxes	65,768.04	62,376.58	61,129.20	76,025.35
Rents	2,029.06	450.81	1,379.03	3,398.58
Interest, Amortization, etc.	7,756.77	6,272.28	9,462.77	24,045.70
Licensee Revenue—Dr.	68,839.73	68,334.79	60,762.00	63,340.30
Total Operating Expenses and Deductions (not including depreciation)	814,114.34	857,848.01	885,198.01	894,095.26
Net Revenue	764,417.06	731,673.11	527,790.36	577,819.21
Non-operating Revenues	27,177.78	31,418.25	31,290.63	27,119.21
Non-operating Expenses				107.19
Net Non-operating Revenues	27,177.73	31,418.25	31,290.63	27,012.02
Total Net Revenue from all Sources	791,594.84	763,091.36	559,080.99	604,831.23

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Durango

	1912	1913	1914	1915
Exchange Service Revenues	21,433.75	21,622.20	21,466.67	20,869.90
Toll Service Revenues	9,957.38	9,607.92	8,831.69	8,248.03
Miscellaneous Operating Revenues	54.37	373.00	305.17	301.75
Total Operating Revenues	31,445.50	31,603.72	30,603.53	29,419.68
Maintenance Expense (not including depreciation)	4,350.55	4,925.85	5,187.67	3,960.97
Traffic Expenses	4,631.87	4,386.26	4,408.96	4,397.41
Commercial Expenses	4,227.87	4,459.35	4,448.00	3,513.80
General and Miscellaneous Expenses	1,580.98	1,751.64	1,390.31	1,280.82
Uncollectible Expenses and Other Operating Expenses	222.26	235.48	920.12	45.04
Taxes	1,605.91	779.45	962.19	675.02
Rents	74.23	121.00	125.42	135.23
Interest, Amortization, etc.	121.36	126.33	183.91	306.32
Licensee Revenue—Dr.	1,389.64	1,370.60	1,302.95	1,265.90
Total Operating Expenses and Deductions (not including depreciation)	18,204.67	18,155.96	18,929.53	15,580.51
Net Revenue	13,240.83	13,447.76	11,674.00	13,839.17
Non-operating Revenues	608.21	640.14	596.29	473.80
Non-operating Expenses				
Net Non-operating Revenues	608.21	640.14	596.29	473.80
Total Net Revenue from All Sources	13,849.04	14,087.90	12,270.29	14,312.97

Eaton

	1912	1913	1914	1915
Exchange Service Revenues		10,580.40	11,405.20	11,983.27
Toll Service Revenues		5,664.64	6,146.56	6,791.56
Miscellaneous Operating Revenues		206.85	191.46	221.61
Total Operating Revenues		16,451.89	17,743.22	18,997.44
Maintenance Expense (not including depreciation)		2,082.01	2,666.34	1,886.67
Traffic Expenses		3,730.49	3,951.28	3,948.77
Commercial Expenses		2,117.46	2,341.16	1,957.87
General and Miscellaneous Expenses		935.62	1,021.74	859.55
Uncollectible Expenses and Other Operating Expenses		136.28	119.93	*33.81
Taxes		1,662.84	1,555.92	1,899.71
Rents		726.00	727.00	732.64
Interest, Amortization, etc.		66.58	105.96	199.49
Licensee Revenue—Dr.		719.94	783.23	831.16
Total Operating Expenses and Deductions (not including depreciation)		12,177.22	13,272.56	12,282.05
Net Revenue		4,274.67	4,470.66	6,715.39
Non-operating Revenues		376.28	378.31	325.42
Non-operating Expenses				
Net Non-operating Revenues		376.28	378.31	325.42
Total Net Revenue from All Sources		4,650.95	4,848.97	7,040.81

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Estes Park

	1912	1913	1914	1915
Exchange Service Revenues	1,796.95			
Toll Service Revenues	2,489.79			
Miscellaneous Operating Revenues	13.81			
Total Operating Revenues	4,300.55			
Maintenance Expense (not including depreciation)	622.92			
Traffic Expenses	1,171.03			
Commercial Expenses	565.43			
General and Miscellaneous Expenses	94.86			
Uncollectible Expenses and Other Operating Expenses	16.15			
Taxes	51.52			
Rents	2.90			
Interest, Amortization, etc.	7.61			
Licensee Revenue—Dr.	174.17			
Total Operating Expenses and Deductions (not including depreciation)	2,706.59			
Net Revenue	1,593.96			
Non-operating Revenues	38.16			
Non-operating Expenses				
Net Non-operating Revenues	38.16			
Total Net Revenue from All Sources	1,632.12	Transferred to Loveland Exchange.		

Fairplay

	1912	1913	1914	1915
Exchange Service Revenues	4,407.60	4,360.35	4,433.80	4,577.40
Toll Service Revenues	2,784.87	2,607.48	2,657.31	2,539.71
Miscellaneous Operating Revenues	9.53	60.97	59.51	63.89
Total Operating Revenues	7,202.00	7,028.80	7,150.62	7,181.00
Maintenance Expense (not including depreciation)	1,864.42	1,689.55	1,503.56	1,173.97
Traffic Expenses	1,244.06	1,191.20	1,265.90	1,331.33
Commercial Expenses	733.14	668.11	867.03	853.55
General and Miscellaneous Expenses	322.58	331.31	273.02	277.74
Uncollectible Expenses and Other Operating Expenses	92.62	30.94	7.34	24.80
Taxes	410.51	1,143.72	1,109.59	1,184.61
Rents	4.55	120.00	120.00	121.91
Interest, Amortization, etc.	26.33	24.58	37.91	68.52
Licensee Revenue—Dr.	319.86	306.46	314.91	310.25
Total Operating Expenses and Deductions (not including depreciation)	5,018.07	5,505.87	5,499.26	5,534.68
Net Revenue	2,183.93	1,522.93	1,651.36	1,834.32
Non-operating Revenues	131.98	131.68	126.18	109.38
Non-operating Expenses				
Net Non-operating Revenues	131.98	131.68	126.18	109.38
Total Net Revenue from All Sources	2,315.91	1,654.61	1,777.54	1,943.70

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Florence

	1912	1913	1914	1915
Exchange Service Revenues	11,254.79	11,158.07	10,098.37	9,275.15
Toll Service Revenues	4,383.33	4,534.43	5,005.85	4,878.86
Miscellaneous Operating Revenues	69.53	738.13	589.59	188.73
Total Operating Revenues	15,707.65	16,430.63	15,693.81	14,342.74
Maintenance Expense (not including depreciation)	1,276.70	1,645.77	1,910.46	2,233.32
Traffic Expenses	2,167.37	2,829.56	2,929.75	2,793.01
Commercial Expenses	1,784.19	1,981.75	1,853.63	1,283.10
General and Miscellaneous Expenses	842.87	928.34	666.72	786.55
Uncollectible Expenses and Other Operating Expenses	42.95	110.87	217.40	40.30
Taxes	1,076.06	627.05	636.96	737.47
Rents	38.25	17.50	12.80	24.68
Interest, Amortization, etc.	65.84	60.58	83.71	138.79
Licensee Revenue—Dr.	699.77	694.70	669.32	623.54
Total Operating Expenses and Deductions (not including depreciation)	7,994.00	8,896.12	8,980.75	8,660.76
Net Revenue	7,713.65	7,534.51	6,713.06	5,681.98
Non-operating Revenues	329.95	335.80	286.23	222.00
Non-operating Expenses				
Net Non-operating Revenues	329.95	335.80	286.23	222.00
Total Net Revenue from All Sources	8,043.60	7,870.31	6,999.29	5,903.98

Fort Collins

	1912	1913	1914	1915
Exchange Sevrice Revenues	64,587.31	47,040.48	50,707.17	52,571.98
Toll Service Revenues	22,696.99	16,001.23	15,823.69	17,070.44
Miscellaneous Operating Revenues	472.54	725.88	677.54	775.79
Total Operating Revenues	87,756.84	63,767.59	67,208.40	70,418.21
Maintenance Expense (not including depreciation)	12,269.69	10.825.78	9,260.38	8,978.70
Traffic Expenses	15,239.93	9,414.16	9,935.64	10,565.99
Commercial Expenses	11,215.08	7,224.03	10,681.63	7,501.19
General and Miscellaneous Expenses	5,572.23	4,505.00	3,974.55	4,510.42
Uncollectible Expenses and Other Operating Expenses	393.72	373.95	404.94	*101.63
Taxes	5,875.26	3,721.63	3,756.42	4,912.36
Rents	146.26	52.10	57.50	60.27
Interest, Amortization, etc.	431.98	283.89	444.26	873.34
Licensee Revenue—Dr.	3,873.46	2,784.15	2,949.81	3,040.00
Total Operating Expenses and Deductions (not including depreciation)	55,017.61	39,184.69	41,465.13	40,340.64
Net Revenue	32,739.23	24,582.90	25,743.27	30,077.57
Non-operating Revenues	2,164.92	1,637.02	1,645.77	1,447.23
Non-operating Expenses				
Net Non-operating Revenues	2,164.92	1,63702	1,645.77	1,447.23
Total Net Revenue from All Sources	34,904.15	26,219.92	27,389.04	31,524.80

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Fort Lupton

	1912	1913	1914	1915
Exchange Service Revenues	12,484.01	8,078.65	8,406.60	8,552.51
Toll Service Revenues	6,208.67	6,545.43	7,154.61	6,949.92
Miscellaneous Operating Revenues	31.00	171.70	182.06	190.57
Total Operating Revenues	18,723.68	14,795.78	15,743.27	15,693.00
Maintenance Expense (not including depreciation)	3,127.69	2,294.49	2,599.24	1,870.14
Traffic Expenses	4,449.57	4,131.75	4,270.70	4,389.17
Commercial Expenses	2,323.94	1,496.59	1,761.96	1,480.78
General and Miscellaneous Expenses	1,052.54	695.50	597.45	573.91
Uncollectible Expenses and Other Operating Expenses	116.88	147.34	188.27	77.91
Taxes	1,001.50	875.57	1,010.85	993.20
Rents	14.95	734.30	729.40	714.21
Interest, Amortization, etc.	85.82	56.75	88.47	147.00
Licensee Revenue—Dr.	841.65	647.91	691.35	683.43
Total Operating Expenses and Deductions (not including depreciation)	13,014.54	11,080.20	11,937.69	10,929.75
Net Revenue	5,709.14	3,715.58	3,805.58	4,763.25
Non-operating Revenues	430.12	283.94	271.60	224.59
Non-operating Expenses				
Net Non-operating Revenues	430.12	283.94	271.60	224.59
Total Net Revenue from All Sources	6,139.26	3,999.52	4,077.18	4,967.84

Fort Morgan

	1912	1913	1914	1915
Exchange Service Revenues	14,015.45	15,099.11	10,920.36	13,251.26
Toll Service Revenues	5,784.90	5,891.25	6,052.11	7,356.95
Miscellaneous Operating Revenues	61.66	930.37	375.97	250.71
Total Operating Revenues	19,862.01	21,920.73	17,348.44	20,858.92
Maintenance Expense (not including depreciation)	2,547.79	3,013.58	3,598.54	2,369.25
Traffic Expenses	3,223.80	3,853.15	3,524.46	3,671.81
Commercial Expenses	2,761.30	2,974.46	3,149.15	2,744.29
General and Miscellaneous Expenses	1,132.10	1,272.24	906.31	945.74
Uncollectible Expenses and Other Operating Expenses	116.70	137.54	253.06	226.87
Taxes	703.17	1,426.28	1,294.59	1,563.88
Rents	39.08	102.26	101.92	137.97
Interest, Amortization, etc.	90.27	101.86	133.19	240.96
Licensee Revenue—Dr.	886.18	929.08	749.06	885.18
Total Operating Expenses and Deductions (not including depreciation)	11,500.39	13,810.45	13,710.28	12,785.95
Net Revenue	8,361.62	8,110.28	3,638.16	8,072.97
Non-operating Revenues	452.39	493.00	399.32	357.92
Non-operating Expenses				
Net Non-operating Revenues	452.39	493.00	399.32	357.92
Total Net Revenue from All Sources	8,814.01	8,603.28	4,037.48	8,430.89

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Fowler

	1912	1913	1914	1915
Exchange Service Revenues	6,228.75	6,979.42	7,331.41	7,102.80
Toll Service Revenues	3,556.57	3,732.71	3,829.49	3,761.34
Miscellaneous Operating Revenues	13.98	158.31	148.65	149.16
Total Operating Revenues	9,799.30	10,870.44	11,309.55	11,013.30
Maintenance Expense (not including depreciation)	1,084.22	1,784.61	1,340.33	1,890.62
Traffic Expenses	2,386.48	2,671.10	2,654.31	2,787.15
Commercial Expenses	1,823.58	1,740.62	1,599.68	1,352.65
General and Miscellaneous Expenses	480.64	565.42	510.22	490.79
Uncollectible Expenses and Other Operating Expenses	74.73	131.20	112.54	75.54
Taxes	524.50	713.61	730.14	764.75
Rents	23.82	370.00	372.64	380.64
Interest, Amortization, etc.	38.71	43.62	69.63	120.10
Licensee Revenue—Dr.	402.15	434.91	460.46	444.38
Total Operating Expenses and Deductions (not including depreciation)	6,838.83	8,455.09	7,849.95	8,306.62
Net Revenue	2,960.47	2,415.35	3,459.60	2,706.68
Non-operating Revenues	194.00	230.45	233.90	190.28
Non-operating Expenses				
Net Non-operating Revenues	194.00	230.45	233.90	190.28
Total Net Revenue from All Sources	3,154.47	2,645.80	3,693.50	2,896.96

Frederick

	1912	1913	1914	1915
Exchange Service Revenues	831.75			
Toll Service Revenues	1,912.70			
Miscellaneous Operating Revenues	1.89			
Total Operating Revenues	2,746.34			
Maintenance Expense (not including depreciation)	30.13			
Traffic Expenses	743.45			
Commercial Expenses	286.42			
General and Miscellaneous Expenses	64.70			
Uncollectible Expenses and Other Operating Expenses	37.01			
Taxes	82.25			
Rents	6.24			
Interest, Amortization, etc.	5.24			
Licensee Revenue—Dr.	122.43			
Total Operating Expenses and Deductions (not including depreciation)	1,377.87			
Net Revenue	1,368.47			
Non-operating Revenues	26.24			
Non-operating Expenses				
Net Non-operating Revenues	26.24			
Total Net Revenue from All Sources	1,394.71	Transferred to Fort Lupton Exchange.		

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO
REVENUES AND EXPENSES

Fruita

	1912	1913	1914	1915
Exchange Service Revenues		7,140.33	6,875.75	6,696.23
Toll Service Revenues		705.15	567.58	672.07
Miscellaneous Operating Revenues		149.92	120.75	53.61
Total Operating Revenues		7,995.40	7,564.08	7,421.91
Maintenance Expense (not including depreciation)		1,329.43	1,121.18	1,154.52
Traffic Expenses		1,920.66	2,036.96	2,142.63
Commercial Expenses		1,144.66	1,044.16	907.49
General and Miscellaneous Expenses		556.36	446.42	426.57
Uncollectible Expenses and Other Operating Expenses		41.14	69.51	*19.51
Taxes		869.02	875.75	926.31
Rents		252.00	252.00	254.92
Interest, Amortization, etc.		38.01	52.20	98.91
Licensee Revenue—Dr.		344.25	325.85	320.40
Total Operating Expenses and Deductions (not including depreciation)		6,495.53	6,224.03	6,212.24
Net Revenue		1,499.87	1,340.05	1,209.67
Non-operating Revenues		269.16	241.00	208.99
Non-operating Expenses				
Net Non-operating Revenues		269.16	241.00	208.99
Total Net Revenue from All Sources		1,769.03	1,581.05	1,418.66

*Credit.

Georgetown

	1912	1913	1914	1915
Exchange Service Revenues	4,096.00	4,017.20	3,695.00	3,419.45
Toll Service Revenues	1,582.24	1,629.38	1,741.81	2,022.26
Miscellaneous Operating Revenues	14.73	43.35	46.32	48.37
Total Operating Revenues	5,692.97	5,691.93	5,483.93	5,490.08
Maintenance Expense (not including depreciation)	1,336.37	1,160.61	1,215.53	876.48
Traffic Expenses	1,419.90	1,258.23	1,233.18	1,276.95
Commercial Expenses	857.39	810.15	887.28	766.04
General and Miscellaneous Expenses	297.40	300.64	210.39	193.45
Uncollectible Expenses and Other Operating Expenses	37.87	41.09	38.94	*8.37
Taxes	195.85	446.25	429.72	394.61
Rents	2.62	270.00	270.00	271.23
Interest, Amortization, etc.	23.95	21.61	27.46	44.18
Licensee Revenue—Dr.	258.59	250.00	241.41	241.05
Total Operating Expenses and Deductions (not including depreciation)	4,429.94	4,558.58	4,553.91	4,055.62
Net Revenue	1,263.03	1,133.35	930.02	1,434.46
Non-operating Revenues	120.05	122.62	95.41	70.55
Non-operating Expenses				
Net Non-operating Revenues	120.05	122.62	95.41	70.55
Total Net Revenue from All Sources	1,383.08	1,255.97	1,025.43	1,505.01

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Glenwood Springs

	1912	1913	1914	1915
Exchange Service Revenues	16,527.43	12,581.56	12,698.53	13,081.89
Toll Service Revenues	13,873.46	10,618.09	9,090.71	7,238.05
Miscellaneous Operating Revenues	45.64	291.34	208.43	211.33
Total Operating Revenues	30,446.53	23,490.99	21,997.67	20,531.27
Maintenance Expense (not including depreciation)	6,633.46	3,306.61	2,555.88	2,817.29
Traffic Expenses	5,085.56	3,846.33	4,062.97	4,291.40
Commercial Expenses	4,115.10	2,729.67	2,557.27	2,393.72
General and Miscellaneous Expenses	1,165.15	944.46	858.80	1,342.60
Uncollectible Expenses and Other Operating Expenses	172.26	268.97	160.83	286.11
Taxes	893.08	1,234.55	1,228.31	1,462.53
Rents	92.33	503.30	427.11	390.45
Interest, Amortization, etc.	94.39	73.14	114.14	209.09
Licensee Revenue—Dr.	1,329.96	1,004.11	951.64	867.97
Total Operating Expenses and Deductions (not including depreciation)	19,581.29	13,911.14	12,916.95	14,061.16
Net Revenue	10,865.24	9,579.85	9,080.72	6,470.11
Non-operating Revenues	473.06	382.71	375.47	334.64
Non-operating Expenses				
Net Non-operating Revenues	473.06	382.71	375.47	334.64
Total Net Revenue from All Sources	11,338.30	9,962.56	9,456.19	6,804.75

Golden

	1912	1913	1914	1915
Exchange Service Revenues	7,458.25	7,867.15	8,369.01	8,800.22
Toll Service Revenues	4,301.28	4,735.91	4,780.01	4,954.36
Miscellaneous Operating Revenues	26.59	183.32	282.78	282.50
Total Operating Revenues	91,873.27	79,542.94	83,126.02	88,208.07
Maintenance Expense (not including depreciation)	1,022.64	1,495.97	1,318.02	1,515.59
Traffic Expenses	2,175.62	2,122.44	2,470.06	2,769.92
Commercial Expenses	1,803.48	1,564.23	1,559.84	1,317.52
General and Miscellaneous Expenses	575.60	618.69	541.54	575.27
Uncollectible Expenses and Other Operating Expenses	71.45	58.46	82.37	23.04
Taxes	773.98	462.50	472.94	485.30
Rents	32.29	240.00	240.00	243.80
Interest, Amortization, etc.	46.80	45.80	72.36	134.51
Licensee Revenue—Dr.	519.37	550.87	574.21	593.84
Total Operating Expenses and Deductions (not including depreciation)	7,021.23	7,158.96	7,331.34	7,658.79
Net Revenue	4,764.89	5,627.42	6,100.46	6,378.29
Non-operating Revenues	234.55	252.67	249.39	217.47
Non-operating Expenses				
Net Non-operating Revenues	234.55	252.67	249.39	217.47
Total Net Revenue from All Sources	4,999.44	5,880.09	6,349.85	6,595.76

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Grand Junction

	1912	1913	1914	1915
Exchange Service Revenues	62,309.30	45,283.01	44,838.58	45,416.81
Toll Service Revenues	15,096.75	10,373.91	11,582.97	12,139.16
Miscellaneous Operating Revenues	248.37	687.82	521.83	530.37
Total Operating Revenues	77,654.42	56,344.74	56,943.38	58,086.34
Maintenance Expense (not including depreciation)	7,327.01	6,723.78	5,326.19	4,824.70
Traffic Expenses	14,156.72	8,966.24	9,217.10	9,618.24
Commercial Expenses	10,308.88	7,396.16	8,109.43	6,437.04
General and Miscellaneous Expenses	4,980.26	4,504.06	3,296.00	3,599.96
Uncollectible Expenses and Other Operating Expenses	462.53	405.77	537.02	*9.17
Taxes	5,059.72	2,547.90	2,497.22	3,401.98
Rents	108.86	60.15	60.00	100.47
Interest, Amortization, etc.	392.32	281.47	556.48	735.90
Licensee Revenue—Dr.	3,350.62	2,385.47	2,378.43	2,397.69
Total Operating Expenses and Deductions (not including depreciation)	46,146.92	33,271.00	31,977.87	31,106.81
Net Revenue	31,507.50	23,073.74	24,965.51	26,979.53
Non-operating Revenues	1,966.16	1,484.76	1,368.01	1,158.58
Non-operating Expenses				2.45
Net Non-operating Revenues	1,966.16	1,484.76	1,368.01	1,156.13
Total Net Revenue from All Sources	33,473.66	24,558.50	26,333.52	28,135.66

*Credit.

Greeley

	1912	1913	1914	1915
Exchange Service Revenues	66,907.79	58,230.22	61,062.61	64,565.98
Toll Service Revenues	24,777.84	20,375.47	21,232.18	22,663.13
Miscellaneous Operating Revenues	187.64	937.25	831.23	978.96
Total Opearting Revenues	91,873.27	79,542.94	83,126.02	88,208.07
Maintenance Expense (not including depreciation)	10,573.27	9,321.18	13,836.77	9,804.31
Traffic Expenses	15,371.68	12,854.55	13,271.08	14,143.79
Commercial Expenses	10,359.64	9,253.13	13,489.57	9,055.70
General and Miscellaneous Expenses	5,451.39	5,469.10	4,931.03	4,751.16
Uncollectible Expenses and Other Operating Expenses	627.00	675.02	608.85	66.57
Taxes	9,670.71	5,977.27	6,272.65	7,314.38
Rents	148.25	886.18	791.26	810.24
Interest, Amortization, etc.	435.15	357.03	554.74	1,075.91
Licensee Revenue—Dr.	4,070.26	3,479.00	3,651.06	3,842.47
Total Operating Expenses and Deductions (not including depreciation)	56,707.35	48,372.46	57,407.01	50,864.53
Net Revenue	35,165.92	31,170.48	25,719.01	37,343.54
Non-operating Revenues	2,180.84	1,990.93	1,982.75	1,751.43
Non-operating Expenses				1.18
Net Non-operating Revenues	2,180.84	1,990.93	1,982.75	1,750.25
Total Net Revenue from All Sources	37,346.76	33,161.41	27,701.76	39,093.79

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Gunnison

	1912	1913	1914	1915
Exchange Service Revenues	6,544.70	8,091.66	8,025.00	8,160.83
Toll Service Revenues	2,268.66	2,383.50	2,620.35	2,980.10
Miscellaneous Operating Revenues	24.74	633.18	188.08	109.89
Total Operating Revenues	8,838.10	11,108.34	10,833.43	11,250.82
Maintenance Expense (not including depreciation)	1,230.44	1,885.17	1,612.58	1,415.27
Traffic Expenses	1,480.41	2,833.71	2,701.67	2,465.74
Commercial Expenses	1,358.32	1,479.57	1,339.40	1,331.58
General and Miscellaneous Expenses	458.52	588.73	2,592.60	520.41
Uncollectible Expenses and Other Operating Expenses	27.20	164.38	192.86	*5.76
Taxes	431.16	659.95	670.75	736.13
Rents	*28.44	300.00	330.50	336.51
Interest, Amortization, etc.	37.28	41.24	61.90	121.84
Licensee Revenue——Dr.	395.68	456.14	463.03	484.62
Total Operating Expenses and Deductions (not including depreciation)	5,390.57	8,408.89	9,965.29	7,406.34
Net Revenue	3,447.53	2,699.45	868.14	3,844.48
Non-operating Revenues	186.84	237.86	226.20	200.64
Non-operating Expenses				
Net Non-operating Revenues	186.84	237.86	226.20	200.64
Total Net Revenue from All Sources	3,634.37	2,937.31	1,094.34	4,045.12

*Credit.

Holly

	1912	1913	1914	1915
Exchange Service Revenues	7,124.74	7,214.71	4,234.91	4,098.36
Toll Service Revenues	2,602.51	2,755.57	3,058.68	3,499.91
Miscellaneous Operating Revenues	11.40	139.03	115.26	111.42
Total Operating Revenues	9,738.65	10,109.31	7,408.85	7,709.69
Maintenance Expense (not including depreciation)	1,582.55	1,794.05	1,918.06	1,005.08
Traffic Expenses	3,533.64	3,024.42	2,501.58	2,469.98
Commercial Expenses	1,921.73	1,792.37	1,514.22	1,063.56
General and Miscellaneous Expenses	391.51	422.57	276.73	262.02
Uncollectible Expenses and Other Operating Expenses	87.48	70.22	234.84	10.22
Taxes	517.42	1,003.68	935.32	1,024.52
Rents	4.94	510.00	485.00	458.21
Interest, Amortization, etc.	31.57	86.61	112.25	408.90
Licensee Revenue—Dr.	353.59	349.35	267.76	299.30
Total Operating Expenses and Deductions (not including depreciation)	8,424.43	9,053.27	8,245.76	7,001.79
Net Revenue	1,314.22	1,056.04	*836.91	707.90
Non-operating Revenues	158.22	172.02	125.42	108.38
Non-operating Expenses				.60
Net Non-operating Revenues	158.22	172.02	125.42	107.78
Total Net Revenue from All Sources	1,472.44	1,228.06	*711.49	815.68

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Hugo

	1912	1913	1914	1915
Exchange Service Revenues	2,687.33	2,972.77	3,199.30	3,391.05
Toll Service Revenues	1,129.41	1,666.73	1,842.63	2,614.02
Miscellaneous Operating Revenues	7.01	51.60	56.50	74.65
Total Operating Revenues	3,823.75	4,691.10	5,098.43	6,079.72
Maintenance Expense (not including depreciation)	516.45	689.99	713.86	868.43
Traffic Expenses	1,454.74	1,594.87	1,707.14	1,785.77
Commercial Expenses	739.66	685.88	890.09	799.39
General and Miscellaneous Expenses	239.64	286.46	248.81	274.79
Uncollectible Expenses and Other Operating Expenses	18.92	54.60	39.51	*5.15
Taxes	136.07	113.76	138.65	175.56
Rents	1.94	607.36	618.53	651.69
Interest, Amortization, etc.	19.20	20.69	31.90	60.57
Licensee Revenue—Dr.	171.86	195.96	210.63	248.81
Total Operating Expenses and Deductions (not including depreciation)	3,298.48	4,249.57	4,599.12	4,859.86
Net Revenue	525.27	441.53	499.31	1,219.86
Non-operating Revenues	96.20	116.87	112.33	97.08
Non-operating Expenses				
Net Non-operating Revenues	96.20	116.87	112.33	97.08
Total Net Revenue from All Sources	621.47	558.40	611.64	1,316.94

*Credit.

Idaho Springs

	1912	1913	1914	1915
Exchange Service Revenues	10,087.00	9,551.53	8,906.19	9,091.84
Toll Service Revenues	3,443.35	3,435.19	3,888.13	4,846.62
Miscellaneous Operating Revenues	105.90	631.61	221.28	140.63
Total Operating Revenues	13,636.25	13,618.33	13,015.60	14,079.09
Maintenance Expense (not including depreciation)	2,325.82	2,045.40	1,664.28	1,743.96
Traffic Expenses	2,670.59	2,922.30	2,785.55	2,738.05
Commercial Expenses	2,091.74	1,899.31	1,716.56	1,296.96
General and Miscellaneous Expenses	709.67	688.77	605.99	529.44
Uncollectible Expenses and Other Operating Expenses	92.28	155.13	158.74	9.59
Taxes	589.18	808.96	780.80	688.35
Rents	30.73	420.00	492.00	495.64
Interest, Amortization, etc.	58.06	79.58	109.59	169.18
Licensee Revenue—Dr.	601.93	568.11	560.98	610.82
Total Operating Expenses and Deductions (not including depreciation)	9,170.00	9,587.56	8,874.49	8,281.99
Net Revenue	4,466.25	4,030.77	4,141.11	5,797.10
Non-operating Revenues	290.99	281.48	245.45	208.45
Non-operating Expenses				
Net Non-operating Revenues	290.99	281.48	245.45	208.45
Total Net Revenue from All Sources	4,757.24	4,312.25	4,386.56	6,005.55

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Julesburg

	1912	1913	1914	1915
Exchange Service Revenues	4,809.75	4,915.30	5,198.19	5,215.95
Toll Service Revenues	1,629.10	1,434.47	1,362.09	1,731.08
Miscellaneous Operating Revenues	10.37	92.10	73.85	69.05
Total Operating Revenues	6,449.22	6,441.87	6,634.13	7,016.08
Maintenance Expense (not including depreciation)	727.67	799.94	800.97	1,030.16
Traffic Expenses	1,414.70	1,528.79	1,615.76	1,719.81
Commercial Expenses	1,164.95	1,162.60	1,039.56	847.53
General and Miscellaneous Expenses	380.89	418.22	351.37	340.50
Uncollectible Expenses and Other Operating Expenses	14.22	13.69	113.18	14.96
Taxes	417.34	580.11	543.93	567.34
Rents	6.83	151.00	150.00	153.18
Interest, Amortization, etc.	28.71	27.59	40.88	75.92
Licensee Revenue—Dr.	271.53	264.25	267.12	267.60
Total Operating Expenses and Deductions (not including depreciation)	4,426.84	4,946.19	4,922.77	5,017.00
Net Reveune	2,022.38	1,495.68	1,711.36	1,999.08
Non-operating Revenues	143.90	158.85	151.57	124.85
Non-operating Expenses				
Net Non-operating Revenues	143.90	158.85	151.57	124.85
Total Net Revenue from All Sources	2,166.28	1,654.53	1,862.93	2,123.93

Lafayette

	1912	1913	1914	1915
Exchange Service Revenues		8,079.45	8,700.50	8,358.15
Toll Service Revenues		5,519.90	5,349.35	4,437.32
Miscellaneous Operating Revenues		154.43	128.64	125.68
Total Operating Revenues		13,753.78	14,178.49	12,921.15
Maintenance Expense (not including depreciation)		1,622.37	1,571.71	1,914.45
Traffic Expenses		2,723.73	2,725.00	2,821.02
Commercial Expenses		1,124.73	1,406.00	1,332.67
General and Miscellaneous Expenses		689.20	809.80	524.61
Uncollectible Expenses and Other Operating Expenses		128.25	150.40	.47
Taxes		1,065.80	1,464.92	1,439.18
Rents		267.00	325.00	368.07
Interest, Amortization, etc.		51.20	75.36	126.93
Licensee Revenue—Dr.		602.80	624.32	566.68
Total Operating Expenses and Deductions (not including depreciation)		8,275.08	9,152.51	9,094.08
Net Revenue		5,478.70	5,025.08	3,827.07
Non-operating Revenues		281.48	256.98	205.82
Non-operating Expenses				
Net Non-operating Revenues		281.48	256.98	205.82
Total Net Revenue from All Sources		5,760.18	5,282.96	4,032.89

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

La Junta

	1912	1913	1914	1915
Exchange Service Revenues	41,992.00	24,488.97	24,036.68	23,437.98
Toll Service Revenues	11,668.34	5,984.98	6,371.05	6,217.24
Miscellaneous Operating Revenues	137.41	384.33	360.30	320.43
Total Operating Revenues	53,797.75	30,768.28	30,768.03	29,975.65
Maintenance Expense (not including depreciation)	6,595.06	5,033.42	4,448.27	3,410.57
Traffic Expenses	9,304.32	5,473.52	5,570.45	5,527.38
Commercial Expenses	7,745.16	3,823.32	4,551.58	3,527.51
General and Miscellaneous Expenses	3,550.85	2,143.56	1,717.84	1,651.20
Uncollectible Expenses and Other Operating Expenses	522.40	381.16	295.86	80.88
Taxes	3,155.48	1,903.94	1,824.79	1,929.00
Rents	77.96	639.00	640.52	650.61
Interest, Amortization, etc.	267.15	151.38	219.85	391.25
Licensee Revenue—Dr.	2,309.23	1,267.65	1,284.08	1,232.43
Total Operating Expenses and Deductions (not including depreciation)	33,527.61	20,816.95	20,553.24	18,400.83
Net Revenue	20,270.14	9,951.33	10,214.79	11,574.82
Non-operating Revenues	1,338.87	805.76	755.56	626.26
Non-operating Expenses				.15
Net Non-operating Revenues	1,338.87	805.76	755.56	626.11
Total Net Revenue from All Sources	21,609.01	10,757.09	10,970.35	12,200.92

Lake City

	1912	1913	1914	1915
Exchange Service Revenues	1,275.51			
Toll Service Revenues	345.71			
Miscellaneous Operating Revenues	70.35			
Total Operating Revenues	1,691.57			
Maintenance Expense (not including depreciation)	749.96			
Traffic Expense	703.03			
Commercial Expenses	430.53			
General and Miscellaneous Expenses	57.79			
Uncollectible Expenses and Other Operating Expenses	51.75			
Taxes	22.66			
Rents	48.81			
Interest, Amortization, etc.	4.60			
Licensee Revenue—Dr.	69.95			
Total Operating Expenses and Deductions (not including depreciation)	2,139.08			
Net Revenue	*447.51			
Non-operating Revenues	23.06			
Non-operating Expenses				
Net Non-operating Revenues	23.06			
Total Net Revenue from All Sources	*424.45	Transferred to Crested Butte Exchange.		

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Lamar

	1912	1913	1914	1915
Exchange Service Revenues	13,713.49	14,778.00	14,903.94	15,787.52
Toll Service Revenues	6,395.45	6,423.72	5,698.93	6,068.32
Miscellaneous Operating Revenues	32.04	274.76	247.51	227.42
Total Operating Revenues	20,140.98	21,476.48	20,850.38	22,083.26
Maintenance Expense (not including depreciation)	2,421.51	2,881.17	2,967.17	2,576.50
Traffic Expenses	3,598.48	3,594.91	3,890.86	4,225.41
Commercial Expenses	2,938.99	2,927.38	2,608.87	2,358.80
General and Miscellaneous Expenses	1,119.09	1,247.70	1,033.16	1,067.10
Uncollectible Expenses and Other Operating Expenses	124.26	252.07	406.46	*48.69
Taxes	1,052.12	1,452.67	1,524.00	1,773.36
Rents	297.25	816.34	935.08	908.10
Interest, Amortization, etc.	85.35	87.02	127.49	245.60
Licensee Revenue—Dr.	880.84	920.28	890.13	947.90
Total Operating Expenses and Deductions (not including depreciation)	12,518.89	14,179.54	14,383.22	14,054.08
Net Revenue	7,622.09	7,296.94	6,467.16	8,029.18
Non-operating Revenues	427.73	502.63	467.52	414.29
Non-operating Expenses				
Net Non-operating Revenues	427.73	502.63	467.52	414.29
Total Net Revenue from All Sources	8,049.82	7,799.57	6,934.68	8,443.47

*Credit.

Las Animas

	1912	1913	1914	1915
Exchange Service Revenues	8,240.19	8,819.77	9,030.45	8,528.99
Toll Service Revenues	3,105.30	3,521.93	3,269.37	3,410.02
Miscellaneous Operating Revenues	19.31	159.78	139.19	141.81
Total Operating Revenues	11,364.80	12,501.48	12,439.01	12,080.82
Maintenance Expense (not including depreciation)	1,288.26	1,787.08	1,364.23	1,506.07
Traffic Expenses	2,491.91	2,170.55	2,388.42	2,391.56
Commercial Expenses	1,998.34	1,675.28	1,694.75	1,609.49
General and Miscellaneous Expenses	654.73	689.14	569.57	605.86
Uncollectible Expenses and Other Operating Expenses	162.99	128.79	293.68	28.75
Taxes	782.87	1,109.32	1,049.12	1,121.75
Rents	22.51	300.00	300.00	303.68
Interest, Amortization, etc.	53.46	50.77	74.21	130.43
Licensee Revenue—Dr.	498.99	535.30	527.46	514.81
Total Operating Expenses and Deductions (not including depreciation)	7,954.06	8,446.23	8,261.42	8,212.40
Net Revenue	3,410.74	4,055.25	4,177.59	3,868.42
Non-operating Revenues	267.94	281.48	262.36	211.01
Non-operating Expenses				
Net Non-operating Revenues	267.94	281.48	262.36	211.01
Total Net Revenue from All Sources	3,678.68	4,336.73	4,439.95	4,079.43

*Credit.

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO
REVENUES AND EXPENSES

Leadville

	1912	1913	1914	1915
Exchange Service Revenues	28,177.75	29,799.95	30,377.84	30,074.75
Toll Service Revenues	13,013.61	13,129.74	13,108.52	13,872.63
Miscellaneous Operating Revenues	50.62	365.91	295.25	333.95
Total Operating Revenues	41,241.98	43,295.60	43,781.61	44,281.33
Maintenance Expense (not including depreciation)	4,097.17	4,676.69	3,959.39	4,104.80
Commercial Expenses	4,745.36	3,964.95	3,883.37	3,109.29
Commercial Expenses	4,745.36	3,964.95	3,882.37	3,109.29
General and Miscellaneous Expenses	1,624.92	1,875.80	1,582.59	1,553.11
Uncollectible Expenses and Other Operating Expenses	240.43	267.53	299.52	72.00
Taxes	2,058.00	1,195.97	1,423.41	1,699.14
Rents	88.72	29.18	109.64	124.33
Interest, Amortization, etc.	115.65	122.90	189.19	329.31
Licensee Revenue—Dr.	1,822.31	1,873.60	1,887.00	1,906.80
Total Operating Expenses and Deductions (not including depreciation)	21,263.29	19,547.66	19,257.71	18,709.36
Net Revenue	19,978.69	23,747.94	24,523.90	25,571.97
Non-operating Revenues	579.60	646.41	614.76	514.56
Non-operating Expenses				
Net Non-operating Revenues	579.60	646.41	614.76	514.56
Total Net Revenue from All Sources	20,558.29	24,394.35	25,138.66	26,086.53

Littleton

	1912	1913	1914	1915
Exchange Service Revenues		21,058.40	23,121.08	24,648.75
Toll Service Revenues		15,673.75	15,399.44	16,113.94
Miscellaneous Operating Revenues		767.26	826.17	640.82
Total Operating Revenues		37,499.41	39,346.69	41,403.51
Maintenance Expense (not including depreciation)		5,947.63	6,239.90	6,701.06
Traffic Expenses		7,579.91	8,901.48	8,456.11
Commercial Expenses		5,723.95	6,261.14	5,543.83
General and Miscellaneous Expenses		2,232.86	4,415.17	2,227.83
Uncollectible Expenses and Other Operating Expenses		683.50	806.55	71.96
Taxes		2,866.08	3,001.65	3,223.22
Rents		1,306.13	1,268.00	1,263.00
Interest, Amortization, etc.		150.35	260.83	461.60
Licensee Revenue—Dr.		1,608.78	1,684.53	1,790.28
Total Operating Expenses and Deductions (not including depreciation)		28,099.19	32,839.25	29,738.89
Net Revenue		9,400.22	6,507.44	11,664.62
Non-operating Revenues		836.74	856.04	746.32
Non-operating Expenses				
Net Non-operating Revenues		836.74	856.04	746.32
Total Net Revenue from All Sources		10,236.96	7,363.48	12,410.94

THE MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Livermore

	1912	1913	1914	1915
Exchange Service Revenues	1,290.10			
Toll Service Revenues	1,119.25			
Miscellaneous Operating Revenues	3.04			
Total Operating Revenues	2,412.39			
Maintenance Expense (not including depreciation)	500.28			
Traffic Expenses	616.95			
Commercial Expenses	321.74			
General and Miscellaneous Expenses	102.38			
Uncollectible Expenses and Other Operating Expenses	3.56			
Taxes	213.67			
Rents	1.39			
Interest, Amortization, etc.	8.41			
Licensee Revenue—Dr.	104.47			
Total Operating Expenses and Deductions (not including depreciation)	1,872.85			
Net Revenue	539.54			
Non-operating Revenues	42.14			
Non-operating Expenses				
Net Non-operating Revenues	42.14			
Total Net Revenue from All Sources	581.68	Transferred to Fort Collins Exchange.		

Longmont

	1912	1913	1914	1915
Exchange Service Revenues	27,232.80	29,573.70	31,269.50	32,919.02
Toll Service Revenues	7,771.63	9,045.46	9,243.37	10,836.23
Miscellaneous Operating Revenues	73.52	364.03	320.02	379.92
Total Operating Revenues	35,077.95	38,983.19	40,832.89	44,135.17
Maintenance Expense (not including depreciation)	4,844.48	4,179.48	5,398.71	3,859.18
Traffic Expenses	6,527.38	6,251.33	6,432.69	6,858.92
Commercial Expenses	4,646.17	4,252.28	4,652.53	4,746.71
General and Miscellaneous Expenses	2,164.78	2,420.66	2,273.97	2,260.81
Uncollectible Expenses and Other Operating Expenses	131.19	119.32	99.55	*75.60
Taxes	2,159.95	2,953.74	2,872.86	3,040.09
Rents	47.52	329.70	270.55	285.61
Interest, Amortization, etc.	171.17	171.19	263.66	512.96
Licensee Revenue—Dr.	1,561.05	1,713.56	1,803.85	1,911.89
Total Operating Expenses and Deductions (not including depreciation)	22,253.69	22,391.26	24,068.37	23,400.57
Net Revenue	12,824.26	16,591.93	16,764.52	20,734.60
Non-operating Revenues	857.87	959.65	951.76	836.85
Non-operating Expenses				
Net Non-operating Revenues	857.87	959.65	951.76	836.85
Total Net Revenue from All Sources	13,682.13	17,551.58	17,716.28	21,571.45

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Loveland

	1912	1913	1914	1915
Exchange Service Revenues		18,188.59	19,865.35	21,975.11
Toll Service Revenues		9,730.39	9,340.30	11,240.27
Miscellaneous Operating Revenues		1,226.45	442.26	372.38
Total Operating Revenues		29,145.43	29,647.91	33,587.76
Maintenance Expense (not including depreciation)		2,902.18	4,268.42	4,454.38
Traffic Expenses		5,205.34	5,133.37	5,622.00
Commercial Expeness		3,389.43	3,569.96	3,539.32
General and Miscellaneous Expenses		1,854.85	1,659.20	1,644.76
Uncollectible Expenses and Other Operating Expenses		177.79	141.80	*39.17
Taxes		2,010.50	2,019.54	2,118.83
Rents		885.00	847.10	868.04
Interest, Amortizatio,n etc		107.65	176.39	353.95
Licensee Revenue—Dr.		1,167.38	1,259.80	1,418.52
Total Operating Expenses and Deductions (not including ing depreciation)		17,700.12	10,075.58	19,980.63
Net Revenue		11,445.31	10,572.33	13,607.13
Non-operating Revenues		605.46	626.30	575.40
Non-operating Expenses				.90
Net Non-operating Revenues		605.46	626.30	574.50
Total Net Revenue from All Sources		12,050.77	11,198.63	14,181.63

*Credit.

Mancos

	1912	1913	1914	1915
Exchange Service Revenues	2,622.20	2,792.55	3,070.45	3,117.95
Toll Service Revenues	1,297.14	1,175.27	1,011.27	942.35
Miscellaneous Operating Revenues	6.25	49.65	40.26	43.12
Total Operating Revenues	3,925.59	4,017.47	4,121.98	4,103.42
Maintenance Expense (not including depreciation)	1,275.81	686.13	790.23	548.19
Traffic Expenses	748.20	757.65	769.43	813.01
Commercial Expenses	500.71	530.96	581.88	481.65
General and Miscellaneous Expenses	213.40	240.14	217.07	215.79
Uncollectible Expenses and Other Operating Expenses	21.66	15.63	4.48	.37
Taxes	101.66	245.84	250.52	264.22
Rents	2.13	192.00	206.50	205.46
Interest, Amortization, etc.	17.13	17.16	26.68	50.68
Licensee Revenue—Dr.	173.73	174.75	180.29	176.35
Total Operating Expenses and Deductions (not including depreciation)	3,054.43	2,860.26	3,027.08	2,755.72
Net Revenue	871.16	1,157.21	1,094.90	1,347.70
Non-operating Revenues	85.87	97.93	98.48	84.14
Non-operating Expenses				
Net Non-operating Revenues	85.87	97.93	98.48	84.14
Total Net Revenue from All Sources	957.03	1,255.14	1,193.38	1,431.84

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Meeker

	1912	1913	1914	1915
Exchange Service Revenues	3,417.15	3,678.30	3,704.40	3,793.87
Toll Service Revenues	1,374.14	1,713.23	1,858.26	1,744.96
Miscellaneous Operating Revenues	8.37	74.42	76.13	68.43
Total Operating Revenues	4,799.66	5,465.95	5,638.79	5,607.26
Maintenance Expense (not including depreciation)	875.61	918.80	945.63	623.65
Traffic Expenses	885.79	901.01	1,014.35	1,052.35
Commercial Expenses	700.62	813.80	738.64	717.76
General and Miscellaneous Expenses	284.13	316.30	261.80	256.20
Uncollectible Expenses and Other Operating Expenses	11.52	16.90	16.59	1.03
Taxes	252.67	691.18	655.61	728.74
Rents	2.84	115.00	121.50	121.76
Interest, Amortization, etc.	23.16	23.04	34.39	62.01
Licensee Revenue—Dr.	210.85	234.27	239.85	233.91
Total Operating Expenses and Deductions (not including depreciation)	3,247.19	4,030.30	4,028.36	3,797.41
Net Revenue	1,552.47	1,435.65	1,610.43	1,809.85
Non-operating Revenues	116.07	129.21	120.80	100.97
Non-operating Expenses				
Net Non-operating Revenues	116.07	129.21	120.80	100.97
Total Net Revenue from All Sources	1,668.54	1,564.86	1,731.23	1,910.82

Mesa

	1912	1913	1914	1915
Exchange Service Revenues	6,250.25	6,017.20	6,138.20	6,199.79
Toll Service Revenues	2,101.72	2,151.44	2,195.26	2,084.79
Miscellaneous Operating Revenues	11.23	99.33	79.10	83.97
Total Operating Revenues	8,363.20	8,267.97	8,412.56	8,368.55
Maintenance Expense (not including depreciation)	1,329.16	1,272.67	1,103.00	827.06
Traffic Expenses	2,407.57	2,255.28	2,295.58	2,309.82
Commercial Expenses	1,178.72	972.01	770.14	810.65
General and Miscellaneous Expenses	384.07	507.52	501.61	340.89
Uncollectible Expenses and Other Operating Expenses	48.12	103.61	28.30	10.82
Taxes	384.73	838.99	807.89	848.71
Rents	3.93	342.00	400.50	408.09
Interest, Amortization, etc.	31.09	28.02	40.81	74.21
Licensee Revenue—Dr.	309.68	290.68	295.43	287.37
Total Operating Expenses and Deductions (not including depreciation)	6,077.07	6,610.78	6,243.26	5,917.62
Net Revenue	2,286.13	1,657.19	2,169.30	2,450.93
Non-operating Revenues	155.83	153.90	140.80	119.71
Non-operating Expenses				
Net Non-operating Revenues	155.83	153.90	140.80	119.71
Total Net Revenue from All Sources	2,441.96	1,811.09	2,310.10	2,570.64

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Milliken

	1912	1913	1914	1915
Exchange Service Revenues	740.50			
Toll Service Revenues	858.17			
Miscellaneous Operating Revenues	1.93			
Total Operating Revenues	1,600.60			
Maintenance Expense (not including depreciation)	123.89			
Traffic Expenses	683.05			
Commercial Expenses	231.23			
General and Miscellaneous Expenses	69.70			
Uncollectible Expenses and Other Operating Expenses	50.17			
Taxes	94.56			
Rents	3.47			
Interest, Amortization, etc.	5.55			
Licensee Revenue—Dr.	71.89			
Total Operating Expenses and Deductions (not including depreciation)	1,333.51			
Net Revenue	267.09			
Net Non-operating Revenues	27.83			
Non-operating Expenses				
Net Non-opertaing Revenues	27.83			
Total Net Revenue from All Sources	294.92	Transferred to Berthoud Exch.		

Monte Vista

	1912	1913	1914	1915
Exchange Service Revenues		11,188.25	8,739.01	8,955.43
Toll Service Revenues		3,968.97	4,005.19	4,801.63
Miscellaneous Operating Revenues		217.79	189.71	207.11
Total Operating Revenues		15,375.01	12,933.91	13,964.17
Maintenance Expense (not including depreciation)		2,045.85	1,684.42	1,215.12
Traffic Expenses		2,916.00	3,480.57	3,181.65
Commercial Expenses		2,286.54	2,059.46	1,684.99
General and Miscellaneous Expenses		804.74	826.83	647.94
Uncollectible Expenses and Other Operating Expenses		254.58	333.91	24.18
Taxes		532.11	521.78	592.03
Rents		5.00	12.50	16.00
Interest, Amortization, etc.		55.22	78.24	142.49
Licensee Revenue—Dr.		621.56	527.21	572.49
Total Operating Expenses and Deductions (not including depreciation)		9,521.60	9,524.92	8,076.89
Net Revenue		5,853.41	3,408.99	5,887.28
Non-operating Revenues		314.40	281.61	229.12
Non-operating Expenses				232.95
Net Non-operating Revenues		314.40	281.61	*3.83
Total Net Revenue from All Sources		6,167.81	3,690.60	5,883.45

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Montrose

	1912	1913	1914	1915
Exchange Service Revenues	23,534.18	24,682.60	25,464.50	25,412.27
Toll Service Revenues	8,148.04	6,348.53	7,014.60	7,016.50
Miscellaneous Operating Revenues	551.56	1,553.06	673.12	375.49
Total Operating Revenues	32,233.78	32,584.19	33,152.22	32,804.26
Maintenance Expense (not including depreciation)	5,380.55	4,650.32	3,851.56	3,389.37
Traffic Expenses	6,207.42	5,875.99	5,353.47	5,278.00
Commercial Expenses	4,600.13	4,838.79	5,205.97	4,246.79
General and Miscellaneous Expenses	2,080.58	2,245.14	1,950.80	1,986.31
Uncollectible Expenses and Other Operating Expenses	229.79	387.99	339.61	19.32
Taxes	2,237.24	2,160.70	2,497.92	2,673.48
Rents	58.99	1,221.00	1,311.75	1,169.96
Interest, Amortization, etc.	162.29	157.57	236.04	445.66
Licensee Revenue—Dr.	1,397.14	1,358.70	1,434.48	1,427.20
Total Operating Expenses and Deductions (not including depreciation)	22,354.13	22,896.20	22,181.60	20,636.09
Net Revenue	9,879.65	9,687.99	10,970.62	12,168.17
Non-operating Revenues	813.34	877.36	846.35	725.57
Non-operating Expenses				
Net Non-operating Revenues	813.34	877.36	846.35	725.57
Total Net Revenue from All Sources	10,692.99	10,565.35	11,816.97	12,893.74

Norwood

	1912	1913	1914	1915
Exchange Service Revenues	271.50	1,367.20	1,796.20	1,943.65
Toll Service Revenues	955.24	3,514.90	5,797.90	4,403.31
Miscellaneous Operating Revenues	.69	89.66	145.10	132.92
Total Operating Revenues	1,227.43	4,971.76	7,739.20	6,479.88
Maintenance Expense (not including depreciation)		312.61	363.23	637.52
Traffic Expenses	175.99	845.67	973.99	1,086.77
Commercial Expenses	78.77	737.56	998.17	1,105.47
General and Miscellaneous Expenses	25.80	111.03	107.82	92.30
Uncollectible Expenses and Other Operating Expenses	.24	250.65	55.04	139.74
Taxes	2.62	11.98	42.06	24.45
Rents	251.64	1,050.70	1,216.40	1,216.61
Interest, Amortization, etc.	252.20	10.50	24.56	26.57
Licensee Revenue—Dr.	51.63	194.38	317.05	255.56
Total Operating Expenses and Deductions (not including depreciation)	838.89	3,525.08	4,098.32	4,584.99
Net Revenue	388.54	1,446.68	3,640.88	1,894.89
Non-operating Revenues	9.55	45.26	49.24	34.96
Non-operating Expenses				260.00
Net Non-operating Revenues	9.55	45.26	49.24	*225.04
Total Net Revenue from All Sources	398.09	1,491.94	3,690.12	1,669.85

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Ordway

	1912	1913	1914	1915
Exchange Service Revenues	6,603.40	7,721.95	8,291.91	8,964.60
Toll Service Revenues	2,865.17	4,042.39	4,297.83	4,123.93
Miscellaneous Operating Revenues	14.73	147.28	143.71	152.95
Total Operating Revenues	9,483.30	11,911.62	12,733.45	13,241.48
Maintenance Expense (not including depreciation)	812.21	2,242.87	1,795.29	1,801.12
Traffic Expenses	1,739.09	2,443.86	2,851.56	3,101.93
Commercial Expenses	1,479.92	1,640.16	2,090.85	1,573.76
General and Miscellaneous Expenses	501.93	806.45	555.37	595.60
Uncollectible Expenses and Other Operating Expenses	48.04	144.43	150.58	69.06
Taxes	574.46	1,033.20	1,038.24	1,112.28
Rents	5.58	360.00	360.00	363.98
Interest, Amortization, etc.	40.77	45.29	72.58	139.97
Licensee Revenue—Dr.	424.13	517.35	556.68	573.81
Total Operating Expenses and Deductions (not including depreciation)	5,726.13	9,233.61	9,471.15	9,331.51
Net Revenue	3,757.17	2,678.01	3,262.30	3,909.97
Non-operating Revenues	204.33	251.02	252.37	227.83
Non-operating Expenses				
Net Non-operating Revenues	204.33	251.02	252.37	237.83
Total Net Revenue from All Sources	3,961.50	2,929.03	3,514.67	4,137.80

Ouray

	1912	1913	1914	1915
Exchange Service Revenues	10,982.64	11,015.52	11,629.58	11,103.14
Toll Service Revenues	4,664.30	4,252.35	3,649.27	3,397.18
Miscellaneous Operating Revenues	263.04	924.60	331.11	127.73
Total Operating Revenues	15,909.98	16,192.47	15,609.96	14,628.05
Maintenance Expense (not including depreciation)	3,194.64	2,819.33	2,313.96	2,002.13
Traffic Expenses	3,584.15	3,811.60	3,437.78	3,497.01
Commercial Expenses	2,058.85	2,051.00	1,740.21	1,550.29
General and Miscellaneous Expenses	726.48	786.71	906.74	759.60
Uncollectible Expenses and Other Operating Expenses	66.52	188.44	180.44	18.41
Taxes	636.06	821.41	788.54	867.73
Rents	8.16	480.00	530.00	544.01
Interest, Amortization, etc.	56.48	52.07	77.89	139.68
Licensee Revenue—Dr.	688.62	661.80	661.80	624.17
Total Operating Expenses and Deductions (not including depreciation)	11,019.96	11,672.36	10,637.36	10,003.03
Net Revenue	4,890.02	4,520.11	4,972.60	4,625.02
Non-operating Revenues	283.04	293.83	281.61	229.77
Non-operating Expenses				
Net Non-operating Revenues	283.04	293.83	281.61	229.77
Total Net Revenue from All Sources	5,173.06	4,813.94	5,254.21	4,854.79

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Palisade

	1912	1913	1914	1915
Exchange Service Revenues		8,105.65	8,,520.50	7,498.40
Toll Service Revenues		1,465.52	1,438.66	944.99
Miscellaneous Operating Revenues		101.03	72.89	62.27
Total Operating Revenues	6,322.05	4,409.84	2,593.25	1,982.83
Maintenance Expense (not including depreciation)		1,628.50	1,475.51	1,580.19
Traffic Expenses		2,856.97	2,898.58	2,872.47
Commercial Expenses		1,252.44	1,246.80	980.01
General and Miscellaneous Expenses		659.25	523.79	471.83
Uncollectible Expenses and Other Operating Expenses		94.13	153.37	6.22
Taxes		990.21	961.98	1,035.31
Rents		300.45	300.24	303.45
Interest, Amortization, etc.		45.73	78.93	126.68
Licensee Revenue—Dr.		422.18	414.04	348.76
Total Operating Expenses and Deductions (not including depreciation)		8,249.86	8,053.24	7,724.92
Net Revenue		1,422.34	1,978.81	780.74
Non-operating Revenues		269.10	240.05	183.82
Non-operating Expenses				
Net Non-operating Revenues		269.10	240.05	183.82
Total Net Revenue from All Sources		1,691.44	2,218.86	964.56

Paonia

	1912	1913	1914	1915
Exchange Service Revenues	3,111.14	1,931.42	1,102.85	630.14
Toll Service Revenues	2,923.33	1,798.64	1,269.18	1,316.66
Miscellaneous Operating Revenues	287.58	679.78	221.22	36.03
Total Operating Revenues	6,322.05	4,409.85	2,593.25	1,982.83
Maintenance Expense (not including depreciation)	1,824.35	1,384.49	1,023.06	356.01
Traffic Expenses	2,623.06	2,822.04	849.41	840.13
Commercial Expenses	1,309.52	1,141.96	518.76	309.49
General and Miscellaneous Expenses	265.09	162.02	77.11	59.59
Uncollectible Expenses and Other Operating Expenses	124.41	247.87	64.83	6.38
Taxes	374.54	584.66	656.65	617.83
Rents	7.03	414.00	212.15	180.32
Interest, Amortization, etc.	21.10	18.79	19.84	20.89
Licensee Revenue—Dr.	246.10	143.58	95.73	82.12
Total Operating Expenses and Deductions (not including depreciation)	6,795.20	6,919.41	3,426.54	2,472.76
Net Revenue	*473.15	*2,509.57	*833.29	*489.93
Non-operating Revenues	105.74	65.84	34.62	18.12
Non-operating Expenses				5.44
Net Non-operating Revenues	105.74	65.84	34.62	12.68
Total Net Revenue from All Sources	*367.41	*2,443.73	*798.67	*477.25

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Pueblo

	1912	1913	1914	1915
Exchange Service Revenues	156,134.96	160,902.71	161,011.67	159,994.05
Toll Service Revenues	49,469.01	48,604.10	46,291.65	42,747.35
Miscellaneous Operating Revenues	573.84	2,056.32	2,094.80	1,845.78
Total Operating Revenues	206,177.81	211,563.13	209,398.12	204,587.18
Maintenance Expense (not including depreciation)	24,072.73	25,360.02	22,020.11	19,523.04
Traffic Expenses	32,278.47	31,669.83	35,570.41	35,776.33
Commercial Expenses	24,939.06	22,187.99	22,979.70	18,598.10
General and Miscellaneous Expenses	11,489.77	12,929.36	11,818.55	10,070.22
Uncollectible Expenses and Other Operating Expenses	1,561.86	2,164.61	2,104.31	881.19
Taxes	9,587.83	7,173.46	7,564.79	8,376.55
Rents	338.67	48.48	20.59	75.38
Interest, Amortization, etc.	906.15	832.51	1,808.62	2,229.31
Licensee Revenue—Dr.	9,021.31	9,047.12	8,960.68	8,694.10
Total Operating Expenses and Deductions (not including depreciation)	114,195.85	111,413.38	112,847.76	104,224.22
Net Revenue	91,981.96	100,149.75	96,550.36	100,362.96
Non-operating Revenues	4,541.37	4,792.00	4,416.69	3,904.00
Non-operating Expenses				67.44
Net Non-operating Revenues	4,541.37	4,792.00	4,416.69	3,836.53
Total Net Revenue from All Sources	96,523.33	104,941.75	100,967.05	104,199.52

Rifle

	1912	1913	1914	1915
Exchange Service Revenues	3,370.15	3,116.07	2,950.75	2,843.64
Toll Service Revenues	4,266.15	3,930.83	3,458.82	3,171.90
Miscellaneous Operating Revenues	7.05	102.92	77.21	77.21
Total Operating Revenues	7,643.35	7,149.82	6,486.78	6,092.75
Maintenance Expense (not including depreciation)	541.40	962.36	787.39	569.58
Traffic Expenses	1,766.33	1,700.16	1,865.73	1,912.92
Commercial Expenses	1,048.06	843.69	878.06	621.05
General and Miscellaneous Expenses	241.74	245.60	195.12	183.95
Uncollectible Expenses and Other Operating Expenses	43.98	115.37	64.56	*5.52
Taxes	270.91	545.36	526.24	558.15
Rents	25.53	270.00	270.00	280.26
Interest, Amortization, etc.	19.51	22.47	32.74	49.84
Licensee Revenue—Dr.	325.06	292.36	263.43	245.52
Total Operating Expenses and Deductions (not including depreciation)	4,282.52	4,997.37	4,883.27	4,415.75
Net Revenue	3,360.83	2,152.46	1,603.51	1,677.00
Non-operating Revenues	97.79	100.41	88.48	71.84
Non-operating Expenses				
Net Non-operating Revenues	97.79	100.41	88.48	71.84
Total Net Revenue from All Sources	3,458.62	2,252.86	1,691.99	1,748.84

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Rocky Ford

	1912	1913	1914	1915
Exchange Service Revenues		19,600.28	19,717.53	19,296.01
Toll Service Revenues		5,945.18	6,169.93	6,441.21
Miscellaneous Operating Revenues		405.83	339.21	274.50
Total Operating Expenses		25,956.29	26,226.67	26,011.72
Maintenance Expense (not including depreciation)		3,157.54	3,562.47	4,046.74
Traffic Expenses		3,936.27	4,200.94	4,011.79
Commercial Expenses		2,966.91	3,159.84	2,809.72
General and Miscellaneous Expenses		1,650.06	1,398.24	1,345.69
Uncollectible Expenses and Other Operating Expenses		197.62	214.56	*1.54
Taxes		1,376.60	1,342.63	1,415.67
Rents		360.00	360.00	368.62
Interest, Amortization, etc.		107.07	162.97	298.65
Licensee Revenue—Dr.		1,118.90	1,140.01	1,125.25
Total Operating Expenses and Deductions (not including depreciation)		14,870.97	15,541.66	15,420.59
Net Revenue		11,085.32	10,685.01	10,591.13
Non-operating Revenues		618.92	601.68	495.15
Non-operating Expenses				
Net Non-operating Revenues		618.92	601.68	495.15
Total Net Revenue from All Sources		11,704.24	11,286.69	11,086.28

*Credit.

Saguache

	1912	1913	1914	1915
Exchange Service Revenues	2,819.40	2,907.65	3,000.53	3,222.62
Toll Service Revenues	3,759.50	3,468.55	2,876.10	2,697.32
Miscellaneous Operating Revenues	6.07	105.46	85.52	92.86
Total Operating Revenues	6,584.97	6,481.66	5,962.15	6,012.80
Maintenance Expense (not including depreciation)	1,363.40	997.20	851.54	656.83
Traffic Expenses	986.87	1,023.26	1,115.49	1,250.54
Commercial Expenses	1,043.31	861.01	835.23	1,133.46
General and Miscellaneous Expenses	213.06	216.40	203.91	211.04
Uncollectible Expenses and Other Operating Expenses	98.52	19.70	6.63	31.14
Taxes	134.79	589.31	556.56	596.65
Rents	5.09	137.50	225.00	289.89
Interest, Amortization, etc.	16.82	17.51	28.72	50.43
Licensee Revenue—Dr.	285.65	271.76	252.87	244.74
Total Operating Expenses and Deductions (not including depreciation)	4,147.51	4,133.65	4,075.95	4,464.72
Net Revenue	2,437.46	2,348.01	1,886.20	1,548.08
Non-operating Revenues	84.28	88.06	90.79	79.62
Non-operating Expenses				
Net Non-operating Revenues	84.28	88.06	90.79	79.62
Total Net Revenue from All Sources	2,521.74	2,436.07	1,976.99	1,627.70

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Salida

	1912	1913	1914	1915
Exchange Service Revenues	20,997.45	21,177.45	21,545.90	20,344.93
Toll Service Revenues	8,521.39	7,021.89	6,122.61	6,106.44
Miscellaneous Operating Revenues	165.85	1,282.57	467.16	230.47
Total Operating Revenues	29,684.69	29,481.91	28,135.67	26,681.84
Maintenance Expense (not including depreciation)	5,230.32	4,661.06	4,550.83	4,209.64
Traffic Expenses	4,557.08	5,265.86	5,213.25	4,581.47
Commercial Expenses	3,290.47	3,695.32	3,547.43	2,815.90
General and Miscellaneous Expenses	1,699.32	1,763.47	1,537.86	1,374.36
Uncollectible Expenses and Other Operating Expenses	203.95	255.33	378.40	127.22
Taxes	1,313.23	1,031.86	1,039.37	1,074.88
Rents	13.34	76.90	91.40	104.21
Interest, Amortization, etc.	134.05	120.34	178.97	300.00
Licensee Revenue—Dr.	1,327.85	1,241.86	1,222.71	1,152.93
Total Operating Expenses and Deductions (not including depreciation)	17,769.61	18,112.00	17,760.22	15,740.61
Net Revenue	11,915.08	11,369.91	10,375.45	10,941.23
Non-operating Revenues	671.84	693.82	666.31	496.43
Non-operating Expenses				
Net Non-operating Revenues	671.84	693.82	666.31	496.43
Total Net Revenue from All Sources	12,586.92	12,063.73	11,041.76	11,437.66

San Acacio

	1912	1913	1914	1915
Exchange Service Revenues	2,334.15			
Toll Service Revenues	2,017.76			
Miscellaneous Operating Revenues	4.81			
Total Operating Revenues	4,356.72			
Maintenance Expense (not including depreciation)	343.88			
Traffic Expenses	995.88			
Commercial Expenses	616.53			
General and Miscellaneous Expenses	183.38			
Uncollectible Expenses and Other Operating Expenses	41.78			
Taxes	280.99			
Rents	6.48			
Interest, Amortization, etc.	13.33			
Licensee Revenue—Dr.	194.20			
Total Operating Expenses and Deductions (not including depreciation)	2,676.45			
Net Revenue	1,680.27			
Non-operating Revenues	66.79			
Non-operating Expenses				
Net Non-operating Revenues	66.79			
Total Net Revenue from All Sources	1,747.06	Transferred to Alamosa Exch.		

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Silver Cliff

	1912	1913	1914	1915
Exchange Service Revenues	2,298.40			
Toll Service Revenues	1,124.70			
Miscellaneous Operating Revenues	5.27			
Total Operating Revenues	3,428.37			
Maintenance Expense (not including depreciation)	502.52			
Traffic Expenses	713.35			
Commercial Expenses	513.80			
General and Miscellaneous Expenses	181.83			
Uncollectible Expenses and Other Operating Expenses	11.09			
Taxes	182.38			
Rents	1.89			
Interest, Amortization, etc.	14.59			
Licensee Revenue—Dr.	150.40			
Total Operating Expenses and Deductions (not including depreciation)	2,271.85			
Net Revenue	1,156.52			
Non-operating Revenues	73.15			
Non-operating Expenses				
Net Non-operating Revenues	73.15			
Total Net Revenue from All Sources	1,229.67	Discontinued.		

Silverton

	1912	1913	1914	1915
Exchange Service Revenues	11,553.25	11,745.13	11,540.02	10,970.47
Toll Service Revenues	3,723.56	3,841.19	3,202.36	2,854.79
Miscellaneous Operating Revenues	37.53	952.44	373.96	162.81
Total Operating Revenues	15,314.34	16,538.76	15,116.34	13,988.07
Maintenance Expense (not including depreciation)	2,696.19	1,896.98	1,764.17	1,760.65
Traffic Expenses	2,309.62	2,942.71	2,381.00	2,112.29
Commercial Expenses	2,073.00	2,370.78	1,986.05	1,333.94
General and Miscellaneous Expenses	606.16	702.14	641.30	497.55
Uncollectible Expenses and Other Operating Expenses	65.63	25.54	97.54	26.81
Taxes	452.50	1,049.92	998.70	1,098.65
Rents	28.12	326.00	266.00	219.37
Interest, Amortization, etc.	49.02	59.08	84.62	134.75
Licensee Revenue—Dr.	683.91	693.93	658.42	611.40
Total Operating Expenses and Deductions (not including depreciation)	8,964.15	10,067.08	8,877.80	7,795.41
Net Revenue	6,350.19	6,471.68	6,238.54	6,192.66
Non-operating Revenues	245.67	257.61	241.59	192.88
Non-operating Expenses				
Net Non-operating Revenues	245.67	257.61	241.59	192.88
Total Net Revenue from All Sources	6,595.86	6,729.29	6,480.13	6,385.54

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Steamboat Springs

	1912	1913	1914	1915
Exchange Service Revenues	7,243.75	12,049.96	12,570.03	13,102.48
Toll Service Revenues	6,974.46	7,933.98	8,531.08	8,228.53
Miscellaneous Operating Revenues	190.76	847.23	375.11	262.88
Total Operating Revenues	14,408.97	20,831.17	21,476.22	21,593.89
Maintenance Expense (not including depreciation)	2,581.47	3,867.06	4,111.90	3,983.20
Traffic Expenses	2,821.60	5,387.34	5,529.81	5,957.47
Commercial Expenses	1,944.67	2,813.79	2,831.70	1,721.63
General and Miscellaneous Expenses	634.98	1,062.58	1,081.79	908.63
Uncollectible Expenses and Other Operating Expenses	86.53	142.29	451.80	30.83
Taxes	427.76	760.38	1,186.01	1,300.74
Rents	45.31	420.00	420.00	452.26
Interest, Amortization, etc.	51.56	78.12	3,063.52	1,742.74
Licensee Revenue—Dr.	628.82	853.95	896.75	916.32
Total Operating Expenses and Deductions (not including depreciation)	9,222.70	15,385.51	19,573.28	17,013.82
Net Revenue	5,186.27	5,445.66	1,902.94	4,580.07
Non-operating Revenues	258.39	423.87	410.09	358.57
Non-operating Expenses				
Net Non-operating Revenues	258.39	423.87	410.09	358.57
Total Net Revenue from All Sources	5,444.66	5,869.53	2,313.03	4,938.64

Sterling

	1912	1913	1914	1915
Exchange Service Revenues	15,752.26	16,934.51	18,448.41	19,668.83
Toll Service Revenues	9,859.87	10,440.40	10,140.11	12,181.36
Miscellaneous Operating Revenues	67.43	418.76	344.52	434.46
Total Operating Revenues	25,679.56	27,793.67	28,933.04	32,284.65
Maintenance Expense (not including depreciation)	2,714.76	3,879.48	4,419.11	4,291.93
Traffic Expenses	4,005.04	3,757.35	4,282.74	4,839.90
Commercial Expenses	3,210.05	4,163.19	4,710.94	3,704.07
General and Miscellaneous Expenses	1,248.51	1,505.75	1,578.10	1,538.52
Uncollectible Expenses and Other Operating Expenses	105.04	211.86	299.63	100.25
Taxes	1,359.83	1,480.06	1,363.85	1,418.86
Rents	99.80	203.74	220.89	238.87
Interest, Amortization, etc.	97.88	107.02	170.76	320.03
Licensee Revenue—Dr.	1,114.03	1,183.45	1,240.64	1,359.56
Total Operating Expenses and Deductions (not including depreciation)	13,954.94	16,491.90	18,286.65	17,811.99
Net Revenue	11,724.62	11,301.77	10,646.39	14,472.66
Non-operating Revenues	490.58	550.60	560.13	518.31
Non-operating Expenses				1.30
Net Non-operating Revenues	490.58	550.60	560.13	517.01
Total Net Revenue from All Sources	12,215.20	11,852.37	11,206.52	14,989.67

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Sulphur Springs

	1912	1913	1914	1915
Exchange Service Revenues	2,062.75	2,572.23	2,813.48	2,751.68
Toll Service Revenues	3,709.19	4,418.41	4,388.59	3,956.67
Miscellaneous Operating Revenues	5.85	105.64	100.75	92.26
Total Operating Revenues	5,777.79	7,096.28	7,302.82	6,800.61
Maintenance Expense (not including depreciation)	1,862.75	1,319.96	1,235.89	1,059.76
Traffic Expenses	1,777.48	2,227.06	2,535.28	2,732.83
Commercial Expenses	1,088.67	1,137.65	1,047.80	943.63
General and Miscellaneous Expenses	200.06	242.57	189.03	396.18
Uncollectible Expenses and Other Operating Expenses	118.39	64.20	56.42	30.26
Taxes	100.07	389.68	438.79	471.10
Rents	5.02	538.00	565.00	506.64
Interest, Amortization, etc.	16.18	19.15	30.78	48.73
Licensee Revenue—Dr.	252.51	301.86	304.71	278.98
Total Operating Expenses and Deductions (not including depreciation)	5,421.13	6,240.13	6,403.70	6,468.11
Net Revenue	356.66	856.15	899.12	332.50
Non-operating Revenues	81.10	106.21	98.52	86.99
Non-operating Expenses				
Net Non-operating Revenues	81.10	106.21	98.52	86.99
Total Net Revenue from All Sources	437.76	962.36	997.64	419.49

Telluride

	1912	1913	1914	1915
Exchange Service Revenues	14,833.26	16,433.36	16,152.51	15,361.71
Toll Service Revenues	7,850.18	5,457.43	5,737.08	5,483.73
Miscellaneous Operating Revenues	436.60	1,315.24	515.66	244.13
Total Operating Revenues	23,120.04	23,206.03	22,405.25	21,089.57
Maintenance Expense (not including depreciation)	4,569.60	2,518.30	2,557.17	1,945.95
Traffic Expenses	3,349.88	4,079.07	3,551.07	3,455.16
Commercial Expenses	3,337.18	3,339.40	2,624.63	2,327.67
General and Miscellaneous Expenses	981.19	1,171.74	970.27	905.48
Uncollectible Expenses and Other Operating Expenses	145.79	267.01	238.85	*2.44
Taxes	525.16	727.05	697.36	716.44
Rents	62.26	24.20		5.15
Interest, Amortization, etc.	77.26	71.55	105.48	181.10
Licensee Revenue—Dr.	989.94	927.14	936.00	879.75
Total Operating Expenses and Deductions (not including depreciation)	14,038.26	13,125.46	11,680.83	10,414.26
Net Revenue	9,081.78	10,080.57	10,724.42	10,675.31
Non-operating Revenues	387.19	404.11	373.17	295.14
Non-operating Expenses				4.80
Net Non-operating Revenues	387.19	404.11	373.17	290.34
Total Net Revenue from All Sources	9,468.97	10,484.68	11,097.59	10,965.65

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Trinidad

	1912	1913	1914	1915
Exchange Service Revenues	55,719.54	61,800.56	60,751.66	58,507.09
Toll Service Revenues	18,860.58	23,851.25	26,689.03	20,981.80
Miscellaneous Operating Revenues	144.40	1,013.73	905.54	849.87
Total Operating Revenues	74,724.52	86,665.54	88,346.23	80,338.76
Maintenance Expense (not including depreciation)	8,849.65	11,159.44	15,127.14	8,241.63
Traffic Expenses	11,460.10	12,234.50	14,798.41	13,364.47
Commercial Expenses	8,187.53	9,516.13	9,595.39	7,951.65
General and Miscellaneous Expenses	4,314.12	5,801.84	4,785.31	4,481.74
Uncollectible Expenses and Other Operating Expenses	432.77	600.88	1,279.64	139.91
Taxes	3,774.43	3,692.73	3,812.50	4,061.89
Rents	130.94	230.60	255.62	261.36
Interest, Amortization, etc.	339.46	362.08	547.28	960.32
Licensee Revenue—Dr.	3,292.46	3,745.40	3,648.86	3,373.40
Total Operating Expenses and Deductions (not including depreciation)	40,781.46	47,343.60	53,850.15	42,836.37
Net Revenue	33,943.06	39,321.94	34,496.08	37,502.39
Non-operating Revenues	1,701.43	1,965.41	1,844.28	1,482.17
Non-operating Expenses				.35
Net Non-operating Revenues	1,701.43	1,965.41	1,844.28	1,481.82
Total Net Revenue from All Sources	35,644.49	41,287.35	36,340.36	38,984.21

Walden

	1912	1913	1914	1915
Exchange Service Revenues	2,363.55	2,504.35	2,387.05	2,423.28
Toll Service Revenues	2,241.27	2,188.01	1,877.33	2,123.33
Miscellaneous Operating Revenues	3.78	62.24	53.16	60.28
Total Operating Revenues	4,608.60	4,754.60	4,317.54	4,606.89
Maintenance Expense (not including depreciation)	891.32	1,090.19	1,028.25	749.18
Traffic Expenses	835.79	791.35	790.85	852.81
Commercial Expenses	909.58	758.50	883.64	594.01
General and Miscellaneous Expenses	132.15	148.53	139.02	119.22
Uncollectible Expenses and Other Operating Expenses	42.07	45.96	33.22	*5.95
Taxes	51.24	68.76	67.97	91.84
Rents	2.95	96.00	100.50	96.86
Interest, Amortization, etc.	10.47	12.38	18.38	30.86
Licensee Revenue—Dr.	167.42	168.13	150.92	162.66
Total Operating Expenses and Deductions (not including depreciation)	3,042.99	3,179.80	3,212.75	2,691.49
Net Revenue	1,565.61	1,574.80	1,104.79	1,915.40
Non-operating Revenues	52.48	60.91	55.40	46.60
Non-operating Expenses				
Net Non-operating Revenues	52.48	60.91	55.40	46.60
Total Net Revenue from All Sources	1,618.09	1,635.71	1,160.19	1,962.00

*Credit.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.
REVENUES AND EXPENSES

Walsenburg

	1912	1913	1914	1915
Exchange Service Revenues	15,099.83	17,119.76	17,544.72	18,050.72
Toll Service Revenues	9,409.52	11,161.16	12,022.74	10,529.94
Miscellaneous Operating Revenues	135.36	1,088.76	521.76	356.96
Total Operating Revenues	24,644.71	29,369.68	30,089.22	28,937.62
Maintenance Expense (not including depreciation)	2,757.83	3,136.54	4,559.89	3,276.56
Traffic Expenses	3,740.28	4,660.88	4,510.83	4,508.45
Commercial Expenses	2,440.44	2,754.29	2,483.96	2,280.43
General and Miscellaneous Expenses	966.78	1,206.15	1,128.68	1,157.87
Uncollectible Expenses and Other Operating Expenses	147.25	111.86	193.51	65.47
Taxes	525.04	977.22	1,013.09	1,064.50
Rents	52.24	186.80	211.80	188.89
Interest, Amortization, etc.	76.94	93.15	148.33	261.58
Licensee Revenue—Dr.	1,090.31	1,255.75	1,315.25	1,257.40
Total Operating Expenses and Deductions (not including depreciation)	11.797.11	14,382.64	15,565.34	14,061.15
Net Revenue	12,847.60	14,987.04	14,523.88	14,876.47
Non-operating Revenues	385.62	472.43	460.11	407.11
Non-operating Expenses	.			
Net Non-operating Revenues	385.62	472.43	460.11	407.11
Total Net Revenue from All Sources	13,233.22	15,459.47	14,983.99	15,283.58

Wiley

	1912	1913	1914	1915
Exchange Service Revenues	3,274.90	3,992.45	3,391.87	3,248.63
Toll Service Revenues	1,079.05	1,089.25	1,069.31	1,091.70
Miscellaneous Operating Revenues	11.35	64.24	53.63	53.27
Total Operating Revenues	4,365.30	5,145.94	4,514.81	4,393.60
Maintenance Expense (not including depreciation)	1,657.93	855.03	804.01	633.47
Traffic Expenses	967.54	1,054.18	942.93	983.93
Commercial Expenses	1,207.13	839.73	568.10	560.21
General and Miscellaneous Expenses	384.28	358.55	251.55	233.16
Uncollectible Expenses and Other Operating Expenses	31.05	67.54	148.73	44.55
Taxes	.29	479.43	772.03	822.87
Rents	2.85			1.61
Interest, Amortization, etc.	31.41	98.38	62.29	86.51
Licensee Revenue—Dr.	195.79	224.41	193.96	190.17
Total Operating Expenses and Deductions (not including depreciation)	4,478.27	3,977.25	3,743.60	3,556.48
Net Revenue	*112.97	1,168.69	771.21	837.12
Non-operating Revenues	157.42	146.50	116.18	91.91
Non-operating Expenses	.			
Net Non-operating Revenues	157.42	146.50	116.18	91.91
Total Net Revenue from All Sources	44.45	1,315.19	887.39	929.03

*Credit.

REVENUES AND EXPENSES
STATE OF COLORADO

	Aug. 1, 1911, to Dec. 31, 1911	Year 1912	Year 1913
Exchange Service Revenues	1,066,609.57	2,564,738.99	2,618,372.41
Toll Service Revenues	288,036.14	769,965.55	764,988.18
Miscellaneous Operating Revenues	3,503.03	13,388.53	54,725.17
Total Operating Revenues	1,358,148.74	3,348,093.07	3,438,085.76
Maintenance Expenses	167,197.42	379,389.79	396,621.13
Traffic Expenses	221,318.63	572,494.98	604,036.69
Commercial Expenses	166,592.99	416,021.91	424,082.47
General and Miscellaneous Expenses	85,965.33	166,647.38	195,251.70
Uncollectible Accounts and Other Operating Expenses	10,579.37	26,824.30	29,136.18
Taxes	67,254.66	160,980.36	158,679.23
Rents	5,911.23	5,893.75	24,762.73
Interest, Amortization, etc.	10,144.04	15,698.06	13,879.32
Licensee Revenue—Dr.	62,456.99	146,208.81	147,098.13
Total Operating Expenses and Deductions	797,420.66	1,890,159.34	1,993,547.58
Net Revenue	560,728.08	1,457,933.73	1,444,538.18
Non-operating Revenues	20,074.46	64,471.43	71,881.16
Non-operating Expenses			
Net Non-operating Revenues	20,074.46	64,471.43	71,881.16
Total Net Revenue from All Sources, Including Exchange and Toll	580,802.54	1,522,405.16	1,516,419.34

REVENUES AND EXPENSES
STATE OF COLORADO

	Year 1914	Year 1915
Exchange Service Revenues	2,481,129.81	2,535,409.40
Toll Service Revenues	734,670.59	759,078.71
Miscellaneous Operating Revenues	47,184.97	44,700.01
Total Operating Revenues	3,262,985.37	3,339,188.12
Maintenance Expenses	416,826.39	380,197.28
Traffic Expenses	628,405.20	654,133.38
Commercial Expenses	432,991.79	372,829.18
General and Miscellaneous Expenses	178,734.24	170,528.64
Uncollectible Accounts and Other Operating Expenses	50,508.23	11,535.98
Taxes	161,891.19	190,426.04
Rents	26,344.74	28,504.61
Interest, Amortization, etc.	38,693.55	47,683.40
Licensee Revenue—Dr.	140,045.25	142,985.37
Total Operating Expenses and Deductions	2,074,440.58	1,998,823.88
Net Revenue	1,188,544.79	1,340,364.24
Non-operating Revenues	69,751.22	59,885.90
		803.60
Non-operating Expenses		
Net Non-operating Revenues	69,751.22	59,082.30
Total Net Revenue from All Sources, Including Exchange and Toll	1,258,296.01	1,399,446.54

NOTE.—The Toll Service Revenues represent the toll business originating in the Exchange.

Some of the items are pro-rated to areas.

Above operating expenses do not include the annual depreciation requirements.

In order to arrive at the amount available for a return on the investment there should be deducted from the "Total net revenue from all sources," as herein shown, the proper requirement for depreciation, as established by the Commission in this case.

The Operating Expenses, as set forth therein, include the annual payment of 4½ per cent of the gross revenues of the Telephone Company within the State of Colorado to The American Telephone & Telegraph Company, for the rental of telephone equipment and for other services. The above expenses also include such payments as are made to The Western Electric Company for the purchase of materials, conducting warehouses, etc. These expenditures will be discussed later in this opinion.

Payments to The American Telephone and Telegraph Company.

According to the undisputed testimony in this case the contractual relations existing between The American Telephone & Telegraph Company and The Mountain States Company are the outgrowth of modifications made in the original licensee contract between the predecessors of the two companies. Under the agreement now existing between these two companies The Mountain States Company pays to The American Company 4½ per cent of its gross earnings; this 4½ per cent payment being based on the following accounts:

No. 500. Subscribers' Station Revenues.
No. 501. Public Pay Station Revenues.
No. 504. Private Branch Exchange Line Revenues.
No. 510. Message Toll Revenue.

To the amounts derived from the above sources is added that proportion of the gross revenues of sub-licensee companies, or other operating companies not directly licensed by the American Company, in which a majority of the stock is owned by the Mountain States Company, in that proportion which the stock so owned bears to the total issue of stock of the company in question. From the total thus obtained is deducted the amount of uncollectible operating revenues.

Four and one-half per cent of the amount so derived is paid to the American Company, and the amount thus paid is to be further increased if the total number of instruments not in use or carried in stock by the Mountain States Company exceeds 3 per cent of the total number of instruments in use at any given time.

The record further shows that for the amount so paid by the Mountain States Company the American Company undertakes certain obligations and renders certain services to the Mountain States Company, which may be classified as follows:

1. The American Company agrees to furnish without charge sufficient transmitters, receivers and induction coils to properly equip all stations operated by the Mountain States Company, and to furnish and supply a working stock of such instruments not in excess of 3 per cent of the total number of instruments furnished for subscribers' stations, and to replace any of the above equipment when for any reason it is necessary to do so.

2. The American Company agrees to allow the Mountain States Company the free useage of all patents owned or controlled by it without charge to the Mountain States Company, and agrees further to defend any and all infringement suits brought on account of the use of such apparatus.

3. To furnish legal advice and services before the Interstate Commerce Commission, Federal Trade Commission and Income Tax Authorities, and all other legal advice asked for by the Mountain States Company.

4. To furnish engineering advice and services covering basic plans for switchboards and outside plant and extensions thereof, and to make necessary studies preliminary to the beforementioned basic plans.

5. To study operating and traffic conditions and to compile statistics from all associated companies, making these studies available for the use of the licensee

companies, and to assist the Mountain States Company in unifying and improving the telephone service at any and all times.

6. To study commercial conditions and to furnish efficiency experts looking toward handling commercial problems with the greatest economy.

7. To advise as to the standardization of the uniform system of accounts, and to supervise the efficient administration of accounting plans when determined.

8. To aid in the financial operations of the Company; this to cover broadly the aiding of the Mountain States Company in securing necessary funds, and to advise with the executive officers of the Mountain States Company for the purpose of avoiding unwise expenditure of funds so obtained.

Briefly summarized, the testimony shows that the payment of 4½ per cent of the gross revenue of the Mountain States Company to the American Company covers, in addition to the lease or rental of the vital part of telephone sets, services which are of a legal, engineering, commercial, traffic, accounting and financial nature.

The testimony further shows that during the year 1914 this payment to the American Company amounted to $140,045.25, and that the average number of owned stations in service during that year was 88,658. The above payment of $140,045.25 includes, in addition to 4½ per cent, the gross revenues in Colorado, 4½ per cent of about 70 per cent of the gross revenues of the Wray Telephone Company, this being in accordance with the agreement existing between the Mountain States Company and American Company.

Both the Commission's Statistician and Engineer testified that in their opinion a portion of this payment to the American Company should in the future be charged to the Construction Accounts for the reason that the services rendered apply not only for the lease of

equipment, but, being of an engineering, executive, financial and accounting nature, should be reflected in the Construction Accounts of the Telephone Company.

The Western Electric Company Relationship.

The record in this case discloses a contractual relationship between the Telephone Company and The Western Electric Company, whereby the Electric Company mantains large stocks of materials and apparatus which are available for immediate shipment when required by the Telephone Company for repairs, replacements of plant damaged by storms, fire or other casualty. Under the terms of the contract The Western Electric Company is permitted to add to the actual cost the following percentages to the supply bills for material furnished to the Telephone Company:

For furnishing hard drawn copper wire if furnished from the store room of The Western Electric Company .....5 per cent
If shipped from any other point direct to the Telephone Company .....1 per cent
For furnishing poles .....4 per cent
For furnishing all other articles not of Western Electric Company manufacture,
(1) If shipped from any storeroom of The Western Electric Company .....6 per cent
(2) If shipped from any other point direct to the Telephone Company .....4 per cent

No charge is made for storing and shipping apparatus of

The evidence offered was to the effect that should this

Theevidence offered was to the effect that should this contract be terminated the Telephone Company would be obliged to mantain a purchasing department and to build up and maintain a large organization to perform services now rendered by The Western Electric Company, and that it would be obliged to carry a large investment in materials and supplies to properly care for the needs of

the Telephone Company, and to assume an investment in land, buildings and warehouse fixtures, shop and office furniture and fixtures.

Interest and other fixed charges on this investment, together with upkeep expenses of the office and warehouse, would be additional to the Telephone Company's present operating expenses.

The evidence disclosed that the Company employed clerks to check all bills of material sold to the Telephone Company by The Western Electric Company, and to apply the proper prices for such material and supplies.

Annual Depreciation Requirement

Witnesses representing the Telephone Company and the Commission testified that, in addition to a fair return upon the value of the properties for rate making purposes, the Telephone Company should set aside annually an amount necessary to properly care for the depreciation of its physical property. The witnesses testifying before the Commission, as to the amount that should be set aside annually for the care of the depreciation in this case, had apparently given much study to the subject, and voluminous testimony was presented to the Commission on behalf of both the Company and the Commission as to what the reasonable annual requirement should be.

Briefly stated, the witnesses for the Telephone Company claimed that the annual allowance made for this purpose should be $835,831.00, based on the value of the property on August 31, 1915, and that in general the annual requirement should be somewhat in excess of 6 per cent of the investment in the property. Mr. Rankin testified that in his opinion the annual Depreciation Requirement should be $752,293.00, or 5.65 per cent of the cost of reproduction of the depreciable property of the Telephone Company.

Upon request of the Commission that the Company's claim for an allowance of 6 per cent of the investment in property be further amplified, and made more explicit, additional testimony was submitted to the Commission by the Company in which the annual depreciation rates claimed by the Telephone Company as being representative of present conditions were applied to the appraised value of the different items of physical property, with the result that the annual requirement was shown to be 6.22 per cent of the Company's investment in depreciable property only.

In order to arrive at this annual requirement the witnesses for both the Telephone Company and the Commission first made allowance for scrap or salvage values of depreciable property, since the annual requirement for depreciation does not provide for a replacement of scrap or salvage values.

The assumed lives of the different classes of property were next determined, and with this information at hand the amount to be set aside annually was arrived at. The lives and salvage values used by the different witnesses were not identical, the variations being considerable in some instances.

Mr. Rankin testified that the lives assigned to depreciable property by him had been determined after a thorough study of the experience of the Company. He stated that a study of Central Office Equipment revealed the fact that the age of this equipment was in excess of seven and a half days, and, for this reason, this equipment was given a life of seventeen years instead of ten years, as made use of by the Telephone Company. This same method of assigning lives to different classes of property was made use of by Mr. Rankin throughout his depreciation study. He also made use of salvage values which were derived for the purpose of arriving at the cost of reproduction less depreciation,

while Mr. Bellard, for the Telephone Company, made use of the salvage values which were established by the Telephone Company in 1912. Mr. Rankin pointed out that some of the salvage values used by the Telephone Company were not consistent one with another.

Following will be found in tabulated form the lives, salvage values, and depreciation rates used by the witnesses for the Telephone Company and the Commission for the purpose of arriving at the Annual Depreciation Requirement.

Witnesses further testified that the amounts found by them, respectively, should be deducted from the net revenues from all sources, as reported by Mr. Herbert, for the purpose of arriving at the amount available for return on the investment:

Annual Depreciation Percentages for Telephone Plant for Average Conditions in the Territory of the Mountain States Telephone and Telegraph Company Annual Requirement for the Depreciation Reserve.

Based on the probable number of years of service under average working conditions, taking into account age, wear and tear, inadequacy, obsolescence, ordinary accident and storm damage and changes due to public requirement or popular demand; but not including extensive damage by severe sleet storms, floods, fire, or other casualties.

	Class of Plant	Life in Years	Gross Salvage Value per cent of first cost in place	Cost of Removal per cent of first cost in place	Net Salvage Value per cent of first cost in place	Annual Depreciation Per Cent.
1.	Conduit, Main	50.	..	..	0	2.
2.	Conduit, Subsidiary	15.	..	..	0	6.7
3.	U. G. Cable Main	20.	47.	7.	40.	3.
4.	U. G. Cable Subsidiary (Block) (Building)	13	35.	10.	25.	5.8
5.	U. G. Cable Toll	25.	47.	7.	40.	2.4
6.	Aerial Cable	14.	34.	10.	24.	5.4
7.	Submarine Cable	*12.	..	..	..	8.3
8.	Loading Coils	20.	Practically none as yet.			5.
9.	Poles and crossarms; toll	15.	13.	14.	–1.	6.7
10.	Poles and cross-arms; exchange	11.	19.4	13.2	6.2	8.5

11.	Copper wire on L. D. Lines..	40.	50.	10.	40.	1.5
12.	Copper wire on Associated Companies' Toll Lines....	33.5	53.4	9.3	44.1	1.7
13.	Iron Wire on Toll Lines....	17.5	25.8	45.3	−19.5	6.8
14.	Bare Copper Wire on Exch. Lines—Element too small to include.					
15.	Insulated Copper Wire on Exch. Lines (Drop).....	7.5	31.2	11.2	20.	10.7
16.	Iron Wire on Exchange Lines	10.	13.	16.8	−3.8	10.4
17.	Interior Block Wires.....	8.	No data	No data	20.	10.
18.	Central Office Equipment....	10.	29.2	2.4	26.8	7.3
19.	Sub. Sta. App., Including Inside Wiring and Installation	10.	..	..	Net	10.
20.	Cable Terminals	10.	..	..	..	10.
21.	Buildings	30.	..	..	40.	2.
22.	L. D. Right-of-Way	35.	..	..	..	2.9
23.	Right-of-Way in Towns....)					
24.	Right-of-Way in Cities....)	20.	..	..	..	5.
25.	Furniture and Fixtures.....	10.	..	..	..	10.
26.	Automobiles	4.	..	..	10.	22.5
27.	Tools	4.	..	..	..	25.
28.	Teams and Vehicles	5.	..	..	..	20.

* Submarine buried on mountain passes.

ANNUAL DEPRECIATION RATES (COMMISSION)

Clasification of Property	I. C. C. Acct. No.	Expected Life A	Gross Salvage Value Per Cent First Cost In Place B	Cost of Removal Per Cent First Cost In Place C	Net Salvage Value Per Cent First Cost In Place (B–C)	Annual Depreciation Rate E (100–D) divided by A
Buildings	212	30.	..	..	40.	2.
Central Office Equipment	221	17.	29.2	2.4	26.8	4.3
Other Equipment	222	15.	..	..	10.0	6.
Station Apparatus	231	10.	..	..	10.	9.
Station Installations	*232	10.	..	..	10.	9.
Interior Block Wires....	*233	8.	..	..	20.	10.
Private Branch Exchanges	234	12.5	..	..	10.	7.2
Booths and Special Fit'gs	235	12.5	..	..	10.	7.2
Exchange Poll Lines....	241	8.	..	..	32.	8.5
Exchange Aerial Cable...	242	14.	34.	10.	24.	5.4
Cable Terminals		10.	..	..	0.	10.
Exchange Aerial Wire...	243					
Copper Wire		12.5	..	..	35.	5.2
Iron Wire		10.	15.	15.	0.	10.
Twisted Pair		7.5	31.2	11.2	20.	10.7
Ring Conduit		10.	..	..	0.	10.
Drop Wire	*	7.5	31.2	11.2	20.	10.7
Miscellaneous		..	..	..	0.	..
Exchange Underground Conduit	244					
Main		50.	..	..	0.	2.
Subsidiary		17.	..	..	0.	5.9
Paving, Main		50.	..	..	0.	2.
Paving, Subsidiary		17.	..	..	0.	5.9
Manholes		50.	..	..	0.	2.
Miscellaneous		..	..	..	0.	..
Exch. Underground Cable	245					
Main		20.	47.	7.	40.	3.
Subsidiary		15.	35.	10.	25.	5.
House Cable		15.	35.	10.	25.	5.
Terminals		10.	..	..	0.	10.
Miscellaneous		..	..	..	0.	..
Office Furniture & Fixt's	261	15.	..	..	10.	6.
Toll Pole Lines.....	251	12.	..	..	28.	6.0
Toll Aerial Cable	252	14.	34.	10.	24.	5.4
Cable Terminals		10.	..	..	0.	10.
Toll Aerial Wire.....	253					
Copper Wire		33.5	53.4	10.	43.4	1.7
Iron Wire		17.5	25.8	24.3	1.5	5.6
Aluminum Wire.....		33.5	53.4	10.	43.4	1.7
Twisted Pair Wire....		7.5	31.2	11.2	20.	10.7

Ring Conduit.....	10.	..	..	0.	10.
Loading Coils	20.	..	..	0.	5.
Miscellaneous					
Toll Underground Cable. 255					
Main	25.	47.	7.	40.	2.4
Subsidiary	25.	47.	7.	40.	2.4
Terminals	10.	..	..	0.	10.

*This rate applies to only 50 per cent of the property coming under this Classification. See written statement and accounting rules.

Employes' Pensions, Disability Benefits and Death Benefits.

Mr. Vaile, for the Company, testified in substance as follows:

On January 1, 1913, the Telephone Company entered into a contract with the American Telephone & Telegraph Company, and its associated and allied companies, under the terms of which all companies adopted and made effective on that date what is designated as the "Plan for Employes' Pensions, Disability Benefits and Death Benefits." On May 1, 1914, this Plan was further revised by the addition of benefits which seemed expedient from the results of the practical experience since its organization.

This plan provides for the payment of certain benefits. Under the head of Pensions payments are based upon the class of employe, the age of the employe, and the length of time of employment,—the plan also providing when such pension shall be granted. The Plan also provides for Accident Disability Benefits, designated separately as Total and Partial Disability Benefits, Sickness Disability Benefits and Death Benefits.

A resume of the prominent features of the Plan follows: The parent company and all its associated companies and allied companies are parties to the Plan, and these companies agree to recognize and credit to any and all employes entitled thereto, continuous service with any of the companies so associated. This feature permits workmen to leave the employ of any Bell company to accept service in any other Bell company in the

United States, subsidiary to the Bell system, and receive service credit for all service with these companies.

The benefits are extended to employes without assessments being made upon them, without abatement of wages, and without contribution upon their part. This Plan is based upon an appropriation basis, which insures the Company's ability to at all times meet the demand under it. The directors of this Telephone Company have set aside $175,000 from the Company's surplus, placing it to the credit of what is known as the "Employes' Benefit Fund," from which all benefit payments are made during the year. The Telephone Company pays interest to this fund at the rate of 4 per cent per annum on unexpended balances. At the end of each fiscal year it adds to the fund such an amount as will restore it to its original total of $175,000, provided that such addition shall in no year exceed 2 per cent of the Company's payroll. If the fund established for this purpose, together with the appropriation described, is insufficient for the benefits provided, then, under an agreement with The American Telephone & Telegraph Company, recourse may be had to a general fund of $2,000,000 established by the Bell Company for that purpose. By this arrangement, the employe is assured of his benefits regardless of any severe financial drain which may be made upon the benefit fund of any of the associated companies.

The amount required in the Mountain States system to meet payments, under this Plan was equal to 1.4 per cent of the payroll of the year 1913, 1.3 per cent in 1914, 1.19 per cent in 1915. The entire expense of administration of the Plan is borne by the Telephone Company, and is not charged to the fund.

A committee of five, appointed by the Board of Directors of the Telephone Company, administers the fund and determines all questions which may arise under this

Plan. This insures consistent and impartial treatment of all cases.

A brief summary of benefits to which employes may become entitled is as follows:

1. Pensions.

Retirement on pension is provided for employes coming under the classes listed below: (Employes in Class A may be retired on pension either at their own request or at the discretion of the Committee. Employes in Classes B and C may be retired on pension only at the discretion of the Committee and with the approval of the President or Vice-President.)

Class A.

Employes whose age is 60 years or more (females 55 or more) and whose term of employment has been 20 years or more.

Class B.

Employes whose age is 55 to 59 years (females 50 to 54) and whose term of employment has been 25 years or more.

Class C.

Employes whose age is less than 55 years (females less than 50) and whose term of employment has been 30 years or more.

Class D. (Disability Pension.)

Any employe whose term of employment has been 15 years or more and who becomes totally disabled by reason of sickness may, at the discretion of the Committee and the approval of the President or Vive-President, be granted a disability pension, which shall continue for such period only as the Committee may decide.

The amount of the annual pension in any of the above cases is 1 per cent of theaverage annual pay for 10 years, multiplied by the number of years in the employe's term of employment.

Example: An employe whose term of employment at time of retirement has been 30 years and whose aver-

age pay for 10 years has been $1,500 a year, will receive an annual pension equal to 30 per cent of $1,500, or $450, payable in monthly amounts of $37.50.

NOTE: The minimum pension will be $20 a month, but this is not to apply to disability pensions granted to employes of less than 20 years' service or to pensions granted to "part time" employes.

2. Accident Disability Benefits.

Total Disability—full pay 13 weeks, half pay for remainder of disability. Maximum benefits to be $20 a week after six years of benefit payments.

Partial Disability—for first 13 weeks, 100 per cent of loss in earning capacity; for remainder of disability, 50 per cent of loss in earning capacity. Period of payments not to exceed six years in all.

3. Sickness Disability Benefits.

These benefits begin on the eighth calendar day of absence on account of sickness and are as follows:

(a) For employes whose term of employment has been 10 years or more, full pay for 13 weeks; half pay 39 weeks.

(b) For employes whose term of employment has been 5 years or more, but less than 10 years, full pay 13 weeks; half pay 13 weeks.

(c) For employes whose term of employment has been 2 years or more, but less than 5 years, full pay 4 weeks; half pay 9 weeks.

NOTE: Benefits are not provided in the Plan for sickness of employes of less than two years' service. In such cases such practice as the Company may estab- from time to time will be as follows:

4. Death Benefits.

These are payable only to wife (or husband) or dependent relatives of deceased employe and are:

(a) Sickness Death Benefits.

If employe's term of employment has been 10 years or more: One year's pay, not to exceed $2,000.

If employe's term of employment has been 5 years or more, but less than 10 years: Six months' pay, not to exceed $2,000.

(b) Accident Death Benefits.

Three years' pay, not to exceed $5,000, and the necessary expenses of burial, not to exceed $150.

Mr. Herbert included in his testimony pertaining to Revenues and Expenses the payments of moneys as set forth in the testimony of Mr. Vaile relative to the expenditures in connection with the Benefit Plan.

Reserve for Accrued Depreciation.

Witnesses for the Commission and for the Telephone Company testified that the unexpended balance in the Reserve for Accrued Depreciation for the property of the Telephone Company, as a whole, amounted on August 31, 1915, to $2,657,787.68, and that the amount of this applicable to the property of the Telephone Company in the State of Colorado was $1,169,426.58.

The evidence also shows that the Telephone Company had on hand a surplus of $511,715.85 on the above date, that Colorado's proportion of this surplus was $225,154.97, and that for the year 1914 the Telephone Company had added to its surplus only $150.14, this amount being included in the amount of the Surplus Fund.

Mr. Rankin found that the amount of Accrued Depreciation on the property in the State of Colorado as of August 31, 1915, was $2,532,551.00. He stated that if reserves had been set aside in the past on the basis of 5.65 per cent of the cost of the physical property, the Reserve for Accrued Depreciation would have been equal to the above amount on the date of this investigation.

He further testified that the Reserve for Accrued Depreciation applicable to the property of the Telephone Company in the State of Colorado, considering the conditions existing at the time of the investigation, should not, in his opinion, be less than $2,500,000.00.

Mr. Roderick Reid, testifying for the Telephone Company, gave as his opinion that the present Reserve for Depreciation was inadequate, and while he did not state what, in his opinion, an adequate reserve would be, he testified that on the basis of a reserve of 20 per cent of depreciable property the Colorado reserve was inadequate to the extent of $1,500,000.00.

Witnesses for the Telephone Company admitted that annual dividends in the amount of 7 per cent had been paid for many years by this Company and its predecessor, and that earnings of the Telephone Company had been such that after payment of these dividends the amount remaining of the net revenues had been insufficient to allow the Telephone Company to set aside an adequate Depreciation Reserve, and, for this reason, the reserve at the time of this investigation was not adequate.

The following table gives the increases and decreases to the Reserve for Accrued Depreciation and Surplus for the period from August 1, 1911, to August 31, 1915, for the Telephone Company as a whole:

SHOWING THE DECREASES IN THE RESERVE FOR ACCRUED DEPRECIATION AND THE SURPLUS DURING THE PERIOD AUGUST 1, 1911, TO AUGUST 31, 1915, AND THE ADDITION FROM EARNINGS DURING THE PERIOD

	Reserve for Accrued Depreciation	Surplus	Total	Increase or Decrease
July 31, 1911, The Colorado Telephone Company	$1,480,905.60	$811,895.16	$2,292,800.76	
July 31, 1911, The Tri-State Tel & Tel. Co.	20,547.65	2,500.27	23,047.92	
July 31, 1911, The Rocky Mountain Bell Tel. Co.	383,747.59	181,624.67	565.372.26	
TOTAL	$1,885,200.84	$996,020.10	$2,881,220.94	
Stock and Debt Adjustment Addition	1,417,056.43		1,417,056.43	
The Mountain States Telephone & Telegraph Co.	$3,302,257.27	$996,020.10	$4,298,277.37	
Balance—Dec. 31, 1911	3,147,879.29	761,875.01	3,909,754.30	*$388,523.07
Balance—Dec, 31, 1912	3,167,020.98	517,358.04	3,684,379.02	*225,375.28
Balance—Dec. 31, 1913	2,758,768.99	523,207.00	3,281,975.99	*402,403.03
Balance—Dec. 31, 1914	2,541,908.75	483,401.52	3,025,400.27	*256,575.72
Balance—Aug. 31, 1915	2,657,787.68	511,715.85	3,169,503.53	144,103.26

The Gross Additions from Earnings During This Period were as follows:

Aug. 1, 1911, to Dec. 31,

1911	$ 270,289.68	$ 10,015.36	$ 280,305.04	(5 months)
Year 1912	876,930.99	52,568.37	929,499.36	
Year 1913	801,560.21	8,249.37	809,809.58	
Year 1914	800,971.70	150.14	801,121.84	
Jan. 1, 1915, to Aug. 31, 1915	624,707.57		624,707.57	(8 months)

*Indicates Decrease.

Cost of Establishing the Business.

Mr. C. E. Hannum, for the Telephone Company, testified that an allowance should be made on account of the Cost of Establishing the Business, over and above the cost of reproducing the physical property of the Company, and that it should be based upon the cost of reproducing the Company's business as of August 31, 1915. The evidence was submitted which purported to show what it would cost to create an organization capable of operating the present property, and what it would cost to attach to that property the business as of August 31, 1915.

Witnesses for the Telephone Company testified that in order to determine the amount of the necessary expenses which would be incurred in organizing and developing the Company, selling the service and operating the plant, and in order to determine the revenues which would be received during the six-year period of construction and development, the Company had placed itself in the position of a company starting from nothing, and with the aim of producing within the shortest time possible the entire physical plant in Colorado, with the operating organization and business attached.

It was also contended that in order to arrive at the Cost of Establishing the Business, the following items should be determined:

1. A fair return to the Company upon all moneys which it would be necessary to expend in the reproduction new of the property of the Telephone Company with the organization and business attached.

2. The sum of all expenditures necessary over and above the expenditures for physical property.

Witnesses contended that men who have had years of experience in building up telephone organizations, and in operating telephone properties, and who, in addition, have actual access to figures showing the various costs in connection with operating a telephone plant, could arrive at a reasonable estimate of what the minimum operating expenses could be, and what the maximum operating revenues could be at the various stages of the building and development of the telephone property.

Witnesses further contended that money invested in the physical property should be entitled to a fair return from the moment of its investment, and that, in addition, money spent in establishing the business should also be entitled to a fair return for the reason that a plant without the organization and business attached would be of no service to the public and would consequently have no earning power.

It was further argued that it would be necessary, in order to arrive at the cost of establishing the business of the Telephone Company, to allow a fair rate of return not only upon the money invested in the physical properties, but also upon such expenditures made for the purpose of attaching the organization and business.

It was further claimed that of the total expenditures entering into the cost of establishing the business about 60 per cent would represent labor costs, and that the balance would be made up of such miscellaneous items as rent, heat, light, stationery, insurance—both accident and fire—taxes, licensee payments, and other miscellaneous items. In determining the amount of these expenses in each quarter throughout the assumed six-year period, witnesses for the Telephone Company assumed as a basis the actual known expenses for each quarter in 1914, and determined the expense which should be incurred in each quarter of the construction

period in the form of a percentage of the known expense in 1914.

Mr. Hannum stated that the actual expenses and revenues during the year 1914 were likewise taken as the basis for the study and it was stated that these were taken for the reason that the records of 1914 were the most available records which reflected the conditions of today, and which, at the same time, showed for a period of a full year all of the expenses and revenues which could be properly allocated to Colorado. He further stated that the expenses per station for the Telephone Company in 1914 were lower than for 1912 or 1913.

The amount requested to cover this item was as follows:

COST-OF-ESTABLISHING-THE-BUSINESS SUMMARY

Organization	$358,022	
Publication and Traveling Expenses for Obtaining Franchises	29,000	
Miscellaneous Construction Expenses	372,896	
Selling Service	420,529	
Interest During Construction on Expenditures prior to operations, other than expenditures for physical properties	82,419	
Operating Expenses in Excess of Operating Revenue	107,062	$1,369,928
Fair return during six-year period		2,508,183
Total Cost of Establishing the Business		$3,878,111

In addition, the Telephone Company made a claim through Mr. W. F. Brown, that an allowance of $829,-528.00 should be made for cost of money, and that a like allowance should be made for promoters' remuneration, making a total of $1,659,056 for promoters' remuneration and the cost of obtaining money. The total amount

claimed by the Telephone Company through Witnesses Brown and Hannum, as representing the proper allowance to cover the cost of establishing the business, cost of money and promoters' remuneration, was $5,537,167. It was claimed by Witness Hannum that, in order to produce new the property of the Telephone Company with the organization and business attached, it would be necessary that a number of men first get together to discuss the feasibility of the proposition and the means by which it could be financed; and that it would be necessary further, for them to interview various financial interests, and also to make investigations in order to determine the extent of the demand for service, and to what extent the public would be able to pay the necessary service charges. It was claimed that the expense so incurred would be legitimate expenses, and would represent part of the cost of producing the property.

It was contended that the major portion of the organization work would be performed in the general offices of the Telephone Company and in the legal department, and that the cost of operation, therefore, would be reflected in the expenses of the general offices during the organization period. From the study of the expenses of these offices in 1914 an estimate of the expense of conducting the offices was arrived at.

Witnesses for the Company testified that on the date of this investigation the Company operated in 145 cities and towns, in which it would be necessary to acquire franchises or permits, and that the cost of obtaining such permits should be considered by the Commission as a part of the fair value of the property. The incidental expenses in connection with obtaining such permits, according to the statements submitted, vary from $150.00 to $500.00, according to the size of the town and the various complications which frequently arise in the course of obtaining a franchise. Witnesses for the Telephone Company, however, stated that they had assumed that

these 145 franchises could be obtained for $200.00 each, and, as a result had estimated the cost that would be incurred for traveling expenses and publication in obtaining these franchises, at $29,000.00.

Miscellaneous Construction Expenditures, which were included by the witnesses for the Telephone Company as a part of the Cost of Establishing the Business, include the salaries of executive and general officers of the Company before it is ready to begin operations; of clerks in general offices engaged on construction accounts or work; rent and repair of general offices when rented, together with office expenses, insurance during construction, and also construction and equipment items of a special and incidental nature, which cannot be properly charged to any other Fixed Capital account. Witnesses for the Telephone Company testified that, with the exception of the salaries and expenses of executive and general officers which were treated in their study as organization expenditures, the other items mentioned had been classified as Miscellaneous Construction Expenditures. The claim of the witnesses for the Company made to cover miscellaneous construction expenditures, was $372,896.00.

Witness Hannum claimed that the cost of selling service or obtaining the present ninety odd thousand subscribers for the Company's service, would cost the Telephone Company $420,529.00, and based his claim for this amount on the cost of obtaining new subscribers in 1914.

Interest During Construction on expenditures prior to the beginning of operations other than expenditures for physical structures, should be allowed, in the opinion of Witness Hannum, to the extent of $82,419.00. This, he testified, would include interest upon the money expended prior to the beginning of operations for organization, general equipment, publication fees and traveling expenses for obtaining franchises, expenditures for

right of way, miscellaneous construction expenditures and selling service. This amount, Mr. Hannum stated, should be allowed in addition to the claim made by the Telephone Company's General Plant Superintendent, Mr. McCarn, of $676,113.00 for Interest During Construction in the appraisal of physical property.

Mr. Hannum further testified that during the six-year period of reproducing the property the operating expenses of the Telephone Company would be in excess of operating revenues by $107,062.00. Mr. Hannum's claim that an allowance of $2,508,183 be allowed as a fair return during the assumed six-year period of construction, is based on the assumption that the money invested in the physical property would be entitled to a fair return from the moment of its investment, and assumed that 8 per cent per annum would represent a fair rate of return on the investment in the property.

Rate of Return.

Mr. Roderick Reid testified that in his opinion the Telephone Company should be permitted to earn, over and above operating expenses, a sum, annually, sufficient to set aside the Annual Requirement for Depreciation, maintain a sufficient surplus for contingencies—which surplus should at all times be closely scrutinized by the Commission to the end that it should not become excessive.

Testimony on the subject of Rate of Return was also introduced by Messrs. Floyd Walpole, J. G. Geijsbeck, T. H. Reynolds and F. H. Reid, on behalf of the Telephone Company.

Mr. Walpole testified as to an examination of the various statutes of the State of Colorado on rates of interest, and submitted a table showing the rate of interest allowed on loans and promissory notes, county warrants, etc., from 1881 to 1915. Mr. Walpole likewise testified that the State of Colorado and the City of Denver had been unsuccessful in marketing certain bond is-

sues for the reason—in his opinion—that the rate of interest provided was too low to attract investors.

Mr. Geijsbeck submitted the results of a study of the business and affairs of numerous manufacturing and trading companies doing business within the State of Colorado, and stated that the average expected return of business enterprises of the west should be above 20 per cent on the actual investment, and that, in his opinion, the rate of return allowed public utilities in the west should be higher than in the east.

Mr. Reynolds likewise testified on the subject of Rate of Return, and it was his opinion that a return of 10 per cent to public utilities operating in this State should not be considered unreasonable.

Mr. F. H. Reid testified that a fair rate of return was one which, under honest accounting methods and responsible management, would attract the amount of capital needed for the development and extension of telephone facilities. It was his opinion that a fair rate of return to the Telephone Company is one thing, and a fair rate of return to the stockholders is another; the return to the stockholder being the amount which he receives by way of dividends upon his stock, and the return to the Company being the net amount which it is allowed to earn upon the fair value of its property. According to Mr. Reid the return to the stockholder is paid out in the form of dividends from the net return to the company; the balance of such net return being carried to the surplus accounts to be used as occasion demands and for the exigencies of the business, and, further, for establishing the company's credit. Mr. Reid testified that the rate of return which the Telephone Company desired the Commission to determine in this case was the rate of return to the Company, and not to the stockholder, which rate of return should be based upon the fair value of the property for rate making purposes. In his opinion the character of the management, the risks

and hazards of the business, and the credit of the utility, must be given consideration in fixing the rate of return. The witness testified that many of the Western commissions had permitted utilities to earn a rate of return of 8 per cent or higher, citing numerous cases, and called attention to the fact that in New Jersey, in the Gately & Hurley case, in Maryland in the Chesapeake & Potomac case, and in Wisconsin in the case of Bogart vs. The Wisconsin Telephone Company, all of which were important telephone cases, a rate of 8 per cent had been allowed as a fair return.

The evidence of the witnesses for the Telephone Company and the witnesses for the Commission, which comprises a record before this Commission consisting of about five thousand pages of testimony in addition to thirty odd exhibits, pertaining to and explanatory of the evidence introduced, of about two thousand pages of detailed matter, has been carefully weighed by the Commission, and the theories and methods of the witnesses presenting this cause have been summarily reviewed in this opinion, and the Commission now being sufficiently advised in the premises, is in a position to determine the issues presented.

FINDINGS

VALUATION FOR RATE MAKING.

Inventory: The result of the inventory of the properties of The Telephone Company located within the State of Colorado, taken by the Engineering Departments of the Commission and the Telephone Company under the supervision of the Commission's Engineering Department, is entirely satisfactory to the Commission, as the Commission is convinced of the correctness of the count and it is but natural that the Engineers for the Commission and the Telephone Company should therefore agree as to the units of plant disclosed by the inventory.

Appraisal: One of the methods employed by engineers and regulatory commissions in arriving at the present value of the property of a public utility for rate making purposes is what has been termed "reproduction cost." Many engineers have had different ideas as to the meaning of this term, and the various commissions have so altered and modified the strict meaning of "reproduction cost," in arriving at value for rate making purposes, that it is doubtful, in the opinion of this Commission whether the term "reproduction cost" can, in its strict sense, be properly used in a rate case. In the case before the Commission, while the engineers for the Telephone Company and the engineers for the Commission made use of the term "reproduction cost," they did not intend to convey the thought that an attempt had been made by them to arrive at the cost of reproduction of the properties of the Telephone Company located in Colorado and assignable to Colorado as of August 31, 1915. Were engineers to attempt to estimate the cost of reproduction of the properties of a public utility as of a given date in the strict construction of the term "reproduction cost," the conclusions would be erroneous and would be of little value to a commission in arriving at a fair value for rate-making purposes.

(4) In arriving at the value by the method of the cost of reproducing the property—as that method is understood by the Commission and its engineers—the term is not used in its strict sense, but is so modified and altered as to bring before the Commission the cost of reproducing the property under normal or average conditions, due regard being given to the conditions under which the property has been actually constructed and the prices paid for labor and materials. For instance, in attempting to arrive at the cost new of the Company's property, Mr. Rankin and Mr. McCarn have made use of average or normal prices for such materials as copper, lead covered cable, etc., that fluctuate

considerably in value, and for other miscellaneous items relied almost entirely upon the experience of the Telephone Company and made use of the average of prices actually paid during the past four years.

It can be readily seen that to assume the prices of today, in reproducing a property, would bring about an improper result, as would the prices during a period of financial depression.

The methods used by all engineers in this case were directed toward the actual performance of the Telephone Company, and the Commission is in entire accord with this theory where the same can be ascertained, as was possible in this case.

The engineers were unable to arrive at actual cost of the properties of the Telephone Company for the reason that adequate records were not available prior to 1911, and that the records available did not disclose with reasonable certainty the actual cost of the properties, and it is the opinion of the Commission that this actual cost method can not be used unless sufficient supporting data are available. By determining the actual performance of the company for a period of years, as has been done in this case, the Commission cannot be led into erroneous conclusions, and it must be admitted that this method is based on facts and is an excellent substitute for actual cost.

Mr. Rankin found the cost new of the properties of the Telephone Company, located in Colorado and assignable to Colorado, by the actual performance method to be $15,039,945. This sum includes $529,376.00 for Working Capital, all overheads, and all elements of value, with the exception of the intangible or non-physical values claimed by the Telephone Company.

Mr. McCarn, for the Telephone Company, found the cost new of the properties of the Company, located in Colorado and assignable to Colorado, by the performance method, to be $15,220,633.66. This sum includes the

Telephone Company's claim for Working Capital, overhead allowances, and all other elements of value with the exception of the intangible or non-physical values claimed by the Telephone Company.

The difference between the conclusions of Mr. McCarn and Mr. Rankin on this subject matter in dollars and cents is $180,688.00.

Paving Over Mains: Mr. McCarn, in arriving at the cost new of the properties of the Telephone Company, included the cost of replacing present paving over underground conduit, regardless of whether in the construction of the property the Telephone Company had been obliged to cut such paving and bear the cost of its replacement. Mr. Rankin allowed for replacement of paving over mains the amount actually expended by the Telephone Company in cutting and replacing paving during the course of construction of its property.

(5) The Commission is of the opinion that paving actually cut and properly replaced in the installation of underground conduits is an element of value to be considered in arriving at the value of the properties of the Telephone Company for rate-making purposes. Such paving represents necessary and unavoidable expenditures, but allowance for paving not actually cut and replaced will not be permitted by this Commission. The decisions of courts and commissions are in accord with the Commission's views in this regard and further discussion does not appear necessary.

It is therefore the opinion of the Commission that the allowance made by Mr. McCarn for paving over mains is excessive in the sum of $90,000.00.

Rights of Way: It is very difficult to arrive at a fair valuation of the rights of way now owned or occupied by the Telephone Company. Prior to January 1, 1912, the accounting rules in effect did not require that the cost of obtaining rights of way be carried in a separate account, and as a result the expenditures of the

Telephone Company for this purpose were absorbed in various ways, partly through Operating Expenses, partly as a charge to Construction, and, for some of these rights, telephone service was given.

The records of the Telephone Company indicate that since January 1, 1912, it has expended for Rights of Way $26,986.00. It is apparent to the Commission, however, that the actual cost to the Company of the Rights of Way now owned or occupied is much in excess of this amount. The Commission is unable to determine the number of poles for which Rights of Way have actually been acquired.

The inventory of the physical property was taken in such a manner as to show the number of poles on private property and the number on public highways for both the exchange and toll plant. It was also thought reasonable by the Engineers to exclude from the Rights of Way valuation both public highway and private property poles within city limits, for the reason that the cost of acquiring such Rights of Way is very small in comparison with that of acquiring Rights of Way for rural and toll lines. From a study of the Telephone Company's experience in acquiring Rights of Way for about 33,000 poles, it was found that Rights of Way should be acquired for 77 per cent of the poles set on private property, and for 55 per cent of the poles set on public highways. These percentages applied to poles outside of city limits gave the number of poles on which it would be necessary to acquire Rights of Way in reproducing the property.

From a study of the Telephone Company's expenditures in acquiring Rights of Way the unit cost per pole for both public highway and private property rights were derived. These unit costs applied to the number of poles on which it would be necessary to acquire Rights of Way gave the reproduction cost of Rights of Way as of the date of this investigation. The amount found by

the Commission's Engineer to represent the reproduction cost of such Rights of Way was $272,848.00, while the amount found by the Engineers for the Company was $281,034.00.

The information before the Commission, therefore, is to the effect that the expenditures of the Telephone Company for Rights of Way since 1912 amount to $26,-986.00, and that this by no means represents the sacrifices made by the Telephone Company in acquiring the Rights of Way now occupied, and that the cost of reproducing all Rights of Way that would be required outside of city limits as of August 31, 1915, would, in the opinion of the Commission's Engineer, amount to $272,848.00, and, in the opinion of the Engineers of the Telephone Company, to $281,034.00.

(6) The Commission cannot adopt reproduction cost as the measure of the value of Rights of Way for rate-making purposes, but is of the opinion that the actual sacrifices made by the Telephone Company in acquiring such Rights of Way, when these can be determined, should be used in valuing Rights of Way for rate-making purposes. This amount we can not accurately determine, but after giving careful consideration to the record in this case covering Rights of Way, the Commission finds the amount of $125,000.00 to be a fair valuation of the Rights of Way of the Telephone Company for rate-making purposes.

Land: (7) The Commission is of the opinion that the Lands owned by the Telephone Company should be appraised at their fair market value, and that the values found by Mr. Fertig, amounting to $223,850.00, are fair and just; and the Commission accepts the apportionment of this land to Colorado, as found by Mr. Rankin and Mr. McCarn, to be fair and equitable—this resulting in the sum of $210,080.61.

Contingencies and Omissions: (8) In arriving at the cost new of the properties of the Telephone Company

located within the State of Colorado and assignable to Colorado, Mr. McCarn maintained that an allowance of 3 per cent should be made to all inventoried items, and in this way arrived at the sum of $395,755.94. Mr. Rankin applied various percentages to the different classifications of property, based upon the possibilities for omissions in the inventory, contingencies, etc., and arrived at the amount of $354,792.43 to cover these items.

The sum of approximately $40,000.00, which is the difference between the amount arrived at by Mr. Rankin and that found by Mr. McCarn, is largely due to the fact that no allowance was made by Mr. Rankin for contingencies and omissions on buildings and rights of way. The testimony in this case convinces the Commission that the building appraisers included contingencies and omissions in their appraisals of buildings, and since the Commission has not accepted reproduction cost in arriving at the value of Rights of Way, no allowances for contingencies and omissions should have been made on this item.

The Commission therefore adopts the amount of $354,792.42 as the proper allowance to be made for Contingencies and Omissions in this case.

Interest During Construction: (9) The Commission is of the opinion that Interest During Construction is a proper element of value. Mr. McCarn found Interest During Construction to be $676,113.00, and the amount found by Mr. Rankin was $674,077.80. The difference of approximately $2,000.00 is accounted for very largely by reason of Mr. McCarn allowing Interest During Construction on the cost of paving not cut by theTelephone Company. The Commission finds it necessary to further reduce the amount found by Mr. Rankin for the reason that both Engineers allowed Interest During Construction on the reproduction cost of Rights of Way. The Commission finds that the proper allowance to be made

for Interest During Construction in this case is $665,000.00.

Working Capital: (10) Working Capital is the amount of cash, supplies or other available assets that may be readily converted into cash, reasonably necessary for the purpose of meeting the current obligations of the Company as they arise, and to enable it to operate economically and efficiently. It should include such a stock of material and supplies as is necessary to enable the Company to make repairs and minor replacements chargeable to Operation without unreasonable delay or expense, and to meet operating contingencies and emergencies not taken care of by other reserves and allowances, and should, in general, be a sum sufficient to bridge the gap between outlay and reimbursements. In the determination of Working Capital due regard should be given to the Company's ordinary outstandings, both payable and receivable, average condition of its stock of supplies, the natural risks of the business, the method of purchasing its supplies, and the carrying of its accounts with banks and others—whether at interest or otherwise—the method of rendering bills for service and the time required for the payment thereof. All other expenses, circumstances and conditions bearing upon the economical and efficient operation of the Company should likewise be given consideration.

The amount claimed for Working Capital by the Telephone Company was $575,448.71. This amount includes an item of $40,275.00, which represents the controlling interest in the stock of The American District Telegraph Company, which was eliminated by Mr. Herbert inasmuch as the operations of this company do not enter into the giving of telephone service. Mr. Herbert further reduced the Working Capital claim of the Company by the amount of $5,797.75, which amount represented the deposits from subscribers held by the Company on August 31, 1915. The total difference between

the amount claimed by the Telephone Company and the amount found by Mr. Herbert for Working Capital, as of August 31, 1915, was $46,072.75, making the necessary Working Capital, according to Mr. Herbert's deductions, $529,375.96.

The Commission is of the opinion that the amount designated in the stock of The American District Telegraph Company should not be allowed as a part of Working Capital, and further finds that Subscribers' Deposits should likewise be deducted from the amount claimed by the Telephone Company, inasmuch as the Telephone Company has the use of this money and the interest paid to the subscribers is treated as an Operating Expense.

The Commission therefore finds that the amount of Working Capital to be allowed in this case is the sum of $529,375.96.

Property Assignable to the Company as a Whole: The Commission is of the opinion that the method adopted by Mr. Rankin for the Commission, and acquiesced in by Mr. McCarn for the Telephone Company, in the allocation of property assignable to the Company as a whole, is equitable and just.

The Commission is of the opinion and finds that the Cost of Reproduction of the properties of the Telephone Company located in the State of Colorado, and assignable to Colorado, as heretofore defined by the Commission, as of August 31, 1915, is a proper element to be taken into consideration by the Commission in finding the value of the Telephone Company's properties for rate-making purposes, and finds such reproduction cost to be as follows:

Classification.	I. C. C. No.	Normal Reproduction Cost
Right of Way	207	$ 125,000.00
Land	210	210,081.00
Buildings	212	760,822.00
Central Office Equipment	221	1,405,082.00
Other Equipment of Central Offices	222	32,054.00
Station Apparatus	231	639,918.00
Station Installations	232	285,892.00
Interior Block Wires	233	14,877.00
Private Branch Exchanges	234	134,519.00
Booths and Special Fittings	235	52,077.00
Exchange Pole Lines	241	2,202,540.00
Exchange Aerial Cable	242	1,396,462.00
Exchange Aerial Wire	243	1,302,477.00
Exchange Underground Conduit	244	559,645.00
Exchange Underground Cable	245	895.094.00
Toll Pole Lines	251	1,979,219.00
Toll Aerial Cable	252	5,414.00
Toll Aerial Wire	253	1,534,579.00
Toll Underground Cable	255	13,574.00
Interest During Construction	258	665,000.00
Office Furniture and Fixtures	261	78,750.00
General Store Equipment	263	2,927.00
Stable and Garage Equipment	264	36,788.00
Tools and Implements	265	20,852.00
Working Capital	...	529,376.00
Total		$14,883,019.00

The above valuation includes all Overheads, as hereinbefore disclosed, Working Capital, and all other elements of value, with the exception of Cost of Establishing the Business, and other intangible values claimed by the Telephone Company.

REPRODUCTION LESS DEPRECIATION.

Throughout the hearing in this case, counsel and witnesses for the Company contended that the question of Depreciation Reserves, the Expense of Depreciation, and Existing Depreciation or Condition of Property had no connection one with the other; that Existing Depreciation had to deal only with the past, and that the Expense of Depreciation, Depreciation Reserves and their related accounts had to deal only with the future. Counsel for the Company contended throughout this proceeding that no deduction whatver on account of Accrued Depreciation should be made in arriving at the value of the property for rate-making, and insisted that if any consideration whatever were to be given to the subject of the depreciated condition of the property, the amount of depreciation as of the date of this investigation should be determined by inspection, and not by the so-called "age and life" method.

By the "age and life" method of measuring Accrued Depreciation, depreciable property is assumed to depreciate at a uniform rate during each year of its life, until it reaches scrap or salvage value. Hayes, in his recent book on public utilities, says, on page 159: "In estimating the depreciation of any unit of perishable property, therefore, there are but three figures required —first, the cost less salvage, if there is any; second, its age; and third, its life." The cost and age of each individual unit of perishable property are definite items which can generally be ascertained by engineers with a reasonable degree of accuracy. The life of a unit is its age plus the number of years that the unit can be retained in service. The number of years that a unit may be retained in service should be determined for each individual case, and can be arrived at by inspection and by study of the records and experience of the utility under investigation.

By the actual inspection method of measuring Accrued Depreciation, the appraiser is supposed to actually inspect and determine the amount of depreciation that has taken place. In regard to this method of determining depreciation, a committee of the American Society of Civil Engineers, which was appointed to formulate principles and methods which should govern in the valuation of public utility properties, reported under date of December 1, 1913, as follows:

"*Actual Inspection Method.*—In the valuation of property, the amount of depreciation has frequently been determined without reference to any fixed rule, the appraiser inspecting the property and using his judgment as to the amount of depreciation. In such cases, the judgment is often based almost wholly upon the observed physical depreciation of the property. Earthwork, substantial masonry, and other property in excellent condition, are appraised at or near their full value. Such appraisals are likely to result in a much smaller total

depreciation in the value of property than when based upon the expectation of life of the different items of such property, and as a consequence, would entitle the corporation to a much smaller annual allowance for depreciation than when a method is used which includes depreciation of all kinds.

"Under such a method, many items of property would become obsolete before the corporation had received an amount for depreciation approximating 100 per cent of their value.

"There is a fundamental objection to depending upon the personal judgment of appraisers, as this method determines only the total depreciation of the property, and not the amount of the depreciation allowance which the corporation is entitled to earn, unless it is to be assumed that the difference in the amount at which the property is appraised from time to time furnishes a measure of the amount of depreciation which should be allowed during the period between such appraisals. It is obvious that very erratic results would be obtained by such a method, especially if different persons acted as appraisers in different years.

"This method does not take account, to any considerable extent, of functional depreciation, and the great injustice which may be done a corporation by the failure to take such depreciation into account has already been stated.

"*It is not intended by this condemnation of the Actual-Inspection Method* to indicate that there should be an actual inspection of all property in connection with other methods of determining the amount of depreciation. Such inspection should be made partly for the purpose of noting the condition of the property and partly for the purpose of determining the probable future life of the various items of property."

This same committee reported as follows on the age and life method of estimating depreciation:

"*Expectation of Life as a Basis for Estimating Depreciation.*—It is generally admitted that the owner of a public service property is entitled to earn annually a sufficient sum for depreciation to keep his investment unimpaired, and this view is supported by theKnoxville decision of the United States Supreme Court, which states that the company 'is entitled to see that from earnings the value of the property is kept unimpaired, so that at the end of any given term of years, the original investment remains as it was at the beginning'.

"Notwithstanding the adoption of this view, many have objected strongly to using the expectation of life of the different items of property as a basis for determining the depreciation of such property, claiming, especially in the case of property subject to functional depreciation that any attempt to estimate the probable life is purely guesswork.

"There cannot be any doubt that many parts of a public service property which will not fail through wear and tear or decay are becoming less valuable each year because of approaching inadequacy or obsolescence, and it is the judgment of the Committee that the corporation is entitled to a depreciation allowance corresponding to the lessening worth of all its property. To omit functional depreciation would not, under the present rulings of the Courts, do justice to the corporation, because if the full value of the property has been returned in the form of depreciation allowances while the property is in use, it will afterward be excluded from the valuation as unused and obsolute property.

"In other words, the corporation should receive the whole 100 per cent of the value of an item of property during its lifetime because there is little likelihood that it will receive any subsequent allowance on account of such property, and this can be done only on the basis of the expectation of life of all items of property.

"It is not claimed that one can determine accurately the life of any given structure or item of property, but that if experience is used as a guide, inaccuracies in such determination will, to a considerable extent, balance one another so as to give a fairly correct result in regard to the plant as a whole.

"It is obvious that precision cannot be attained when one is dealing with the future, but in the judgment of the Committee a greater degree of precision can be attained by a method which deals with the expectation of life of items of property than in any other way.

"The statistics of the actual life of public service property of a permanent character gathered by the Committee, show that such actual life is much shorter than the estimates generally given in publications on the valuation of public utilities, and probably much shorter than the builders of the structures anticipated. Changes which cannot be forseen are taking place all the time, and the life assigned to the various items of property should be based largely on experience rather than on optimistic views of the future."

Dr. Hammond V. Hayes in his work on "Public Utilities, Their Cost New and Depreciation," pages 183-4, says:

"131. *Physical Condition not a direct measure of loss of value.* Deperciation has been defined as the loss in value of an investment in perishable property arising from the years that such property has been in service.

* * * * * *

"It is argued that the plant unit 'deteriorates' year by year, and that this 'deterioration' is the true measure of the 'depreciation' in the value of the unit during the intermediate years of its life, and, being a physical condition of the plant, can in no way be measured by the purely financial consideration upon which the reserves for depreciation necessarily must be based.

"Such a line of reasoning is absolutely faulty. Any attempt to reconcile 'deterioration' with 'depreciation' at any intermediate period in the life of the plant of an undertaking is not only unnecessary but futile. The error in any such attempt arises from a failure on the part of the expert who attempts to assign a definite loss in value to a plant unit arising from its partial deterioration, to recognize the fact that, if it can be proved that a plant unit can and should be retained in the service of the public for a definite number of years, in other words if definite agreement has has been reached as to its serviceable life, the physical 'deterioration' of the unit, at any time during its life, can be a matter affecting its intrinsic value in no way whatever. Physical deterioration may enter as an important factor in affecting the serviceable life of the unit, but it can affect its value in that way only indirectly, through its effect in a lessened number of years of serviceability.

"When it has been recognized that physical deterioration affects life and, as a consequence, loss in value indirectly, it will be apparent that, if the years that a unit can and will be retained in service had been determined, the undertaking has an investment in a property of a definitely limited life. The value of the investment diminishes year by year, during each of the term of years that it is represented by perishable physical property.

"132. *Determination of Age.*—In the last chapter the various consideration or factors necessary for an estimate of the probable life of a plant were fully discussed. But a valuation is made always at a date intermediate within the life of the units of which the plant is composed. At this time the several units have the probability of various years of remaining serviceableness. To obtain the loss in value that the investment in perishable property has suffered, it is necessary, therefore, to determine the age of the perishable property. With 'age' and 'life' known, it is possible to calculate the loss of the

value of the investment, in other words to ascertain the 'depreciation.' "

Mr. Horatio A. Foster, in his work on "Engineering Valuation of Public Utilities and Factories, says on page 170:

"By far the most commonly used method of depreciating machinery and plant is that known as the straight line. By this method a length of life of the particular apparatus under consideration is estimated and determined by the best experience and good judgment available, then this length of life divided into one hundred will give the rate at which the depreciation is to be figured—that is, the rate per cent. per annum, or the annual rate at which the depreciation is to be computed. If the life of an engine is assumed to be twenty years, then its cost new will be depreciated one-twentieth of such cost each year, or at the rate of five per cent per annum on the original cost new.

"While this method is in itself an assumption, yet it does away with all side assumptions or guesses as to how much the machine is depreciating each individual year. It is the method used by many of the public utility commissions, by the courts, most generally by public accountants, and by far the greater majority of engineers."

The engineering board of the Interstate Commerce Commission clearly recognizes the "age of life" method of depreciating property, and assumes that an item of perishable property depreciates in proportion to its age.* That board, after defining depreciation as the lessening in worth of physical property due to use or other causes, states that "depreciation shall be determined by a consideration of observations of actual conditions of the property and mortality statistics of similar property in like use applied where practicable on

*See Memorandum of November 26, 1915, to Director Prouty on the subject of "Depreciation of Road and Equipment."

a straight line basis." Service condition in percent is defined by this same board as the ratio between remaining capacity for service and total capacity for service. Under specific rules for depreciating property, the board states that ordinarily service condition per cent shall be the ratio between the remaining service life and the total service life. It appears that in practically every case, the engineering board of the Interstate Commerce Commission arrives at the condition per cent of depreciable property by making an inspection of the property and assigning an age and expected life of the individual items. Items that exist in large quantities are depreciated by this board on a strictly theoretical basis, without any particular attention being given to the inspection of such items.

In the case of Re Chesapeake and Potomac Telephone Company, P. U. R. 1916C, 925, the Public Service Commission of Maryland in its opinion, says:

"We come now to the ascertainment of the depreciated value of this company's property.

"Counsel and witnesses for the company contended that these questions of Depreciation Reserves, the Expense of Depreciation and Existing Depreciation, had no connection one with the other; that Existing Depreciation had to do only with the past, and that the Expense of Depreciation, Depreciation Reserves and their related accounts had to do only with the future. *With this contention we are unable to agree!*

"Rates are to be fixed for the future, not for the present. It is true we are engaged in ascertaining the present fair value of this property in its depreciated condition, but the rates which we are to fix will be earned upon the fair value of this property as it may exist from time to time in the future. The property has already depreciated, it is depreciating today; it will depreciate still further tomorrow and every day in the future. Therefore, were we to fix a rate based solely upon the

fair value of the property today, the return from that rate would be too high when related to the diminished value of the property tomorrow.

"The process of depreciation is not a thing which can be divided into separate epochs, and different principles for its determination applied to each. To the contrary, depreciation of physical property, like decay of any other kind, is a single process. It began in the past, it is going on in the present, and will continue to go on in the future. It is in fact a single process and should be so regarded."

In the case of Bogart v. Wisconsin Telephone Company, P. U. R. 1916C, 1020, the Railroad Commission of Wisconsin, in discussing this subject, said:

"The cost new less depreciation, as included in the appraisal made by the Commission's engineers, was criticised by the company. The contention of the company, as developed in its Exhibit 26, and in the testimony of its former engineer is that the extent of depreciation should be determined by inspection rather than by the use of life tables or other methods employed by the Commission's engineers. We are not unaware of the shortcomings of a life-table method of determining present value. That method, when used without recognition being given to local conditions such as standards of maintenance, climatic conditions, growth of the community as bearing upon probable inadequacy or obsolescence, and others which might be enumerated, is recognized as imperfect. To be properly applied, the life-table method must be modified at many points by the application of the inspection method. By the inspection method, we mean not only a visual inspection of the various parts of the plant, but a study of all conditions related to its operation and maintenance which would have a tendency to change the results of a strict application of a table of average lives. We cannot, however, subscribe to the results obtained from an application of the inspection

method alone, as explained in the testimony and in respondent's Exhibit 26. That method is probably of value in measuring the usefulness of the equipment for the furnishing of service as of the date of the inspection. It is possible that a telephone plant, which is in 70 per cent condition, will be, for example, in 90 per cent condition, as far as the ability of the plant to render service at the time of the inspection is concerned. This, however, does not mean that the value of the equipment in its existing condition is actually 90 per cent of its cost of reproduction. Any item or all items of equipment may be practically equal to corresponding items of new equipment, if measured by the work which they are capable of performing on a given date, but they may be so nearly at the end of their useful life that only a small part of their wearing value is left. *As one line of evidence bearing upon the fair value of the property of a utility, the service condition, as determined by applying the inspection method, may be of value, but it cannot be substituted for the present value, when that value has been ascertained by properly applying the life-table method.*"

The Illinois Commission, in the case of City of Springfield v. Springfield Gas and Electric Company, P. U. R. 1916C, 281, has the following to say on the subject:

"In general, utilities are prone to argue that nothing should be deducted from their appreciated cost-new valuation to cover past depreciation, except some small nominal amount which may be sufficient to repair equipment and to place the same in 100 per cent service condition; and, at the sametime, argument is advanced that, in the future, an allowance must be set aside annually to amortize the utility's present and past investment.

"It is the practice of rate-making bodies to authorize rates which are sufficiently high to permit the utility to set aside a fund known as 'depreciation fund.' This fund (sometimes termed a 'reserve fund' or an 'amortization

fund') grows to be large enough, together with accrued interest thereon, to replace from time to time such portions of the utility's property as either wear out or become obsolete and inadequate. Such a fund is separate and is to be distinguished from an allowance in the operating accounts to take care of the usual expenditures for maintenance and repairs. The fund should begin to accumulate, theoretically, from the very inception of the utility's business, even though it may not be necessary for actual replacements during the early years of utility operation. A depreciation fund properly may be (and, in the absence of state regulation in former years, more than likely has been) disposed of by a judicious reinvestment in extensions and additions to the utility's property. For purposes of illustration, assume that a utility has an original investment of $500,000 and that a regulatory body establishes rates which permit a sum of $10,000 to be set aside annually to accumulate into a depreciation fund. At the end of, say, the second year, the utility having no need to use the fund for replacements, may invest the same in additions and extensions. If an inventory and appraisal of the property are made at the end of the second year, a property costing at least $520,000 to reproduce will be found. Unless careful investigation is made into the question of accrued depreciation, the utility may be allowed a return upon $520,000, although $20,000 of this sum was paid and donated by the consumers in past rates of charge. The consumers were not assessed higher rates than would otherwise be in effect merely for the purpose of adding to the utility's property and capital account; but, on the other hand, the consumers, in the rates collected, paid a definite sum for the purpose of enabling the utility to keep intact its original investment of $500,000.

"As to the contention that as long as a utility plant is capable of being operated fairly efficiently and is capable of giving satisfactory service, it possessed 100 per

cent of its value for rate-making purposes, the argument is subject to the same inherent weakness which has been shown hereinabove to attach itself to the argument advanced in justification of conjectural theories of the cost of reproduction. Such contenders are constantly confusing various elements of value with the element of ultimate fact of value. It is one thing to find that the physical condition of a utility property is 85 per cent of its condition new, and is entirely another matter to declare that a utility shall be allowed a return based upon the full 100 per cent of its undepreciated cost-to-reproduce. The contenders are asking the rate-making bodies to close their eyes when viewing the actual physical condition of utility property and to declare solemnly, for instance, that an engine which has lived half of its useful life, is worth as much as a brand new and modern engine, or that an old and obsolete building, which must soon be replaced, is worth the cost of a new one. *Depreciation means today just what it always has been understood to mean—accrued impairment, both physical and functional.*"

The remarks on the subject of Depreciation by Milo R. Maltbie, before the Conference on Valuation, held in Philadelphia, during November, 1915, are enlightening, to-wit:

"* * * There are those, however, who contend that public utilities have a peculiar characteristic which distinguishes them from other property in that they do not depreciate. These persons often contend, further, that while there is no accrued depreciation, annual allowances should be made in addition to maintenance and repairs for ultimate replacements.

"* * * Litigants may occupy inconsistent positions, but courts and commissions must recognize that the decision made regarding accrued depreciation must be consistent with that relating to annual depreciation, and that, if there is a constant diminution in value from

year to year, provisions must be made out of earnings to offset this loss. As the Supreme Court has said, investors are not required to see their property decrease in value from year to year without recompense, but are entitled to collect from the public an amount to offset such diminution. It follows that, if it is finally determined that property does not decrease in value, there is no necessity for a fund, no need to offset a loss which does not exist. It also follows that, if there is a decrease of 10 per cent per annum, there must be an allowance in operating expenses of 10 per cent per annum.

"The public has at times been reluctant to recognize this principle, and partially because of its unfortunate experiences. Public authorities have permitted companies to accumulate large reserves in order to safeguard investors and to guarantee excellent and constant service in the future. The public has considered that these funds were in the nature of trust funds to be held for the service of the public and not for the benefit of investors except so far as they were actually needed to protect the integrity of the investment. In some instances, usually where new interests have secured control of the utilities, an attempt has been made to distribute these funds to stockholders, or, in other words, to cut a melon. The public, seeing these funds disappearing and appreciating that when they have once been distributed in dividends they are no longer available for public use, have tried to prevent their distribution; and in some cases they have been successful, in others unsuccessful. The experience, however, has convinced many that if reserve funds are to be used in this manner and are not to be preserved, the interest of consumers are in jeopardy.

"In my opinion, this situation is most unfortunate. Public utilities cannot be kept abreast of the times without adequate and proper provision for depreciation. Companies ought to have funds with which to replace

property not only when it wears out, but when it becomes inadequate and obsolete; and no utility can adequately serve the public unless it is kept abreast of the times, and new inventions and methods are adopted as soon as their utility has been demonstrated. If a niggardly policy is adopted regarding depreciation, the development of utilities will be retarded and communities will suffer; but if a generous policy is adopted and if corporations treat these funds as trust funds, the utility will benefit and the community will benefit. But it is impossible to expect the public to be generous towards utilities and have their generosities and liberalities of policy turned against them at a later date. In my opinion, that utility which opposes proper depreciation funds, or, if allowed to accumulate them, which proceeds to use them for other purposes, has not only broken faith with the public, but invited retaliatory methods which it will be the first to decry. The maintenance of a proper depreciation reserve does not involve the hoarding of cash in the bank.'' (Vol. 1, No. 3, The Utilities Magazine, pp. 220, 221.)

At the hearing in this case, the question of depreciation was presented to the Commission in great detail. Witnesses for the company submitted testimony and exhibits giving the result of numerous inspections made in various sections of the State, for the purpose of arriving at the existing depreciation as of August 31, 1915. The Commission's Engineer submitted testimony and exhibits covering the cost of reproduction less depreciation of this property, and based his estimates on a consideration of both the age and life method and the inspection method. On some items of property, such as poles and aerial wire, no information could be obtained as to the time such plant had been in service. As a result, it was necessary to adopt the inspection method for arriving at the condition of this property. The Commission's Engineer testified that, in his opinion, the condition of poles could be reasonably determined by the in-

spection method, since the amount of decay on this class of plant is to some extent in proportion to its age, and in the absence of data showing the age of poles in service, it was necessary to make use of the inspection method.

The lives assigned to depreciable property by the Commission's Engineer were in each case based upon a study of actual conditions and were established as reasonable for this case. Little consideration was given to lives and depreciation rates that had been made use of in other investigations. Scrap and salvage values were allowed for, and these were based on the probable market price of scrap material after its recovery and shipment to Denver. Salvage values were based on the re-use value of various classes of equipment. By the actual inspection method, the company found the cost of reproduction less depreciation of its property, exclusive of the cost of establishing the business, promoters' remuneration, etc., to be $14,133,228.73. The Commission's Engineer, by a combination of the age and life and inspection methods, found the cost of reproduction less depreciation of the same property to be $12,507,394. The difference in the results arrived at is accounted for very largely by the difference in the bases adopted.

The Commission does not deem it possible to accurately determine by inspection the amount of accrued depreciation in a property of this magnitude, and is of the opinion that the present value of this property, as found by the Telephone Company, is in excess of the actual present value; and is further of the opinion that the difference between the reproduction cost less depreciation and cost of reproduction, as found by the Telephone company, is not a measure of the amount that should be in the Reserve for Deprecation. (11) Since the record in this case shows that the property of the Telephone Company is in excellent physical condition and is capable of giving good service, such deductions as the Commission will make in arriving at the fair value of this

property will not be made on the assumption that the property is incapable of giving good service, and the Commission, therefore, finds that the amount of the deterioration as determined by the Telephone Company is of no assistance to the Commission in arriving at the amount that should be in the Reserve for Accrued Depreciation, the annual rate at which such reserve should be set aside, or the amount which should, in fairness to the patrons, be deducted for rate-making purposes.

(12) The Commission finds that the weight of authority is decidedly in favor of the use of the "age and life" method for measuring accrued depreciation, provided such method is properly modified to suit the needs of individual cases; and is further of the opinion that the method adopted by its Engineer in this case is reasonable and proper, and finds that the cost of reproduction less depreciation of the property of this company, exclusive of any allowance for intangible or non-physical values, is $12,350,468, as shown by the following table. The Commission is further of the opinion that the amount of accrued depreciation as thus determined, is a fair measure of the amount that should have been in the Reserve for Accrued Depreciation on August 31, 1915, and further, that if proper additions are made to the Cost of Reproduction less Depreciation, as found for such items as Unearned Accrued Depreciation, and intangible and non-physical values—the property of the Telephone Company will be fully protected.

Classification.	I. C. C. No.	Reproduction Cost Less Depreciation
Right of Way	207	$ 125,000.00
Land	210	210,081.00
Buildings	212	617,027.00
Central Office Equipment	221	945,620.00
Other Equipment of Central Offices	222	24,041.00
Station Apparatus	231	415,947.00
Station Installations	232	231,287.00
Interior Block Wires	233	13,389.00
Private Branch Exchanges	234	91,473.00
Booths and Special Fittings	235	34,527.00
Exchange Pole Lines	241	1,872,159.00
Exchange Aerial Cable	242	950,991.00
Exchange Aerial Wire	243	1,155,749.00

Exchange Underground Conduit	244	456,410.00
Exchange Underground Cable	245	721,614.00
Exchange Pole Lines	241	1,872,159.00
Toll Aerial Cable	252	3,688.00
Toll Aerial Wire	253	1,473,585.00
Toll Underground Cable	255	11,538.00
Interest During Construction	258	665,000.00
Office Furniture and Fixtures	261	59,063.00
General Store Equipment	263	2,927.00
Stable and Garage Equipment	264	36,788.00
Tools and Implements	265	20,852.00
Working Capital	...	529,376.00
Total		$12,350,468.00

BOOK VALUE.

(13) The Commission finds the Book Value of the Fixed Capital Accounts of the properties of the Telephone Company, located in Colorado and assignable to Colorado, as of August 31, 1915, to be $13,166,918.75. The following table gives the Book Value of the Fixed Capital Accounts for both Toll and Exchange Plant as of that date:

SUMMARY
FIXED CAPITAL ACCOUNTS
EXCHANGE AND TOLL PLANT IN COLORADO

Exchange Plant

Accounts.	Aug. 31, 1915
Miscellaneous Investment—Land	$ .....
Miscellaneous Investment—Buildings	.....
Intangible Capital	12,215.58
Right of Way—Exchange	8,833.83
Land	338,959.27
Buildings	785,180.07
Central Office Equipment	1,364,648.06
Other Equipment—Central Office	32,053.78
Station Apparatus	675,594.39
Installations	286,527.99
Interior Block Wires	44,876.10
Private Branch Exchanges	122,262.28
Booths and Special Fittings	45,574.86
Exchange Poles	2,045,763.41
Exchange Aerial Cable	1,344,686.06
Exchange Aerial Wire	829,040.93
Drop Wires	242,934.22
Exchange Underground Conduit	708,945.66
Exchange Underground Cable	1,056,354.72
Office Furniture and Fixtures	106,141.25
General Store Equipment	5,448.56
Stable and Garage Equipment	36,788.27
General Tools and Implements	20,844.68
Interest During Construction	12,291.26
Total—Exchange Plant	$10,125,965.23

Toll Plant

Right of Way—Toll	$ 18,151.85
Toll Pole Lines	1,439,643.42
Toll Aerial Cable	4,778.68
Toll Aerial Wire	1,561,463.46
Toll Underground Cable	11,089.97
Interest During Construction	5,826.14
	$ 3,040,953.52
Total Exchange Plant	$10,125,965.23
Total Toll Investment	3,040,953.52
Grand Total	$13,166,918.75

COST OF ESTABLISHING THE BUSINESS.

Under the title of the Cost of Establishing the Business, the Telephone Company contended that in addition to the sum of $15,220,633.00—the Reproduction Cost New of the properties of the company located in Colorado and assignable to Colorado—the sum of $3,878,111.00, representing the Cost of Establishing the Business should be allowed. The Telephone Company apportioned the Cost of Establishing the Business under the following titles and heads:

Miscellaneous construction expenditures	$ 372,896
Organization expense	358,022
Franchise requirements	29,000
Selling service	420,529
Operating expenses in excess of revenue	107,062
Miscellaneous interest during construction period	82,419
Fair return during six-year period	2,508,183

The evidence was presented to the Commission by the Telephone Company on the theory that a property with the business attached is of more value than what has been sometimes referred to as "the bare bones of the property," and that it was possible in this case for the Telephone Company to present to the Commission evidence as to what would be the cost of attaching or establishing the business.

(14) The Telephone Company contended that the sum of $372,896 should be considered and allowed by the Commission in arriving at the value of its property within the State of Colorado for Miscellaneous Construction Expenditures. Upon examination of the exhibits submitted in this case the Commission finds that this amount is made up of such items as traffic superintendence, training of operators, general and commercial administration, revenue accounting, directory expense, relief department and pensions expense, taxes, amoritization of landed capital, depreciation of plant and equip-

ment, prior to the time at which it was assumed the Telephone Company would begin to give service. All of the above items, with the exception of general items herein mentioned, such as traffic superintendence, commercial administration, etc., are considered as Operating Expenses and have all been borne by the present patrons of the Telephone Company.

In the build-up of unit costs an allowance was made for General Expense, which the Commission believes to be adequate.

The amount of Depreciation, which was included as a portion of these Miscellaneous Construction Expenditures to the extent of $151,439.00, is erroneous for the reason that the depreciation rate used in arriving at this amount was in excess of what the Commission believes to be reasonable, and for the further reason that there was included in this amount of depreciation the depreciation of tools and implements, general stable and garage equipment, and of general store equipment. It is quite apparent that the depreciation of those items is treated by the Company as an Operating Expense, and further, that all unit costs, as required by the accounting rules, have been loaded with an allowance for tool and stable and garage expense, which is of such magnitude as to care for the depreciation on these items. The amount thus erroneously included is in excess of $65,000.00.

In order to arrive at the amount to be included for selling service as a part of the cost of establishing the business, witnesses for the Telephone Company assumed that the cost per subscriber for selling service would be equal to the actual cost experienced by the Telephone Company in 1914.

(15) The Commission is unable to comprehend the theory that for the purpose of establishing the additional value under the head of Establishing the Business, that the State of Colorado should be considered without a

telephone in existence, and that the sum of $420,529.00 should be allowed by the Commission for the Selling of Service—as the same now exists in Colorado—on the theory that it would cost the Telephone Company $4.50 to secure each telephone subscriber obtained at this date under these conditions; when, as a matter of fact, if the Commission assumes the theory of the Telephone Company to be correct it must at the same time appreciate the fact that a very large portion of the public would immediately demand telephone service without cost to the Telephone Company for solicitation.

(16) The Telephone Company further claims that an allowance of $82,419.00 should be made for Interest During Construction on expenditures made prior to the beginning of operations, and which were made for purposes other than for physical structures. If there is any justification for this claim the Commission is unable to allow it in this case, for the reason that it is based upon the following errroneous assumptions: The amount claimed is computed at 8 per cent upon the Telephone Company's imaginary expenditures for a portion of the cost of selling service, miscellaneous construction expenditures—which include depreciation otherwise provided for in the appraisal—cost of publication and traveling expenses for obtaining franchises, and appraised value of Rights of Way, all which we have heretofore disallowed in whole or in part.

If this amount were properly determined it would be very small in comparison with the amount claimed and the Commission is of the opinion that Interest During Construction has already been sufficiently taken into account in the amount heretofore found.

(17) The Commission further finds that the amount claimed by the Telephone Company in this case as a fair return during the six-year period of construction has not been properly determined. It is a fact that under the theory adopted, the Telephone Company starting in

to reproduce its property would be entitled to a fair return on all money as soon as invested, but this return must be based upon actual and not upon imaginary expenditures. Witnesses for the company, in arriving at the amount of $2,508,183.00 as the estimated fair return to the Telephone Company during the six-year construction period, based this, in addition to other items, upon the miscellaneous construction expenditures and cost of selling service, which expenditures the Commission does not believe would be made. In addition, the witnesses for the Telephone Company estimated that the physical property of the Telephone Company would depreciate at a rate of 6 per cent per annum, and this rate is in excess of what the Commission believes to be reasonable. Likewise, the amount by which it was assumed that the property would depreciate was considered as an expense on the part of the company, and this expense was capitalized, as were other deficits. The expense of depreciation in this case was not an out-of-pocket expenditure, and it was, therefore, not proper that it should be capitalized. The actual amount of accrued depreciation at the end of the reproduction period should, of course, under this theory, be included in order to arrive at the deficits incurred by the Telephone Company during the reproduction period.

COST OF MONEY AND PROMOTERS' REMUNERATION.

(18) Witnesses for the Telephone Company claimed that, in addition to the above amount to be allowed for the Cost of Establishing the Business, there should be allowed $1,659,056.00 to cover Cost of Money and Promoters' Remuneration. Also, according to the testimony of these same witnesses, the payment of 4½ per cent of the gross revenues of the Telephone Company to The American Telephone & Telegraph Company is "to

aid in the financial operations of the Company; this to cover broadly the aiding of the Mountain States Company in securing the necessary funds and to advise with the executive officers of the Mountain States Company for the purpose of avoiding the unwise expenditure of money so obtained." Since in the past this payment has been in excess of 4½ per cent, and it is apparent that it covers the cost of obtaining money and promoting the business of the Telephone Company at this time, the Commission is of the opinion that nothing whatever should be allowed to cover these two items.

VALUATION OF PROPERTIES FOR RATE MAKING.

The Book Value of the property of this Company located in Colorado and assignable to Colorado as of August 31, 1915, was $13,696,295.00, including the amount for Working Capital heretofore found to be reasonable. The cost to reproduce the properties of the Company, under the only method which the Commission is ready to adopt under the title of the Cost to Reproduce, was $14,883,019.00. The reason for the difference in these values is quite apparent, and should the Commission re-write the books of the company to show a proper value, and thereby add to the value as shown on the books of the company a reasonable allowance for such items as Interest During Construction, Organization Expense, Cost of Acquiring Franchises and Construction Overheads, which, in the early history of the Company were in large part charged to Operating Expenses, the Commission would probably arrive at a book value in excess of the Cost of Reproduction as found.

(19) The experience of this Commission discloses that book values of public utilities are of very little assistance in obtaining fair values for rate-making purposes. The methods adopted by the various public utilities

in building book values are not uniform, and the accounting methods in the past have been far from uniform, as no regulatory boards were in existence to prescribe the methods of accounting, from which book values could be ascertained. Some public utilities build up enormous book values based on many erroneous assumptions; other utilities—of which class the present utility is one —have not taken into consideration proper methods in building up an adequate book value, as has been disclosed from the testimony in this case. In arriving at the fair value for rate-making purposes the Commission has given consideration to all of the elements of value disclosed by the testimony, and is of the opinion that the depreciated value of the physical properties of the Telephone Company located within the State of Colorado and assignable to the State of Colorado is $12,350,468.00; that to this depreciated value of the physical properties the Telephone Company there should be added the sum of $358,024.00 to cover the reasonable cost of organization, and is of the opinion that the sum of $15,000.00 to cover the cost of acquiring such franchises within the State of Colorado as the Company now owns, is not excessive, and should be added to the amount stated. The Commission has before it a complete history of the finances of this Company and has been able to ascertain with certainty the dividends paid to stockholders in past years, and has also been able to arrive at the conclusion that the company has paid no excessive dividends and constructed no part of its properties from excessive earnings, and that the amount of the surplus held or invested by the company in its property does not exceed the sum of $525,000.00, of which $225,000.00 is properly assignable to Colorado.

(20) The Depreciation Reserve, which has been set aside by the Telephone Company and invested in its properties within the State of Colorado, in the sum of $1,169,426.58, is inadequate, and, therefore, the Commis-

sion should include in the present fair value of these properties, because of unearned accrued depreciation, the sum of $1,364,922.00.

(21) In the opinion of this Commission there should be added to the above amounts a sum sufficient to cover other intangible values.

(22) The Commission, therefore, finds that the fair value of this property for rate-making purposes on August 31, 1915, was $14,698,414.00.

From a study of the additions to the Fixed Capital Accounts the Commission has been able to develop the fair value of this property for rate-making purposes on June 30th of each of the years under consideration, as follows:

June 30, 1912	$12,522,101
June 30, 1913	13,816,133
June 30, 1914	14,410,549
June 30, 1915	14,690,795

REVENUES AND EXPENSES.

Revenues: (23) In the consideration of the Revenues and Expenses of the Telephone Company relative to its operations within the State of Colorado and assignable to Colorado, the Commission finds that the method used in prorating the General Expenses of the Telephone Company is equitable and right; that the company is carefully managed, and that no expenses are included in its Operating Expenses unreasonable in their nature. Careful attention has been given by the Commission to the salaries paid in the different departments, and it does not appear that any excessive or exorbitant salaries are being paid by the Telephone Company, or for which the company does not receive full value.

(24) The Commission finds that no rebates or discounts are being made which would reflect in free service

or discrimination in rates to consumers. Careful study was made of the dead-head service rendered by the Telephone Company during the year 1914, and the Commission finds that free service to the extent of $22,045.08 should have been charged for, and that the amount derived therefrom should be added to the revenues of the company for that year. This amount covered free service rendered to railroad companies, irrigation ditch companies and for franchise requirements.

It was not deemed necessary to develop the amount of free service rendered for the remainder of the period covered by this study, but the Commission is of the opinion that this amount for the years 1912, 1913, 1914 and 1915 would be approximately the same as for the year 1914. It will be the opinion of the Commission that in the future free service now rendered to railroad companies, irrigation ditch companies and for franchise requirements shall be abolished, and that this service shall be charged for at the regular schedule rates.

The Commission finds the revenues of the company from all sources for the State of Colorado, assignable to the State of Colorado, as reported by Mr. Herbert, for the years 1912, 1913, 1914 and 1915 to be as follows:

1912	$3,412,564.50
1913	3,509,966.92
1914	3,332,736.59
1915	3,398,270.42

Expenses: The Commission's Statistician reported that the Operating Expenses of the Telephone Company properly assignable to the State of Colorado for the years 1912, 1913, 1914 and 1915, exclusive of the annual requirements for Depreciation, were as follows:

1912	$1,890,159.34
1913	1,993,547.58
1914	2,074,440.58
1915	1,998,823.88

In order to arrive at the actual Operating Expenses for these years, it is necessary for the Commission to pass upon the reasonableness of the payments made to The American Telephone & Telegraph Company, which payments are now treated as an Operating Expense, and likewise upon the relationship existing between the Telephone Company and The Western Electric Company. It is also necessary for the Commission to determine the proper annual allowance to be made on account of Depreciation, which allowance is likewise an Operating Expense, and which must be deducted from the net revenue as given above in order to arrive at the net revenues available for a return upon the investment in the property.

AMERICAN TELEPHONE & TELEGRAPH COMPANY RELATIONSHIP.

The Commission finds that the payment of 4½ per cent of the gross revenue of the Telephone Company to The American Telephone & Telegraph Company covers, in addition to the lease or rental of the vital parts of telephone instruments, services which are of a general, engineering, accounting, legal, traffic and financial nature. As will be seen from this summary of the services furnished by the American Company the furnishing and repairing of instrument parts is by no means the only service supplied by the American Company to its associated companies. In some of the investigations of this agreement which have been conducted, and which have been studied by this Commission, the assumption appears to have been made that this 4½ per cent payment

is made as a rental of transmitters, receivers and induction coils. It, therefore, seems to us to be clear that in cases where investigations have failed to consider services other than the furnishing of instrument parts, sufficient allowance may not have been made for services rendered. In other cases, in which reductions have been made or recommended, the facts upon which such reductions have been based appear to us to be rather meager.

The problem before this Commission is to determine whether or not the services furnished to the Mountain States Company is worth the amount paid therefor, and to further determine the distribution of this payment as between the Operating, Maintenance and Construction Accounts.

The testimony in this case shows that during the year 1914 this payment to the American Company amounted to $140,045.25, and that the average number of owned stations during that year was 88,658, or an average payment to the American Company during that year of $1.58 per owned station.

The cost to the American Company of furnishing the Mountain States Company with telephone instruments may be reasonably determined. The market price of the above equipment so furnished is in the neighborhood of $3. While it is not possible to determine for what amount the Mountain States Company could buy these instruments, it seems reasonable that this equipment could be purchased for approximately $3 per owned station. The annual charges against this investment for depreciation, return on the investment and administration, would, in the opinion of the Commission, not exceed 20 per cent, since the cost of administration and taxes would not be materially increased on account of the change in ownership of this equipment, and that all transportation charges on such equipment are now borne by the Mountain States Company.

The Commission is, therefore, of the opinion that the cost to the American Company of furnishing these instruments and keeping them in repair does not exceed 65 cents per owned station per annum. This amount does not take into account instruments held in reserve by the American Company for the Mountain States Company. The Commission is unable to see why a reserve stock of instruments should be provided when this policy is not pursued with other lines of equipment. With other lines of equipment the Telephone Company claims to be able to rely upon The Western Electric Company stock, and if the Mountain States Company should purchase these instruments through The Western Electric Company no doubt a reasonable reserve of such instruments would be kept on hand by the manufacturing company.

Since the Commission has found 65 cents per owned station to constitute a reasonable payment for the use of instruments, 93 cents per owned station remains as a payment to the American Company for the other services rendered.

(25) A study of the record in this case, and of the conditions surrounding this 4½ per cent payment, leads us to the conclusion that a portion of such payment should be charged to the construction accounts, and the remainder to the operating expense accounts. Both the Commission's Statistician and Engineer testified in the hearing in this case that in their opinion a portion of such payment should be charged to the Construction Accounts and not included in the Operating Expense Acounts.

According to the testimony of the Company's witness, Mr. E. B. Field, Jr., a portion of this payment is made for engineering advice and services covering basic plans for switchboards and outside plant, and for the standardization thereof. According to this same witness a portion of this payment covers cost of making traffic studies, furnishing legal advice, and financial assistance. Certainly a portion of the cost to the Telephone Com-

pany of obtaining such services should be charged to the Construction Accounts, and should not be reflected in the Operating Expense Accounts of the Telephone Company.

The basis for making this division, however, is not easy to determine. According to the testimony introduced by the Telephone Company its plant is depreciating in an amount in excess of $800,000.00 per annum, and it is reasonable to assume that the Telephone Company will be called upon to replace its worn-out plant at approximately this same rate. Witnesses for the company likewise contended that in addition it will be required to spend for extensions during the next five years in excess of $1,000,000.00 per annum. It will thus be seen that according to the testimony of the witnesses for the Telephone Company, its expenditures covering extensions and replacements of plant will be in the neighborhood of $2,000,000.00 per year.

The Commission admits that these claims are approximately correct, and, when taken into consideration, it appears reasonable to the Commission that one-half of the payment to the American Company, over and above a reasonable rental for telephone instrument parts, should be charged to the Construction Accounts of the Telephone Company, and that the remainder of this amount should be charged to the Operating Expense Accounts. These amounts, the Commission finds, should be allocated to the various Operating Expense and Construction Accounts on an equitable basis.

The Commission finds at this time that 30 per cent of the annual payments to the American Telephone & Telegraph Company should be charged to Construction Accounts. The payments to the American Telephone & Telegraph Company that should have been charged to the Construction Accounts, and deducted from the Operating Expense Accounts of the Company, for the years 1912, 1913, 1914 and 1915, are as follows:

1912	$43,862.64
1913	44,129.43
1914	42,013.57
1915	42,895.61

(26) The Commission is unable to find that the payment made to the American Company is in excess of the value of the services rendered, and is of the opinion that the full amount, when treated as above outlined, should be allowed. The Commission is also of the opinion that the relationship has been beneficial to both the Telephone Company and its patrons.

THE WESTERN ELECTRIC COMPANY RELATIONSHIP.

The Commission finds that the contractural relationship existing between The Western Electric Company and the Telephone Company, whereby The Western Electric Company acts as purchasing agent, storekeeper, etc., for the Telephone Company, does not impose an undue burden upon the telephone using public, but that on the other hand it is of considerable advantage from the standpoint of service as well as economical operation, since it has been shown to reduce operating costs, bring about the standardization of equipment, etc.

The Commission is of the opinion that this relationship should not be disturbed.

DEPRECIATION REQUIREMENT.

The Commission has carefully considered the claims made by witnesses for the Telephone Company and by witnesses for the Commission, as to what would be a proper annual allowance for Depreciation, and is unable to allow the full amount claimed by the Telephone Company for the reason that the lives assigned to depreciable property by the witnesses for the Company are not supported by the evidence. It was claimed, for example, that the life of central office equipment, private branch exchanges, station apparatus, etc., is not in excess of ten years, although the undisputed evidence of witnesses for

the Commission showed that the age of central office equipment on August 31, 1915, was in excess of 7½ years, so it is apparent to the Commission that this equipment will have a life in service in excess of ten years. Likewise the age in service at the time of this investigation of such items as private branch exchanges, booths and special fittings, station apparatus, etc., indicates to the Commission that the life in service of such equipment will be in excess of that used by the Company in arriving at the annual requirement for depreciation.

(27) Witnesses for the Company, in arriving at the present condition of the physical property, made claim for large allowances for salvage and scrap values, but these allowances were practically ignored by other witnesses for the Telephone Company in arriving at the annual depreciation requirement. The life tables used by witnesses for the Company in arriving at the annual depreciation requirement may be representative of average conditions prevailing throughout the United States, but they are not representative of the conditions prevailing in Colorado at this time.

The Commission finds, that for conditions prevailing at this time the Company should be allowed to set aside annually an amount equal to approximately 5.65 per cent of its investment in depreciable property, the exact amount to be determined in each case by the table of lives and salvage values submitted in evidence by the Engineer for the Commission.

The Commission is further of the opinion that if the annual depreciation requirement is set aside on the above basis an adequate reserve for accrued depreciation will accumulate.

The Commission now comes to a determination of the net revenues available for a return on the fair value of the property as hereinbefore determined. The Commission finds that there should be deducted from the Operating Expenses, as reported by Mr. Herbert, such por-

tions of the payments to the American Telephone & Telegraph Company for the years, 1912, 1913, 1914 and 1915, as, in the opinion of the Commission, should have been charged to the Construction Accounts; that there should then be added to the Operating Expenses, as reported, the proper Annual Depreciation Requirement determined on the basis above outlined. In addition it is necessary for the Commission to correct the valuation as found for August 31, 1915, to June 30th of each of the years under consideration. This correction will be made by deducting from the value found the additions to the Fixed Capital Accounts as disclosed from the books of the Company.

The ability of the Telephone Company to pay 7 per cent on its capital stock at this time is accounted for by the fact that this is being done at the expense of its Depreciation Reserve, and that it is now necessary for the Telephone Company to draw on its present reserves in order to pay its dividends and keep this property in good service condition.

The Commission does not deem it necessary to further discuss the subject of Revenues and Expenses, but finds that, with the exceptions noted, the amounts reported by its Statistician are correct and reasonable. The total revenues required for the year 1915 for the purpose of meeting all reasonable Operating Expenses, Depreciation, and providing a return of 8 per cent on the fair value of the property as of June 30, 1915, has been developed, and the Commission finds this to be as follows:

Operating Expenses	$1,955,928.27
Depreciation Requirement	752,000.00
Eight Per Cent Return	1,175,263.52
Total	$3,883,191.79

(28) The Commission further finds that the revenues from all sources for the year 1915 were insufficient to meet all Operating Expenses, provide for depreciation, and pay a return of 8 per cent on the fair value of the property to the extent of $484,921.37.

A summary of the fair value, revenues, expenses, and return, for the years from 1912 to 1915, inclusive, has been made and is given on the following page. The Operating Expenses as there shown have been modified in accordance with the Commission's findings heretofore set out, but the revenues have not been corrected to include such amounts as will be obtained when free service now rendered to railroads, ditch companies and for franchise requirements, is charged for. The revenue obtained from these sources will increase the annual gross revenue approximately $20,000.00.

SUMMARY OF FAIR VALUE, REVENUES, EXPENSES AND RETURN FOR THE YEARS 1912, 1913, 1914 AND 1915 AS FOUND BY THE COMMISSION

	1912	1913	1914	1915
Exchange Service Revenue	$ 2,564,738.99	$ 2,618,372.41	$ 2,181,129.81	$ 2,535,409.40
Toll Serv. Revenue	769,965.55	764,988.18	734,670.59	759,078.71
Miscl. Op. Revenue	13,388.53	54,725.17	47,184.97	44,700.01
	3,348,093.07	3,438,085.76	3,262,985.37	3,339,188.12
Total Op. Expense	1,890,159.34	1,993,547.58	2,074,440.58	1,998,823.88
Less A. T. & T. Co. 4½ per cent chargeable to construction	43,862.64	44,129.43	42,013.57	42,895.61
Corrected Operating Expense	1,846,296.70	1,949,418.15	2,032,427.01	1,955,928.27
Net Revenue	1,501,796.37	1,488,667.61	1,230,558.26	1,383,259.85
Non-Op. Revenue.	64,471.43	71,881.16	69,751.22	59,082.30
Net Revenue, All Sources	1,566,267.80	1,560,548.77	1,300,309.58	1,442,342.15
Annual Depreciation Requirement	641,000.00	708,000.00	736,000.00	752,000.00
Available for Dividends and Surp.	925,267.80	852,548.77	564,309.58	690,342.15
Fair Value June 30	12,522,100.86	13,816,133.30	14,410,548.90	14,690,794.57

RATE OF RETURN.

In considering the proposition of a fair rate of return upon the value of the properties of a public utility, there must be no confusion between a fair return upon the value of the properties, and a return to the stock-

holders. A public utility may pay to its stockholders dividends in any sum desired so long as the utility is permitted to earn only a fair rate of return upon the value of its properties in use and useful, properly care for its depreciation reserve, and maintain the property so as to give adequate service.

For some time past the Telephone Company has paid its stockholders, in quarterly payments, an annual dividend of 7 per cent and as the stock today finds a ready sale at a value above par it would appear that a 7 per cent rate of return to the stockholder has been quite acceptable. By the term "a fair return" upon the present fair value of the properties of the Telephone Company in use and useful the Commission means a return in excess of reasonable operating expenses by an amount sufficient to care for a reasonable annual requirement for depreciation and to provide for a reasonable surplus.

The Company has not accumulated a large surplus, as is shown by the fact that the surplus of the Company for past years, assignable to Colorado, is $225,154.97.

(29) It has been contended that a reasonable surplus is necessary to take care of extraordinary emergencies, and much evidence has been introduced to define "extraordinary emergencies," as tornadoes, heavy wind storms, fire etc. In the examination of the history of this Company the Commission is not particularly impressed with the necessity for a surplus to cover such unusual and improbable contingencies or hazards. It is true, however, that within reasonable bounds a public utility should be permitted to lay aside a surplus for many reasons.

On the 1st day of January, 1913, this Company inaugurated a plan governing the payment of pensions and sick and accident benefits to its employes, and at that time appropriated from its surplus the sum of $175,000.00 as reserve for this plan. These benefits are ex-

tended without assessment upon employes, without abatement of wages, and without contribution on their part, and is in accord with the present laws of this State governing workmen's compensation.

Another illustration of the necessity of a reasonable surplus is the bonus recently paid by the Telephone Company to its employes, due to the high cost of living, which payment is not peculiar to this Company, but is in line with the general policy of all employers of labor today. The amount of this bonus, approximately $150,000.00 was taken from the surplus fund of this Company. The Commission sees no reason for condemning this modern policy, but would rather commend the Company for its foresight.

The evidence before the Commission in this case conclusively discloses that this public utility has been thoroughly alive to the needs of the public, that its service has been adequate, and that the management of its finances and business has been economical, efficient and honest. The Commission has been urged to give serious consideration to the propostion that honest, economical and efficient administration of the affairs of a public utility should be commended by a regulatory board, and should be considered in deciding the amount of a fair rate of return upon the property of a public utility in use and useful. The Commission is in sympathy with this view, and is of the opinion that to hold otherwise would be but to penalize economical, efficient and honest management, and encourage extravagance and lax methods in the management of public utility affairs. In the event that an investment in the property of a public utility has not been extravagant, wasteful or dishonest, and in the event the operating expenses of a public utility are reasonable, and the management of its affairs is economical, it is the opinion of this Commission that the utility should earn a fair rate of return upon the present fair value of its properties in use and useful, exclusive of reason-

able operating expenses, a proper annual depreciation requirement, and a reasonable surplus to be under the careful scrutiny of the Commission, due consideration being given to the value of the service and the proper deveolpment of the utility.

(30) Evidence was introduced disclosing profits of private industries. This evidence the Commission considers of no value, as a public utility operates under entirely different conditions from that of a private industry. The legal rate of interest in the State of Colorado was shown to be 8 per cent. This should be considered by the Commission, but is not controlling.

The various regulatory bodies of the several states have considered each case on its own merits in determining a fair rate of return, and while some of the western States have, in certain cases, declared 10 per cent to be a reasonable rate of return, many of the eastern commissions and western commissions in telephone cases have held 8 per cent to be a fair rate of return upon the value of the properties of a public utility in use and useful.

The Commission has given serious consideration to all evidence submitted in this case pertaining to Rate of Return, and is aware of the difference between a rate of return, which a court might determine not to be confiscatory, and a rate of return which will at all times permit the Company to render adequate service and secure the proper funds with which to make improvements and extensions which the interest of the public will from time to time demand.

The Rate of Return is determined upon the fair value of the property of the public utility, and is in addition to reasonable operating expenses and a proper annual depreciation reserve, and should include a reasonable allowance for a surplus fund.

The Commission is of the opinion that the payment of 7 per cent to the stockholders of this Company is not

excessive, and that such a dividend is sufficient to attract capital in the field for improvements and extensions. (31) The Commission is further of the opinion that a return not to exceed 1 per cent upon the fair value of the property should be allowed for the purpose of creating a surplus, as a guarantee against contingencies and to establish and maintain the credit of the Company; this surplus to be at all times under the close scrutiny of the Commission. This conclusion is borne out by evidence in this case, the requirements of the Telephone Company, and the operating conditions in the State of Colorado.

(32) The Commission is therefore of the opinion that the maximum Rate of Return, for the purpose of paying dividends and creating a Surplus, which this public utility shall be permitted to earn prior to the consideration by the Commission of a general reduction in rates, shall be 8 per cent.

CONCLUSION.

It is apparent that The Mountain States Telephone & Telegraph Company is not at this time earning in excess of a reasonable rate of return upon the present fair value of its properties, located in the State of Colorado and assignable to Colorado.

The Commission is now in a position to receive evidence from the telephone-using public in Colorado, and the various municipalities, as to the reasonableness of the existing telephone rates and charges in each community, the adequacy of the service in any one or more communities, and the reasonableness of the rules, regulations and practices of the Telephone Company. The Rate Engineer of the Commission has been instructed to prepare for the record in this case detailed evidence pertaining to the adequacy of the service of this Company, the reasonableness of its rules, regulations and

practices, and a general survey of its rates and charges in the several communities of this State. The Telephone Company has been given notice to submit to the Commission detailed statements pertaining to these matters. The various municipalities of the State and telephone-using public will be given proper notice of the time and place of public hearings to be held by the Commission for the purpose of receiving the complaints of the various communities, if any there be.

The Commission is further of the opinion that no order can be made by this Commission reducing generally the telephone rates within the State of Colorado, but that the methods of charging for telephone service, the adequacy of the service, and the rules, regulations and practices of the Telephone Company, are before the Commission for future adjustment, as well as the reasonableness of one or more rates in any one or more communities for any one or more classes of telephone service.

By these conclusions the Commission does not determine that the Telephone Company shall raise its existing rates to the point at which they will yield an 8 per cent return upon the present value of the properties of the Company, but is of the opinion that the findings do not justify a reduction of the schedules of the Company as a whole.

(Seal)

S. S. Kendall,
Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 5th day of January, 1917.

IN RE RATES OF ADAMS EXPRESS COMPANY.

(I. & S. No. 7.)

(January 6, 1917.)

INVESTIGATION on motion of the Commission as to the reasonableness of the proposed advances in express rates of the Adams Express Company between stations on the line of the Denver & Salt Lake Railroad Company; *held*, that respondent has not justified advances, and suspension made permanent.

APPEARANCES: T. B. Harrison, J. A. Cronin and C. M. Day for respondent; Tyson S. Dines, Tyson S. Dines, Jr., and Hagner Holme for The Denver & Salt Lake Railroad Company.

STATEMENT.

By the Commission:

The issues presented in this case involve the reasonableness of certain proposed advances in the express rates of the Adams Express Company over the line of the Denver & Salt Lake Railroad Company. The schedule containing these rates was filed to take effect October 10, 1916, by F. G. Airy, as Colo. P. U. C. No. 76, and suspended by the Commission until January 8, 1917.

The present rates are carried in the block tariffs of Mr. F. G. Airy, for blocks 918, 919, 920, 1019, 1020 and 1021, through which the line of the Denver & Salt Lake Railroad runs. The new schedule is issued under a point to point tariff and not under the block and sub-block system. Inasmuch as this Commission has given its tacit approval to the block and sub-block method of basing express rates, it deprecates action on the part of any express carrier which tends to break away from this basis without a showing as to the necessity for such.

Immediately after the order of the Interstate Commerce Commission, in *Express Rates, Practices, Accounts and Revenues,* 24 I. C. C. 380 and 28 I. C. C. 131, which prescribed block and sub-block express rates for the entire country on interstate business, the National Association of Railway Commissioners considered the advisability of applying such basis to intrastate rates in the various states. A conference was called by the Commissions of Colorado, Arizona, New Mexico and Idaho for the consideration of the basis as applicable to such states, all of which are in the fourth zone. This conference was held in the office of this Commission on January 9, 1914, representatives of the various express companies being present.

Several months were spent in the checking of the rates in each state to determine the probable effect of the rates if the same were published on the new block basis. It was soon realized, both by the commissions and the carriers, that a strict application of the Interstate method would work great hardship upon the express companies as well as upon shippers, and that certain modifications would be necessary to eliminate such discrimination and hardship. But all were agreed that, with these modifications, the new basis should be applied on intrastate traffic for a certain period of time, at least, if not permanently, until a thorough test could be had.

Accordingly, on September 1, 1914, the new schedules were filed on intrastate traffic containing the modifications suggested by the Commission. It was felt by this Commission that the greatest liberality had been allowed the carriers in the plans set forth in the modified block and sub-block scale, and that the rates should remain in effect without change until such time as it should develop that there were material inconsistencies or discriminations therein.

In only one instance did the carriers feel disinclined to accept the proposed rates. This, the Commission felt,

necessitated a formal notice of investigation and hearing in which it developed that a revision should be made in the rates to and from Cripple Creek. In all other matters in the conference the Commission met with the earnest co-operation of the companies.

Inasmuch as the Commission at all times since the conference in January, 1914, has had the entire express rate situation of the state under review, it has been deemed that any changes therein would warrant the investigation of the same by the Commission, regardless of whether or not protests might be received from shippers prior to the taking effect of the rates. It therefore deferred the operation of the schedule under review in this case pending an investigation and hearing thereon.

At the hearing, held on December 1, 1916, the Commission called the attention of the respondent to the fact that the new schedule did not comply with a provision in section 16 of the act, which requires that all changes in rates be indicated by suitable symbol designating such changes, and that, ordinarily, the Commission rejects tariffs filed which are deficient in this regard.

The Denver & Salt Lake Railroad Company appeared at the hearing as an intervenor and asked that the Commission consider in the present case such testimony as has been presented to it in prior cases having regard to the operating disabilities upon this line of railroad.

It was evidenced at the hearing that the respondent at present is operating under the terms of a contract which expired December 31, 1915, pending the consideration of a new contract by both the respondent and the railroad company. It was stated by the railroad company that the approval of a new contract was dependent upon the determination of the rate question.

The statement of Mr. Harrison, counsel for the respondent, given at the hearing, will perhaps best illus-

trate the purpose of the respondent in filing the proposed schedule:

"The railroad has,—as I think it is entirely proper and has the right to do—said that we must comply with the contract if we desire to stay on the road, or if we desire to renew the contract we must not have express rates less than 150 per cent of the freight rates. The dissection of the rates on this line shows that a good many of them were less than 150 per cent of the freight rate. In other words, competing with the railroad for freight business, because the rates are so near the freight rate that a great many people prefer the express service to the freight service, and to some extent, at least, we are taking away businss from freight trains of the Denver & Salt Lake.

* * * * * *

"As I say, we have merely raised the rates lower than 150 per cent, to 150 per cent of the freight rate. Taking the rates as a whole on the Denver & Salt Lake they are now about 157 per cent of the freight rates. These tariffs would raise them to about 167 per cent of the freight rate. Taking Denver as typical, the present rates are 146 per cent of the freight rate, and the increased rates brought about by the new tariff will be 167 per cent of the freight rate.

"Of course, the Denver & Salt Lake is better known to the Commission than to me, and the Commission knows the difficulty and expense of operation on that line and the fact that it has never been able to yet, I believe, earn its operating expenses and interest on money invested in it. I think, taking the situation as a whole, it is asking very little to allow the express company with its contract with the railroad and raise rates so that none will be less than 150 per cent of the freight rates."

It was also stated, by the railroad company, that the present rates have been reduced below the contract basis without its knowledge or consent. To the Commission

this position hardly seems tenable. It may be true that the change was made without the consent of the railroad company, but to argue that it was done without its knowledge is an admission that sufficient attention to a rate matter vitally affecting its revenues was not given. There has been no case before the Interstate Commerce Commission, perhaps, which has so concerned the entire public as the express case referred to above. Numerous hearings were held at various cities in the United States and the widest distribution was made of the Commission's findings and order when decided in July, 1913. And as to intrastate rates, this Commission disseminated throughout the State of Colorado the results of its action in the conference of February, 1914.

I would be no more than justice to state that these rates were probably also published without the consent of the express company. It was shown that the adoption of the block and sub-block system would materially diminish the revenues of the various express companies, and, certainly, no company can be stated as giving its consent to such action except in cases where discrimination is sufficiently flagrant to condemn itself. The order of the Interstate Commerce Commission was, of course, mandatory, and was not dependent upon any contracts between the express companies and the lines over which they operated.

All of the changes proposed are in the nature of advances, no reductions being contemplated. While many of the express rates on this line are below 150 per cent of the first-class freight rate, the converse is true that many are in excess of that figure. The respondent has not indicated its intention of taking the opposite action by reducing rates which are greatly over the 150 per cent basis, some of which are as high as 400 per cent.

After careful consideration of the record in this case the Commission is forced to the conclusion that sufficient evidence is not within the record to justify the rea-

sonableness of the proposed rates, and that the respondent has failed to sustain the burden of proof which rests upon it. An order will be entered in accordance therewith.

ORDER.

IT APPEARING, That by an order dated September 27, 1916, the Commission entered upon a hearing and investigation concerning the propriety of the increases and the lawfulness of the rates as applicable to express between points on the Denver & Salt Lake Railroad Company, stated in schedule enumerated and described as F. G. Airy's Colo. P. U. C. No. 76, and ordered that the operation of said schedule be suspended until January 8, 1917.

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

IT IS ORDERED, That the carrier respondent herein be, and it is hereby, notified and required to cancel said schedule on or before January 8, 1917.

S. S. Kendall,
(Seal) Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 6th day of January, 1917.

In re LUMBER RATES ON DENVER & SALT LAKE RAILROAD.

(I. & S. No. 6.)

Evidence—Sufficiency—Burden of Proof.

(1) In an investigation and suspension case the Commission was of the opinion that the position of the respondent, holding that the burden of proof had been met by the fact that protestants had failed to confute an exhibit purporting to show cost of service, was not well taken, as protestants had no way of verifying said exhibit within the allowed time.

Rates—Railroads—Cost of service.

(2) The Commission was of the opinion that the cost of service, even if it were possible to accurately determine same, should not be the sole test of the reasonableness of rates on a particular commodity between selected points.

Rates—Railroads—Proportionate rates.

(3) The Commission took cognizance of the fact that rates on particular commodities should bear the fair proportion of the burden of the revenues necessary to meet operating expenses, but was of the opinion that there are many difficulties in the determination which prevent the accurate finding as to such apportionment.

Rates—Railroads—Advances—Increased expenses.

(4) The mere fact that operating expenses did not grant the right to the carrier to increase the rates on any selected commodity to meet the increase through an increase in revenue.

Apportionment—Expenses.

(5) Operating disabilities are an inherent part of a railroad and the expenses of such disabilities should be equitably distributed over the entire line rather than that the revenue received from that particular portion of the line should pay the expenses thereof.

Evidence—Burden of proof.

(6) The burden of proof in suspension cases is upon the carriers regardless of whether or not protestants may introduce any evidence tending to disprove the reasonableness of proposed rates.

Rates—Railroads—Comparisons.

(7) The Commission generally determines the reasonableness of freight rates by comparisons when the surrounding circumstances and conditions are substantially similar.

(January 8, 1917.)

INVESTIGATION of reasonableness of proposed advances in lumber rates on Denver & Salt Lake Railroad; rates not justified and ordered cancelled.

APPEARANCES: Tyson S. Dines, Tyson S. Dines, Jr., and W. E. Morse for respondent The Denver & Salt Lake Railroad Company; E. E. Whitted, A. S. Brooks and R. B. Scott for respondents Chicago, Burlington & Quincy Railroad Company and The Colorado & Southern Railway Company; H. S. Silverstein and J. V. Sickman for protestant The Rocky Mountain Fuel Company; Dayton & Denious for protestant Zarlengo Brothers Contracting Company; W. H. Wood and V. H. Liniger for protestant Tabernash Lumber Company; W. V. Hodges and D. Edgar Wilson for protestant Stevens-Barr Lumber Company.

STATEMENT.

By the Commission:

By schedules contained in tariffs, filed to take effect June 18, 1916, and June 21, 1916, respondents proposed an increase of two cents per hundred pounds in rates for the intrastate transportation of lumber in carloads from stations Newcomb to Rollinsville, inclusive, on the Denver & Salt Lake Railroad to Denver, Colorado Springs, Pueblo and various points in Northern Colorado. Upon protests by various lumber concerns the schedules were suspended until September 16, 1916, and later until March 15, 1917.

Hearing in this cause was originally set for July 6, 1916, but upon stipulation between the protestants and respondents, the Commission continued the same until October 17, 1916, upon which date testimony and evidence were presented by the respondents to justify the proposed advances, and by the protestants against the increases. Briefs have been filed by the Denver & Salt Lake Railroad Company, the principal respondent, and by certain of the protestants. No testimony or evidence

was offered on behalf of the other respondents beyond showing that in every instance the Denver & Salt Lake Railroad Company would receive the entire increase out of the joint through rates. The Commission, therefore, hereinafter will refer to the Denver & Salt Lake Railroad Company as the "respondent." As little, if any, testimony was introduced with specific reference to the through rates beyond Denver the Commission will devote the major portion of its findings to the local rates under review.

One exhibit only was entered by the respondent. This purports to illustrate the expense to the respondent in transporting an empty car from Denver to Tabernash and loaded with lumber from Tabernash to Denver. Tabernash is located eighty-nine miles from Denver.

The line of the respondent crosses the Continental Divide at Corona, a distance of sixty-five miles from Denver, and at an elevation of 11,660 feet. As was introduced in the evidence, the first fifty-five miles of the line, from Denver to a point between Ladora and Antelope, has a maximum ascending grade of 2 per cent; the next ten miles to the crest of the Divide, 4 per cent ascending; the next sixteen miles, from Corona to Vasquez, 4 per cent descending; beyond this point 2 per cent maximum.

The Commission has compiled from the annual reports of the respondent, and sets forth below, a statement showing the extent of the company's lumber traffic compared with the entire freight traffic of the fiscal years ended June 20th, 1912, to 1916, inclusive:

	1912	1913	1914	1915	1916	5-Year Average
Average mileage operated	214.58	214.58	238.21	255.46	255.46	235.66
Tons-Handled:						
All revenue freight	470,539	425,429	450,781	728,859	899,087	594,939
Lumber	27,133	34,035	41,019	33,459	44,101	35,749
Per cent	5.77	8.00	9.10	4.59	4.90	6.01
Ton-Miles:						
All revenue freight	81,087,983	67,469,025	70,394,328	126,946,967	161,822,669	101,556,194
Lumber	2,135,365	2,712,913	3,078,506	2,823,453	3,759,376	2,901,923
Per cent	2.63	4.01	4.37	2.22	2.23	2.86
Revenue (dollars):						
All revenue freight	854,148	809,785	817,055	1,229,966	1,485,507	1,039,292
Lumber	52,359	62,593	65,080	66,835	66,698	66,713
Per cent	6.13	7.73	7.96	5.43	5.84	6.41
Ton-Mile revenue (dollars):						
All revenue freight	.01053	.01200	.01161	.00969	.00918	.01023
Lumber	.02452	.02307	.02114	.02366	.02306	.02299

The average haul per ton of the total freight handled during the five-year period has been 170.69 miles, and of lumber traffic 81.15 miles. In 1914 the average haul of the lumber transported was approximately 75 miles, which increased in 1915 to 84.5 miles, and in 1916 to 85.3 miles.

It is perhaps no exaggeration to state that the respondent has based its entire evidence and testimony on the exhibit introduced showing the alleged cost of transporting lumber from Tabernash to Denver. No testimony has been presented in reference to the cost per car on lumber from other producing points to Denver. The greatest importance has been attributed to this exhibit by the respondent, and in its brief it is stated that

"Protestants have not, however, assailed or attempted to assail the correctness of the defendant's computations as to cost and introduced no evidence whatsoever to assail said computations and are in fact unable to successfully controvert the accuracy of a single item of cost as shown in said Exhibit No. 1 or as shown in said compilation upon which said Exhibit No. 1 was based, and of which said Exhibit No. 1 is a summary. Such being the case, it must be conceded that the Denver & Salt Lake Railroad Company has made a *prima facia* showing of the reasonableness of the suspended rates."

(1) The Commission is not disposed to take this view. It is true that the respondent offered opportunity to the protestants and the Commission to verify the figures in the exhibit, which was compiled from one year's tests and observations for the purpose of ascertaining the decreased expense of operation through a proposed tunnel having a maximum grade of 2 per cent, but it is evident that any verification necessarily would be of the most superficial character, due to the short time available. To properly authenticate such an exhibit would require considerable time and necessitate many tests.

There are many items which are incapable of alloca-

tion. Experts throughout the country have constantly been employed in the endeavor to arrive at some basis, or test, which shall give the cost of handling certain commodities between selected points. Many exhibits have been filed before Commissions and courts purporting to show such figures. In Western Passenger Fares, 37 I. C. C. 1, the Interstate Commerce Commission stated in part, why such statistics were little more than approximations. At pages 12 and 18 we find the following:

"The separation of maintenance of equipment, transportation, and traffic expenses presents no insurmountable difficulties. The separation of the expenses incident to the maintenance of way and structures, however, is more difficult. These latter expenses in the main cannot be directly allocated to the respective services. They are common expenses necessary to and influenced by the necessities of both services, but not wholly controlled by either.

* * * * * *

"For example, no one can tell just how much of the expense incurred in the replacement of ties that are unfit for further use is due to the action of the elements and how much to the wear caused by the movement of trains. Various assumptions are indulged, as that 60, 70 or 80 per cent of such expenses are due to action of the elements and remainder to wear. These assumptions appear to rest on uncertain ground. There is no doubt but that, other things being equal, the high velocity of passenger trains, as compared with freight trains, necessitates a better maintenance standard on that account."

And in Investigation and Suspension Docket 26 to 26c, 22 I. C. C. 604, the Interstate Commerce Commission reviewed the expenses of transporting coal over a certain division of the Norfolk & Western Railway as arrived at by various experts. The Commission stated, at page 615:

"Whichever method was followed, the figures result-

ing make it evident that it is not beyond the range of possibility to approximate the cost of carrying freight, as distinguished from passengers, over a certain division, or even the carrying of a certain kind of freight when this constitutes a large proportion of the carrier's traffic over such division."

Attention is called to the words "when this constitutes a large proportion of the carrier's traffic over such division." In the instant case, as will be seen from the statement of traffic above, the lumber handled over the entire line amounted in 1916 to only 5 per cent of the entire freight tonnage, and its incidental revenue about the same.

(2) The Commission does not wish to be understood as discrediting in any way the exhibit of the respondent, but it does believe that even the results arrived at through an exhaustive and extended investigation, which without doubt was made by the respondent, would be largely estimates, and that were such figures to be considered as final and conclusive the cost of the service should not be used as the sole test in the determination of the reasonableness of rates.

The exhibit is predicated upon the gross ton-mile basis and, as stated by Mr. Morse at the hearing, does not include the cost of road, taxes, overhead expenses or depreciation on that portion of the road from Utah Junction to Tolland, a distance of forty-four miles.

In arriving at the average earnings per car of lumber from Tabernash to Denver, Mr. Morse has used an average tonnage of twenty-four tons per car and an average revenue per car of $46. These averages are for the entire line and not solely for the traffic from Tabernash to Denver. Assuming the revenue to be $46 per car, a deduction of $44.23 (the cost of service as found by the respondent) was made, leaving an approximate earning of $2 under the present rates, and $6.80 under the proposed rates.

The Commission does not agree with the reasoning in this method of arriving at the earnings per car. If this basis were accepted as correct it would be necessary for the respondent to determine the cost per car of handling lumber from each producing point on its line to Denver, which the Commission is not constrained to require, as it does not deem it necessary to a proper determination of the issues. Based on the average of twenty-four tons, a car of lumber from Tabernash to Denver would yield a revenue of $48 under the present rates, and $57.60 under the proposed rates. Assuming, for the purpose of illustration, that the respondent's computations of cost are correct, this would make the earnings $3.77 per car under the present rates and $13.37 under the proposed rates.

It is a matter of record in this case, and in others before the Commission, that the respondent has had, and does have, certain operating disabilities which make the operating expenses very high, and that the company deems it expedient to increase its revenues to offset such expenditures. On December 9, 1916, the Commission, in Citizens of Grand Lake v. D. & S. L. R. R. Co., 3 Colo. P. U. C. 33, issued an order permitting the defendant company to change its daily passenger train service to tri-weekly service during the winter months, it having been shown by the evidence that the company would reduce its operating expenses about $10,000 per month, and that the change would result in more efficiency in the balance of the service. The Commission desires to lend every aid to the respondent insofar as such assistance is consonant with the requirements of the act, but, as was stated in Tift v. Southern Ry Co., 138 Fed. 753, "reasonable compensation for the service actually rendered is all that a common carrier is permitted to exact."

In Minneapolis & St. Louis Railway Co. v. Minnesota, 186 U. S. 257, 46 L. Ed. 1151, 22 Sup. Ct. 900, the court said:

"It sometimes happens that, for purposes of ultimate profit and of building up a future trade, railways carry both freight and passengers at a positive loss; and while it may not be within the power of the Commission to compel such a tariff, it would not upon the other hand be claimed that the railroads could in all cases be allowed to charge grossly exorbitant rates as compared with rates paid upon other roads, in order to pay dividends to stockholders. Each case must be determined by its own considerations, and while the rule stated in Smythe v. Ames is undoubtedly sound as a general proposition that the railways are entitled to earn a fair return upon the capital invested, it might not justify them in charging an exorbitant mileage in order to pay operating expenses, if the conditions of the country did not permit it."

The respondent in this case has not sought to increase the schedule of its rates as a whole, nor even the lumber rates as a whole. It has proposed increases between certain points only and has left the balance of the rates unchanged. Whether this has been done because of the financial exigencies of the company because of the fact that the respondent considers that the lumber traffic does not bear its proportionate part of the rate schedule, is not a matter of record. (3) The Commission recognizes the fact that rates on particular commodities should bear their proper share of the burden of the revenues received from the entire freight schedule, but there are many inherent difficulties in the proper apportionment of such burden.

(4) In two prominent cases it has been held that the mere fact of the need of additional revenue to meet operating expenses without diminishing net income does not justify an advance in a particular rate. (Tift v. Southern Ry. Co., 10 I. C. C. 548, affirmed by the Supreme Court, 206 U. S. 428; Rates on Common Brick to Canada, 26 I. C.C.129.) In the latter case the Interstate Commerce

Commission found that the contention of the carriers that increases in operating expenses necessitated increases in rates on brick, was not supported either by the evidence, or by logical inference, that the rates on that particular commodity should be increased, even if it was to be conceded that operating costs had increased over the system as a whole.

In another case, Central Yellow Pine Association v. I. C. R. R. Co., 10 I. C. C. 505, the Interstate Commerce Commission considers the reasonableness of proposed advances in lumber rates and takes into account the difficulty of determining the reasonableness of rates on a particular commodity based on the cost of service. At page 537, the following is found:

"We do not think sufficient cause is shown, either in the alleged large profit in the lumber business or in the increased cost of operating the roads, for the advance in the rate on lumber. But it is further contended in behalf of the defendants that lumber, considering its character and all the conditions incident to the services rendered in its transportation, was not, at the 14-cent rate in force at the date of the advance, yielding its proper proportion of the revenue required by the defendants to meet their expenses—in other words, that that rate as applied to lumber was not a reasonable rate viewed from the carrier's standpoint, in that it was not adequately remunerative. The question of the reasonableness in this sense of a rate *on a single article* of traffic is one of almost insuperable difficulty.

* * * * * *

"The value of the entire property of a road employed for the public convenience can shed but little, if any, light upon the question whether the rate on a single among thousands of articles of traffic yields its proper proportion of a fair return on that value. The rate on one article of traffic may be reasonably high and the carrier fail to earn a fair return on the value of the entire

property employed for the public convenience because of unreasonably low rates on other traffic, and, *vice versa,* the rate on one article of traffic may be unremunerative or unreasonably low and the return to the carrier from its entire business may be fair or reasonably high, the deficiency under the rate on the one article of traffic being made up by the rates on the balance of the traffic."

The italics in the foregoing quotation are the Commission's.

The respondent has itemized certain disabilities in the handling of the lumber on its line, such as the heavy expense encountered in crossing the Divide, the picking up and setting out of cars on grades of 2 and 3 per cent, etc. (5) The Commission believes that these should be considered in the same way as terminal expenses, or that the expenses incurred through such disabilities should be equitably assigned to the entire line. This position has been held in many cases, notably in Traffic Bureau of Merchants Exchange of San Francisco *v.* S. P. Co., 19 I. C. C. 259 (262):

"We do not recognize the right of a carrier to single out a piece of expensive road and make the local traffic thereon bear an undue portion of the expense of its maintenance or of its construction. A road is built and operated as a whole, and local rates are not to be made with respect to the difficulties of each particular portion, charging the cost of a bridge to the traffic of one section or the cost of a tunnel to traffic between its two mouths."

Also in Delaware State Grange, etc., *v.* N. Y. P. &. N. Ry. Co., 4 I. C. C. R., 588; 3 I. C. C. R., 554:

"A selected fractional part of any great railroad might be taken and a showing made by an apportionment of earnings and cost of operation and fixed charges, that it is unprofitable, but this would furnish no indication of its value and profitableness as an important part of the whole property."

The Commission must consider the reasonableness of the proposed rates with the ordinary tests applied in the determination of rates in cases heretofore decided by this Commission, and those used by other regulatory bodies, bearing the approval of such commissions and the affirmations of the state and federal courts. (6) The burden of proof, of course, is upon the respondent. This is not denied by the attorneys for the respondent, but it is urged, in the brief, that protestants, or parties at whose instance suspensions were ordered, are under obligation or burden to show satisfactory reasons and grounds to the Commission why the suspended rates are unreasonable. The Commission cannot take this view of the matter.

While it is of the greatest benefit to the Commission to have presented to it all relevant facts incident to the determination of the reasonableness of advanced rates, whether offered by protestants or respondents, the onus is clearly on the respondents to justify such advances. The Commission may, on its own initiative and without protest or complaint, defer the operation of any rate or schedule filed with it and hold an investigation and hearing to determine the reasonableness of the proposed schedule. In case the respondent fails to appear to justify the proposed rates, the Commission will assume that the justification had not been shown and permanently suspend the advances.

In this case the respondent desires the Commission to apply the cost of the service as the sole test of the reasonableness of the rates under review. The Commission does not believe that this method should be the one test in determining the reasonableness of any rates on a selected commodity, and that it is perhaps only in very rare instances where such basis could be used as the only test. In Frye & Bruhn v. N. P. Ry. Co., 13 I. C. C., 501 (507), we find the Commission stating:

"There is a wide difference in the character of the

testimony required to test the reasonableness of an entire schedule of rates covering the whole traffic of a particular carrier and that required to test the reasonableness of a rate on a particular commodity between two definite points. Whether an attack upon an entire schedule of rates is well founded or not, it is to be determined largely by ascertaining whether the gross amount of traffic carried on those rates affords the carrier, above its operating expenses and taxes, a reasonable return upon the fair value of its property. But whether it lies within the possibilities of some system of accounts that may be devised, and that is strongly denied by eminent writers on railway problems, certainly the present state of the science of railway accounting does not enable us upon any such basis to fix with certainty a reasonable rate upon a particular commodity between two points.''

The foregoing opinion was expressed in 1908 and this Commission does not believe that the ''science of railway accounting'' has advanced sufficiently to modify it in material regard.

(7) The method by which this Commission generally determines the reasonableness of freight rates is by comparison of rates, when surrounding circumstances and conditions are similar. This basis has received general approval by all regulatory bodies and affords perhaps the fairest method to the carrier and shipper alike, where other tests prove of no avail. The Interstate Commerce Commission, in Investigation of Advances in Rates on Grain, 21 I. C. C. 22, has stated that, in its opinion, comparisons of ton-mile earnings on lumber are more helpful than on any other traffic whatsoever. A comparison of rates and ton-mile earnings on lumber when transported under substantially similar conditions, especially on the respondent's own line, has been made in the instant case.

Upon a careful consideration of all the facts, circumstances and conditions shown by this record, the Commission is of the opinion that the respondent carriers have not justified the tariffs under suspension. An order permanently suspending the schedules in question will therefore be issued in accordance with such finding.

ORDER.

IT APPEARING, That by orders dated June 16, June 17, and September 15, 1916, the Commission entered upon a hearing and investigation concerning the propriety of the increases and the lawfulness of the rates as applicable to interstate transportation of lumber, stated in schedules enumerated and described as items 940-A and 960-A of supplement No. 9 to Colo. P. U. C. No. 25, and items 50, 55, 65 and 70 of Colo. P. U. C. No. 39, Denver & Salt Lake Railroad Company issues, and ordered that the operation of said schedules be suspended until March 16, 1917.

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

IT IS ORDERED, That the carriers respondent herein be, and they are hereby, notified and required to cancel said schedules on or before February 1, 1917.

S. S. Kendall,
(Seal) Geo. T. Bradley,
M. H. Aylesworth,
Commissioners.

Dated at Denver, Colorado, this 8th day of January, 1917.

THE R. HARDESTY MANUFACTURING COMPANY V. THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY, ET AL.

(Case No. 73.)

Rates—Railroads—Minimum charge on long and bulky articles.

(1) The Commission was of the opinion that the rule of the carriers which provided that articles which may not be loaded through center side doorways of specified dimension of box cars shall be assessed a minimum charge of 4,000 pounds at first-class rate was unreasonable, and ordered the substitution of a rule providing that when an article is loaded and transported on an open car on account of being too large or too long to be loaded through side doors of box cars, a minimum charge of 4,000 pounds at the first-class rate may be assessed.

(January 9, 1917.)

COMPLAINT against the rule of the carriers in reference to minimum charge on articles too large or too long to be loaded through the sides door of box cars; present rule held unreasonable and carriers ordered to substitute prior rule.

APPEARANCES: F. W. Maxwell and R. Hardesty for complainants; R. C. Fyfe for defendants.

STATEMENT.

By the Commission:

On May 22, 1916, The R. Hardesty Manufacturing Company, a corporation existing under and by virtue of the laws of the State of Colorado, with its principal place of business at Denver, Colorado, and engaged in the manufacture of tanks, gates, pipes, culverts, etc., used for stock watering and irrigation purposes, filed a complaint with the Commission alleging that Rule 20 of Western Classification No. 53, R. C. Fyfe's Colo. P. U. C.

No. 2, as shown in Item 200-A of Supplement 18 to said Classification, reading as follows:

Rule 20-B. Unless otherwise provided, a shipment containing articles the dimensions of which do not permit loading through the center side doorway, 6 feet wide by 7 feet 6 inches high, without the use of end door or window in a closed car not more than 36 feet in length by 8 feet 6 inches wide and 8 feet high, shall be charged at actual weight and authorized rating, subject to a minimum charge of 4,000 lbs., at the first-class rate for the entire shipment.

Note to Rule 20-B. Unles a lower rate is otherwise provided a shipment which contains an article exceeding 22 feet in length and not exceeding 12 inches in diameter or other dimensions (when loaded in a box car as described in Section B of this rule by the use of the end door or window), shall be charged at actual weight and authorized rating subject to a minimum charge of 1,000 pounds at first-class rate for the entire shipment; is unreasonable and discriminatory as applicable to shipments made by the Complainants.

The answers filed by the several defendants are practically all to the same effect and may be summarized by a general denial of the unreasonableness of such rule; an averment that the class of equipment with side doors, the dimensions of which are large enough to permit the loading of articles over 6 feet wide by 7 feet 6 inches long, is constructed and maintained in service for the movement of automobile and furniture traffic only, and is constantly in use for the carload traffic of those commodities, and to require the carriers to divert these cars from such traffic would be unreasonable; and an averment that it is for the purpose of said rule to provide adequate remuneration to the carriers for transporting light and bulky articles which cannot be loaded with other freight

in the ordinary standard box cars therein described, either at all, or according to the ordinary method.

As illustrative of the rules in Western Classification prior to Western Classification No. 53, relating to the charges for articles too large to be loaded through side doors of box cars, it may be well to trace the changes in these rules. The rule now known as Rule 20 was carried as Rule 17 in Classifications prior to No. 51. In Western Classification No. 44, effective May 1, 1908, we find the following wording:

Rule 17-B. Articles too large to be loaded through side doors in 36-ft. box or stock cars (unless otherwise specified in Classification) shall be charged at actual weight and class rate for each article, provided that in no case shall the charge for the entire shipment be less than 5,000 lbs., at first-class rate, except on articles in which the only dimension that presents loading through side doors is the length. In loading such articles the small end doors may be utilized without subjecting the shipment to a minimum charge of 5,000 lbs., at 1st Class rate.

Effective November 1, 1908, in Western Classification No. 45, the rule was changed to read:

Rule 17-B. An article too large to be loaded through the side door of a 36-ft. box or stock car, or too long to be loaded through the end window thereof, shall (unless otherwise specified in the Classification) be charged actual weight, and class rate, provided that in no case the charge for the entire shipment be less than 5,000 lbs., at first class rate.

No further change was made until February 14, 1913, in Supplement No. 6 to Western Classification No. 51, when in compliance with order of the Interstate Commerce Commission in Case No. 4597, 23 I. C. C. 395, the following rule was published:

Rule 20-B. When articles are loaded on a flat or

gondola car on account of their being too bulky to be loaded in a box car through the side door thereof, they shall (unless otherwise specified in the Classification) be charged at actual weight and class rate for each article, provided that in no case shall the charge for each article be less than 5,000 lbs., at 1st Class rate; and when articles are loaded on a flat or gondola car on account of their being too long to be loaded in a box car through the side door thereof, they shall (unless otherwise specified in the Classification) be charged at actual weight and class rate for each shipment for one consignee, provided that in no case shall the charge for the same be less than 5,000 lbs., at 1st Class rate.

Effective June 15, 1915, on Colorado intrastate traffic, in Supplement No. 5 to Western Classification No. 53, R. C. Fyfe's Colo. P. U. C. No. 2, Rule 20-B was amended as follows:

Rule 20-B. Unless otherwise provided, a shipment containing articles the dimensions of which do not permit loading through the center side doorway, 6 feet wide by 7 feet 6 inches high, without the use of end door or window in a closed car not more than 36 feet in length by 8 feet 6 inches wide and 8 feet high, shall be charged at actual weight and authorized rating, subject to a minimum charge of 4,000 lbs. at the 1st Class rate for the entire shipment.

Prior to the effective date of this item, complaint was made by certain shippers, protesting against the rule and asking for a suspension of the effective date and an investigation as to the reasonableness of such a rule. The Commission thereupon in Investigation and Suspension Docket No. 2 suspended the effective date of this rule until April 15, 1916.

A hearing was set for July 12, 1915, upon the issues in that case, but upon the request of Mr. Fyfe, the agent for the carriers, and with the agreement of the shippers

asking for the investigation, the hearing was postponed indefinitely. The request for the postponement of the hearing was due to the fact that the Interstate Commerce Commission had reopened Case No. 5239 on account of numerous complaints made to that Commission on its ruling of March 8, 1915, 33 I. C. 378. This Commission therefore deemed it advisable to await the decision of the Interstate Commerce Commission on the rehearing before taking any action within the state, as uniformity in Classification matters is greatly to be desired.

On March 1, 1916, the Interstate Commerce Commission handed down its decision on rehearing in Case No. 5239, 38 I. C. C. 257, in which, without changing the wording of Rule 20-B as originally ordered, a qualifying note was ordered, reading as follows:

Note to Rule 20-B. Unless a lower rate is otherwise provided a shipment which contains an article exceeding 22 feet in length and not exceeding 12 inches in diameter or other dimensions (when loaded in a box car as described in Section B of this Rule by the use of the end door or window), shall be charged at actual weight and authorized rating subject to a minimum charge of 1,000 pounds at first class rate for the entire shipment.

The final decision of the Interstate Commerce Commission was not received in time to hold a thorough investigation and hearing in reference to the application of the rule in the State of Colorado, and Item 20-B, as published in Supplement No. 5 to Western Classification No. 53, therefore automatically became effective upon April 15, 1916, the date of the expiration of the Commission's suspension. The note applying in connection with Rule 20-B, as prescribed by the Interstate Commerce Commission, was published and filed with this Commission in Supplement No. 18 to Western Classification No. 53, effective May 20, 1916. The present complaint, therefore, was filed and involves the same issues

as were before this Commission in Investigation and Suspension Docket No. 2.

A hearing was held in the hearing room of the Commission at Denver, Colorado, on July 13, 1916, Mr. R. Hardesty and Mr. F. W. Maxwell appearing for the Complainant, and Mr. R. C. Fyfe, Chairman of the Western Classification Committee, appearing for the defendant carriers. Exhibits were submitted by both Mr. Hardesty and Mr. Maxwell, showing the specifications of the tanks, culverts and other materials manufactured and shipped by the Complainant, together with comparisons of freight charges on specific shipments based on the present Rule 20 and without the application of Rule 20.

That the question of the reasonableness of the Classification rules for the transportation of light and bulky articles frequently has been before the Interstate Commerce Commission is evinced by the many cases presented and (1) decisions rendered on such rules.

The Public Utilities Commission of Kansas, in Docket No. 769, also considered the reasonableness of such rules, and on July 29, 1914, ordered the substitution of Rule 17 of Western Classification No. 50 for Rule 20 of Western Classification No. 52. It might be noted, however, that the Commission did not have before it for consideration the present rule prescribed by the Interstate Commerce Commission. I must be remembered in consider-

(1) Having reference to Western Classification rules:
Bennett v. M., St. P. & S. Ste. M. Ry. Co., 15 I. C. C. 301.
Brunswick-Balke-Collender Co. v. C., M. & St. P. Ry. Co., et al., 18 I. C. C. 165.
Houston Structural Steel Co. v. Wabash R. R. Co., et al., 18 I. C. C. 208.
Brunswick-Balke-Collender Co. v. A,. T. & S. F. Ry. Co., et al., 23 I. C. C. 395.
Having reference to Official Classification rules:
Indianapolis Freight Bureau v. C., C. C. & St. L. Ry. Co., et al., 15 I. C. C. 370.
Knox v. Wabash R. R. Co., 18 I. C. C. 185.
Having reference to Southern Classification rules:
Jones v. Southern Ry. Co., 18 I. C. C. 150.
Merchants and Manufacturers Assn. v. A. C. L. R. R. Co., et al., 22 I. C C. 467.
Having reference to uniform rule for all classifications:
In re Minimum Charges on Bulky Articles, 33 I. C. C. 378, 38 I. C. C. 257.

ing the issues in this case that all of the above rules shown as being in effect in the State of Colorado in the Classification issues shown apply only over such lines as do not carry exceptions thereto. Effective September 20, 1910, in Trans-Missouri Rules Circular No. 1-A, an exception to the Western Classification rule was published, as follows:

An article loaded and transported on an open car on account of being too long or too bulky to be loaded through the side door of an ordinary box car of not less than 40 feet 6 inches in length shall be charged at actual weight, subject to a minimum for the shipment of 4,000 pounds at first class rate.

This rule was in effect until April 15, 1916. This exception sheet applies in connection with rates on the prairie lines, i. e., The Atchison, Topeka & Santa Fe Railway, the Chicago, Burlington & Quincy Railroad, the Chicago, Rock Island & Pacific Railway, the Missouri Pacific Railway and the Union Pacific Railroad, and also in connection with rates to or from Colorado common points and points in eastern Colorado on the foregoing lines.

Practically all of the large, bulky shipments made by the complainants move to points in the eastern part of the state, there being little demand for these articles west of Denver.

Mr. Hardesty testified that the type of storage tank generally used is a round tank, 8 feet in diameter by 8 feet in height, with a catalogue weight of 577 pounds, and that the ordinary stock tank in general use is a round tank 8 feet in diameter by 2 feet in height, with a catalogue weight of 207 pounds.

The classification on sheet iron or steel tanks, S. U. not nested, loose or in bundles, L. C. L. is double first-class; nested, in bundles, L. C. L., first-class, two or more tanks enclosed each smaller within each next larger being considered nested.

The Interstate Commerce Commission summarized its earlier decisions briefly in Brunswick-Balke-Collender Co. v. A., T. S. F. Ry. Co., supra, as follows:

There has been a general acceptance by the Commission of the principle that the rate in such cases should be sufficient to give the carrier a fair return for the use of the car, but the conditions under which this return is exacted by the carriers have been subject to criticism. This question has come before the Commission in six cases, and in four of these it has been held that the rule should not be applied when the shipment is carried in a box car. * * * In another case the minimum weight prescribed was found to be unreasonable, but the effect of the decision was expressly limited to the particular commodity involved. * * * The sixth case that the rule should not apply to shipments that can be loaded through the side door of a box car not less than 40 feet 6 inches in length. * * * The principle laid down by the Commission in the cases heretofore decided is that these long and bulky articles should be transported in box cars in every case where it is possible to do so, and that when so transported they shall be charged at the regular rates for less-than-carload shipments. When the shipment solely because of its length or bulk is actually transported on an open car, the rule applying a higher rate and minimum may be enforced.

The discrimination caused by the application of the rules in effect at the time of the investigation of Minimum Charges on Bulky Articles, supra, is well explained by the Commission at 33 I. C. C. 380:

Under the present rules, no matter how long or how bulky an article may be, if same actually moves in a closed car such shipment may be assessed only the less-than-carload rate at such weight. A like shipment moving to some other destination in another train on the same day, but which is not loaded in a box car because

a car of the necessary dimensions to contain same is not available to that destination on that day, is loaded necessarily on a flat car and is subject to the minimum charge of 5,000 pounds at the first-class rate, making a substantial difference in the freight charges on the two like shipments. Again, one shipment of unusual dimensions may move to a consignee on one day on a flat car, because it could not be loaded in an ordinary box car, and taking the minimum charge of 5,000 pounds at the first-class rate under the rule, and on another day a shipment of exactly similar dimensions is shipped to the same consignee in a box car of unusual size that happened to be moving in that direction on that particular day, which last shipment would, therefore, under the present rule, be charged only the less-than-carload rate at actual weight. The difference in the freight charge on these two identical shipments would in some instances be considerable.

In arriving at its decision in the above case, the Interstate Commerce Commission made an exhaustive investigation into the sizes of equipment of the carriers in the entire country. It found that the equipment of carriers in the Western Classification territory was larger than that of the carriers in the Official and Southern Classification territories; that, generally, the doors were larger, and that a relatively larger proportion of cars had end windows.

"It appears that out of the 475,420 ordinary box cars owned by roads parties to the western classification, 25,290, or 5.4 per cent, are over 8 feet high. These unusually large cars are built under special designs for the carriage of furniture or automobiles and were primarily intended for the movement of carload freight of the particular description for which the car was constructed. It often happens that in returning these cars to their points of origin they are loaded back with less-than-car-

load freight, and it is often the case that such a car is available when one of these unusual-sized shipments is offered for transportation. Minimum Charges on Bulky Articles, 38 I. C. C. 257 (258).

"It appears that in spite of the fact that the size of equipment in the western classification territory is somewhat larger than the average in official and southern classification territories, it is highly desirable that this rule should be uniformly state." *Idem.* 33 I. C. C. 378 (383).

This Commission has made a compilation of the box car equipment owned by the carriers, defendants in this cause, including furniture or automobile cars. The figures are taken from the Official Railway Equipment Register, Agent G. P. Conard's Colo. P. U. C. No. 49, effective as of September 1st, 1916. A recapitulation of the statement follows:

RECAPITULATION

	Furniture		Box		Total	
	Owned	Side Doors Over 6-7.6	Owned	Side Doors Over 6-7.6	Owned	Side Doors Over 6-7.6
A., T. & S. F. Ry.....	4,262	4,262	26,319	19,486	30,581	23,748
C., B. & Q. R. R.....	1,809	1,781	28,524	12,776	30,333	14,557
C., R. I. & P. Ry.....	4,756	4,326	25,965	20,393	30,721	24,719
C. & S. Ry.....	17	17	2,413	584	2,430	601
C. M. Ry.	1	1	599	.....	600	1
C. C. & C. S. R. R.....	.....	.....	337	.....	337	.....
D. & R. G. R. R.....	86	.....	4,259	2,226	4,345	2,266
D. & S. L. R. R.....	.....	.....	616	387	616	387
D., L. & N. W. R. R...	.....	.....	64	49	64	49
G. W. Ry.	.....	.....	.....	.....	.....	.....
M. T. Ry.	.....	.....	69	.....	69	.....
M. P. Ry.	1,084	1,084	17,702	7,129	18,786	8,213
R. G. S. R. R.....	.....	.....	.....	.....	.....	.....
U. P. R. R.....	2,084	1,796	11,899	10,793	13,983	12,589
Total.....	14,099	13,267 94.09*	118,766	73,863 62.19*	132,865	87,130 65.58*

*Per Cent.

Of the total number of cars (132,865), 10.6 per cent are furniture or automobile cars, all of which have side doors 6 feet wide, or over, and over 8 feet in height; 62.19 per cent of the box cars have side doors 6 feet wide or over, and over 7 feet 6 inches in height; and 65.58 per

cent of the total cars have side doors with dimensions of 6 feet wide, or over, and over 7 feet 6 inches in height.

The Commission has given consideration to the necessity for uniformity in classification rules, but is unable to arrive at the conclusion that the dimensions set forth in Rule 20 of Western Classification No. 54 are warranted or reasonable as applicable to Colorado intrastate traffic. In the case of Brunswick-Balke-Collender Co. v. A., T. & S. F. Ry. Co., supra, the following language is used:

The fundamental justification for the rule is the transportation of an article on an open car.

This was stated in connection with one of the prior rules, but the same basic principle underlies all rules in reference to minimum charge for articles too large to be loaded through the side doors of box cars.

It is recognized by the Commission that there is a certain amount of discrimination attaching to the former rule, but it believes that discrimination will also result from the application of the present rule within the state. In fact, many cases of such discrimination have already been brought to the attention of the Commission. In such instances the agents of the carriers have assumed that certain articles could not be loaded through a door 6 feet by 7 feet 6 inches, although such articles could actually be so loaded. The Commission is of the opinion that the discrimination is more unjust under the present rule than the former and will, therefore, order the substitution of the rule as existing prior to April 15, 1916.

ORDER

THE R. HARDESTY MANUFACTURING COMPANY

v.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY; CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY; THE CHICAGO, ROCK ISLAND AND PACIFIC RAILWAY COMPANY, Jacob M. Dickinson, Receiver; THE COLORADO AND SOUTHERN RAILWAY COMPANY; THE COLORADO MIDLAND RAILWAY COMPANY. George W. Vallery, Receiver; THE CRIPPLE CREEK AND COLORADO SPRINGS RAILROAD COMPANY; THE DENVER & RIO GRANDE RAILROAD COMPANY; THE DENVER & SALT LAKE RAILROAD CO., THE DENVER, LARAMIE AND NORTHWESTERN RAILROAD COMPANY, Marshall B. Smith, Receiver; THE GREAT WESTERN RAILWAY COMPANY; THE MIDLAND TERMINAL RAILWAY COMPANY; THE MISSOURI PACIFIC RAILWAY COMPANY; THE RIO GRANDE SOUTHERN RAILROAD COMPANY; UNION PACIFIC RAILROAD COMPANY.

IT IS THEREFORE ORDERED, That the above-named defendants be, and they are hereby, notified and required to cease and desist, on or before February 1, 1917, and thereafter to abstain, from applying to the intrastate transportation of traffic, their present rule in regard to loading articles too long or too bulky to be

loaded through the side doors of box cars, which said rules are found to be unreasonable.

IT IS FURTHER ORDERED, That the said defendants be, and they are hereby, notified and required to establish, on or before February 1. 1917, upon notice to the Public Utilities Commission of the State of Colorado and to the general public, by not less than five days' filing the posting in the manner prescribed in the Public Utilities Act, and thereafter to maintain and apply to the intrastate transportation of traffic a rule embodying the following provisions in regard to loading articles too large or too long to be loaded through the side doors of box cars, to-wit:

An article loaded and transported on an open car on account of being too long or too bulky to be loaded through the side door of an ordinary box car of not less than 40 feet 6 inches in length shall be charged at actual weight, subject to a minimum for the shipment of 4,000 pounds at first-class rate.

The Public Utilities Commission of the State of Colorado.

S. S. KENDALL,
(Seal) GEO. T. BRADLEY,
M. A. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 9th day of January, 1917.

CITIZENS OF GREEN MOUNTAIN FALLS
v.
THE COLORADO MIDLAND RAILWAY COMPANY,
G. W. Vallery, Receiver.

(Case No. 109.)

(January 17, 1917.)

COMPLAINT against winter passenger train service afforded Green Mountain Falls and Cascade by the Colorado Midland Railway Company; complaint dismissed.

APPEARANCES: James B. Barnes for complainant; George A. H. Fraser and C. H. Speers for defendant.

STATEMENT.

By the Commission:

On the 20th day of November, 1916, the Commission received a written petition signed by twenty-seven (27) citizens of Green Mountain Falls, Colorado, requesting that trains Nos. 8 and 11, operated by the defendant, The Colorado Midland Railway Company, George W. Vallery, Receiver, be retained and to investigate the withdrawal of same.

The petition stated that the only means of transportation since the discontinuance of trains Nos. 8 and 11 is by train No. 3, westbound, arriving Green Mountain Falls 12:05 (midnight), and train No. 6, eastbound, arriving at 3:00 o'clock A. M., completely cutting off any convenient communication with Colorado Springs and other trading points.

On the 5th day of December, 1916, the defendant corporation filed with the Commission its answer to the petition, stating that ever since December 13, 1912, the functions and activities of this defendant as a common carrier have been suspended; that upon said date Mr. George W. Vallery was appointed Receiver of this defendant by the District Court of the United States for the District of Colorado; that immediately thereafter he qualified as such Receiver, and that ever since said date he has been, and now is, the duly qualified and acting Receiver of this defendant; that all functions of the company, as a common carrier, ever since have been, and now are, discharged by said Receiver;

That on to-wit, November 19, 1916, trains Nos. 8 and 11, mentioned in said complaint, were withdrawn by said Receiver; that two passenger trains are daily operated by said Receiver through Green Mountain Falls, to-wit, train No. 3, westbount, reaching said station at 11:50 p. m., and No. 6, eastbound, reaching said station at 3:00 A. M.;

That for many consecutive years last past said trains Nos. 8 and 11 have, at about this time of year, been similarly withdrawn by reason of the fact that as the winter approaches the earnings therefrom become insufficient to pay operating expenses and that, even during a considerable portion of the time of operation of said trains each year, the same are operated at a loss;

That it has been the practice to resume operation of said trains about the month of April each year;

That at all times of the year, for many years last past, Green Mountain Falls has been merely a flag station for most passenger trains; that it is a very small community, and that passenger traffic to or from it at all times of the year has been very light and during the winter months has been, and is, so small as to be negligible; that said community has not grown or increased

in size or importance for many years last past; that the winter schedule of trains has been arranged with a view to best serving the greatest number of residents located among the entire line; that it is necessary to have trains leave and arrive at terminals at such times as to make connections with the various other lines reaching such terminals; that the arrangement of train movement be made to acommodate through travel, as well as local passengers, and that it is impossible so to schedule trains that every point will be reached at an hour convenient to the inhabitants thereof;

That similar conditions as to time of train arrivals to those at Green Mountain Falls apply on westbound traffic to all stations west of Green Mountain Falls, at least as far as Ivanhoe;

That by reason of the foregoing it is totally impracticable to continue said trains Nos. 8 and 11 during the winter months and that the inconvenience to Green Mountain Falls by reason of the suspension of said trains is necessarily incidental to the operation to the entire line.

On December 18, 1916, a written petition was received by the Commission signed by sixteen (16) citizens of Cascade, Colorado, (Cascade being situated four miles southeast of Green Mountain Falls on the line of the defendant carrier), asking that an investigation be had as to the removal of trains Nos. 8 and 11 on November 19, 1916, and stating that the only means of transportation now being train No. 3, westbound, and train No. 6, eastbound, inconvenience is caused in going to and from Colorado Springs and other trading points.

Petitioners were granted the right to intervene and were made a party to this cause.

It developed from the testimony that Green Mountain Falls is mainly a tourist resort; that the business shops and merchants there are almost wholly supported

by tourist trade, and that the months of June, July and August are the principal months in which business is transacted.

There is one small hotel which is closed during the winter. The principal industry is the renting of cottages or tents to tourists, and supplying them with their wants and needs during the summer season. That a number of cottages there are owned by people who occupy them only as summer residences, and that it has been the custom of the railway company for years to maintain an agency station at this point during only a portion of the year. Also it appears that part of the passenger train service has been discontinued by the defendant carrier over its line during the winter months for several years past, but that the residents of Green Mountain Falls can avail themselves of an automobile stage service which is operated at convenient hours, so that the people do not have to depend entirely on the railroad.

During the winter the population of Green Mountain Falls is about seventy-five; in the summer months there are one thousand additional residents mostly tourists. During the summer season the defendant carrier operates eight passenger trains every twenty-four hours, four in each direction, and during the winter months the two passenger trains operated are so scheduled as to serve the more densely populated communities through which the defendant carrier operates, in order to give satisfactory service to the largest possible number of its patrons.

The Commission is of the opinion that the present passenger schedule of The Colorado Midland Railway Company, George W. Vallery, Receiver, taken in conjunction with the automobile stage service available during certain months of the winter, is sufficient to handle the business of Green Mountain Falls and Cascade and that these communities are not entitled to the same serv-

ice in the winter as is afforded during the summer, or tourist season.

ORDER

IT IS THEREFORE ORDERED, That the complaint be dismissed.

S. S. KENDALL,
(Seal) GEO. T. BRADLEY,
M. A. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 17th day of January, 1917.

IN RE DELTA COUNTY CO-OPERATIVE TELEPHONE COMPANY.

(Case No. 67.)

(January 18, 1917.)

APPLICATION for increase in telephone rates in Delta, Gunnison and Montrose Counties; dismissed on motion of petitioner.

ORDER.

By the Commission:

Now on this 18th day of January, 1917, on reading and filing the motion of The Delta County Co-operative Telephone Company, the applicant in this case, that the above entitled cause be dismissed,

IT IS HEREBY ORDERED, That the above cause be, and the same is hereby dismissed.

S. S. KENDALL,
(Seal) GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 18th day of January, 1917.

THE MISSOURI LUMBER & SUPPLY COMPANY, *et al.*,

v.

THE ATCHISON, TOPEKA & SANTA FE RAILWAY COMPANY, *et al.*

THE CONSUMERS' LEAGUE OF COLORADO, *Intervener.*

(Case No. 28.)

DENIAL OF REHEARING.

(January 23, 1917.)

STATEMENT.

By the Commission:

On the 18th day of December, 1916, the Public Utilities Commission of the State of Colorado ordered the Defendant carriers to abstain from applying, charging, demanding or collecting their present charges for switching service in the City of Denver, on all freight traffic moving entirely within the State of Colorado, and ordered the carriers to charge reasonable rates for switching service in the City of Denver, effective on or before February 1, 1917, on all freight traffic moving entirely within the State of Colorado:

The Commission, in its order, defined the Denver district and established switching zones and reasonable switching rates and charges for industrial switching and reciprocal switching within the City of Denver.

On the 19th day of January, 1917, The Atchison, Topeka & Santa Fe Railway Company, by Henry T. Rogers, its Attorney; The Denver & Rio Grande Railroad Company, by E. N. Clark, its Attorney; the Union Pacific Railroad Company, by C. C. Dorsey, its Attorney; the Chicago, Burlington & Quincy Railroad Company, by E. E. Whitted, its Attorney; The Colorado & South-

ern Railway Company, by its Attorney, E. E. Whitted, and The Denver & Intermountain Railroad Company, by Howard S. Robertson, its Attorney, filed a joint 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 defendant carriers for a rehearing should be denied.

The order of the Commission in case No. 28, known as the Denver switching Case, and entered on the 18th day of December, 1916, to become effective on or before February 1, 1917, was made after careful consideration by the Commission, and it is the opinion of the Commission that prior to further consideration of the rates and charges of the defendant carriers for switching within the City of Denver, the order of the Commission, and the reasonable rates and charges therein set forth, should be given a fair trial by the carriers, and, in that event, if the carriers should then be convinced that the rates and charges established by the Commission in the above cause are unreasonable and unjust, the Commission will at that time consider the further application of the carriers in the premises.

ORDER.

IT IS THEREFORE ORDERED, That the petition for rehearing, filed with the Commission by the Defendant carriers, be denied, and that the order of the Commission in the above cause, entered on the 18th day of December, 1916, shall become effective on or before the 1st day of February, 1917.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
Commissioners.

Dated at Denver, Colorado, this 23rd day of January, 1917.

THE EAST DENVER BUSINESS AND PROPERTY ASSOCIATION
v.
THE DENVER TRAMWAY COMPANY.

(Case No. 116.)

Pleadings—Absence of direct damage.

(1) The Commission held that it was unnecessary for complainants to show special or direct damage in complaints before the Commission.

Jurisdiction of Commission—Utilities subject—Home Rule cities.

(2) The Commission held that it had jurisdiction over all public utilities, whether operating wholly or partially within a city or city and county governed under a special charter known as the "home rule" amendment.

(February 3, 1917.)

COMPLAINT against equipment and service of The Denver Tramway Company on Seventeenth and Eighteenth Streets in Denver; motion of defendant denying jurisdiction of Commission overruled; Denver Union Terminal Railway Company ordered to appear as defendant.

APPEARANCES: Whitehead & Vogl for complainant; Howard S. Robertson for defendant.

STATEMENT.

By the Commission:

On the 2nd day of January, 1917, the complainant filed with the Public Utilities Commission of the State of Colorado its duly verified complaint alleging that the defendant carrier operates an electric street railroad in and about the City and County of Denver, and is subject to the laws of the State of Colorado relating to public utilities, and that the said defendant carrier does not maintain adequate and efficient service upon Seventeenth and Eighteenth Streets in said City and County of Denver, but, on the contrary, maintains upon each of said

streets service which is entirely inadequate and insufficient to properly provide for the comfort and convenience of the public which has to travel to places upon said streets.

The petition of the complainants states that the defendant has established and maintained an unreasonable difference in service as between Fifteenth Street and Seventeenth and Eighteenth Streets, in that lines or cars to and from all parts of the City are regularly operated on Fifteenth Street, whereas Seventeenth and Eighteenth Streets each has only one line of cars which operates to and from any residence portion of the City of Denver, and that the cars on Eighteenth Street are "ancient in design, small in capacity, and unsanitary, and inconvenient," and that the schedules upon which these cars are operated result in discrimination against the traveling public as well as property and business owners on Seventeenth and Eighteenth Streets.

The complaint then alleges that an additional loop should be constructed within the City of Denver for the operation of cars, and further, that the defendant carrier should construct an adequate looping system at the Union Depot on Wynkoop Street from Seventeenth and Eighteenth Streets in order to efficiently handle the cars required on Seventeenth and Eighteenth Streets to properly provide for the wants of the traveling public in that section.

On the 11th day of January, 1917, the defendant corporation filed with the Commission its answer, alleging that the Commission had no power or authority to grant the relief sought in the complaint; that the complainant is without legal capacity to maintain the action; that the complaint does not state facts sufficient to constitute a cause of action; and that the Commission has no jurisdiction over the subject matter of the complaint and no jurisdiction over the person of the defendant.

It is then alleged that the complaint seeks to invoke the jurisdiction of the Commission for the purpose of diverting traffic to Seventeenth and Eighteenth Streets, and is without regard to the convenience and welfare of the traveling public generally.

The defendant carrier also contends that the Commission is without authority or power to control the defendant carrier in the regulation of its business, relating wholly and exclusively to the management and operation thereof, which control is subject only to the proper officers of the defendant.

It is then alleged that if there be any regulation of the defendant carrier—which the defendant carrier alleges there is not—it is vested in the City Commissioners of the City and County of Denver, and not in the Public Utilities Commission of the State of Colorado.

It is also alleged that the complaint shows no special damage, and that the defendant carrier serves, adequately the traveling public in the City and County of Denver; that no loop constructed between Seventeenth and Eighteenth Streets, as prayed for by the complainant, is necessary, practicable or feasible, but that proper looping facilities at the Union Depot require the construction and maintenance of a loop at the foot of Seventeenth Street, in front of said depot, or in the immediate vicinity of said depot, so that the cars of the said defendant may proceed to said depot by way of Seventeenth Street and loop in front of said depot, or the immediate vicinity thereof, and return by way of said Seventeenth Street.

It is further alleged that proper looping facilities at the Union Depot require that a portion of said loop extent over and upon a part of the property of The Denver Union Terminal Railway Company, and the defendant therefore prays that an order be entered by the Commission notifying The Denver Union Terminal Railway

Company of the pendency of this action and requiring the Terminal Company to appear before the Commission in this cause in order that the public interest, as well as the rights of all the parties to this proceeding, may be equitably and adequately adjudged, determined and protected.

The defendant carrier contends that the Public Utilities Commission of the State of Colorado has no jurisdiction over its person or the subject matter of this action:

1st. Because the defendant carrier operates within the City and County of Denver, which city and county, by virtue of an amendment to the Constitution of the State of Colorado, has the full and exclusive authority, if any authority there be, to regulate and control the defendant carrier.

2nd. That the Commission has no jurisdiction over the subject matter of the complaint; and,

3rd. That the complaint does not state facts sufficient to constitute a cause of action.

(1) The Commission is of the opinion that it is unnecessary for a complainant to show special or direct damage to the complainant in this case, and that certain matters of the complaint may be properly brought before this Commission; that this Commission is, in fact, the only tribunal that may properly regulate certain matters contained in the complaint.

Chapter 127 of the Session Laws of Colorado for 1913, entitled, "An Act Concerning Public Utilities, Creating a Public Utilities Commission, Prescribing its Powers and Duties and Repealing Certain Acts and Parts of Acts in Conflict Therewith," provides as follows:

Section 13 (b). Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety,

health, comfort and convenience of its patrons, employes and the public, and as shall in all respects be adequate, efficient, just and reasonable.

Section 24. Whenever the Commission after a hearing had upon its own motion or upon complaint, shall find that the rules, regulations, practices, equipment, appliances, facilities or service of any public utility, or the methods of manufacture, distribution, transmission, storage or supply employed by it, are unjust, unreasonable, unsafe, improper, inadequate or insufficient, the commission shall determine the just, reasonable, safe, proper, adequate or sufficient rules, regulations, practices, equipment, appliances, facilities, service or methods to be observed, furnished, constructed, enforced or employed and shall fix the same by its order, rule or regulation. The Commission shall prescribe rules and regulations for the performance of any service or the furnishing of any commodity of the character furnished or supplied by any public utility, and upon proper tender of rates, such public utility shall furnish such commodity or render such service within the time and upon the conditions provided in such rules.

Section 25. Whenever the Commission after a hearing upon its own motion or upon complaint, shall find that additions, extensions, repairs, or improvements to, or change in the existing plant, equipment, apparatus, facilities or other physical property of any public utility or of any two or more public utilities ought reasonably to be made, or that a new structure or structures should be erected to promote the security or convenience of its employes or the public, or in any other way to secure adequate service or facilities, the commission shall make and serve an order directing that such additions, extensions, repairs, improvements, or changes be made, or such structure or structures be erected in the manner and within the time specified in such order. If the Commis-

sion orders the erection of a new structure, the selection of the site for such structure shall be subject to the approval of the commission. If any additions, extensions, repairs, improvements or changes, or any new structure or structures which the Commission has ordered to be erected, require joint action of two or more public utilities, the Commission shall notify the said public utilities that such additions, repairs, improvements, or changes or new structure or structures have been ordered and that the same shall be made at their joint cost, whereupon the said public utilities shall have such reasonable time as the Commission may grant within which to agree upon the portion or division of cost of such additions, repairs, extensions, improvements, or changes or new structure or structures, which each shall bear. If at the expiration of such time such public utilities shall fail to file with the Commission a statement that an agreement has been made for a division or apportionment of the cost or expense of such additions, extensions, repairs, improvements, or changes, or new structure or structures, the Commission shall have authority, after further hearing, to make an order fixing the proportion of such expense to be borne by each public utility and the manner in which the same shall be paid or secured.

Section 26. Whenever the Commission, after a hearing had upon its own motion or upon complaint, shall find that any railroad corporation or street railroad corporation, or person operating any such railroad or street railroad does not run a sufficient number of trains or cars, or does not possess or operate sufficient motive power, reasonably to accommodate the traffic, passenger or freight transported by or offered for transportation to it, or does not run its trains or cars with sufficient frequency or at a reasonable or proper time having regard to safety, or does not stop the same at proper places, or does not run any train or trains, car or cars, upon a rea-

sonable time schedule for the run, the Commission shall have the power to make an order directing any such railroad corporation or street railroad corporation to increase the number of its trains or of its cars or its motive power or to change the time of starting its train or car or to change the time schedule for the run of any train or car or to change the stopping place or places thereof, or to make any other change the Commission may determine to be reasonably necessary to accommodate and transport traffic, passenger or freight, transported or offered for transportation.

In the case of The Denver & South Platte Railway Company v. The City of Englewood, — Colo. —; 161 Pac. 151; P. U. R. 1916E, 134, decided by the Supreme Court of Colorado on the 3rd day of July, 1916, in an opinion written by Mr. Justice Scott, it is said:

"This act is very broad and seems to confer the absolute power to regulate, both as to rates and otherwise, all public utilities within the state, at least all such as are specified in the act, and among which are street railways. * * * From the sections quoted, and from other provisions of the act, it fully appears that the Legislature intended to delegate to the Public Utilities Commission the administration, supervision and regulation of all service rendered to the public throughout the state, including municipalities. Rates and regulations fixed by contract are specifically included within the powers of the Commission. * * * It follows, therefore, that the power to regulate the rates of the public utility in question, is vested by the act exclusively in the Public Utilities Commission. The law fully provides that every order or decision made by the Commission, may be reviewed by the Supreme Court upon the application of either party, or of any person pecuniarily interested in the utility, for the purpose of having the lawfulness of the order or revision determined.

(2) The Commission has heretofore held that its jurisdiction extended to all public utilities, whether operating wholly within or partially within a city or city and county governed under special charter as provided for in the amendment to the Constitution of the State of Colorado known as the "Home Rule Amendment," by virtue of which all cities and towns having a population of 2,000 inhabitants are given authority to make a charter which shall be the organic law of the city or town and extend to all local or municipal matters, with all powers necessary, requisite or proper for the government or control of its municipal matters, including the power to legislate upon, provide, regulate or control the same. It also provides:

"It is the intention of this article to grant and confirm to the people of all municipalities coming within its provisions the full right of self-government in both local and municipal matters and the enumeration herein of certain powers shall not be construed to deny to such cities and towns, and to the people thereof, any right or power essential or proper to the full exercise of such right."

In the case of Castle Rock Mountain Railway and Park v. Denver Tramway Company, 1 Colo. P. U. C., 126, (P. U. R. 1915F, 224) at page 129, the Commission said:

"This is popularly known as 'home rule,' and it is the position of this defendant, a public utility located within the City and County of Denver, which City and County operates under a charter, that it is not subject to the jurisdiction of the Public Utilities Commission of the State of Colorado, but is under the control of the local authorities within the City and County of Denver. We cannot assent to this proposition. It has been decided a number of times that the regulation of rates and service of a public utility, and rules, regulations and practices pertaining thereto, arises through the police

power of the State, and is a matter of statewide importance, and is in no sense a local, municipal or internal matter. If the position of the defendant in this regard was assented to by the Commission, any municipality within the State of Colorado with a population of two thousand inhabitants could regulate the rates and service of the public utilities operating within its boundaries, and the Public Utilities Law of the State of Colorado would become but an emasculated piece of legislation; and we refer the defendant to the case of Portland Railway, Light & Power Company v. City of Portland, reported at 210 Fed., at page 667. In this case a utility operating within the boundaries of the City of Portland, a 'home rule' city operating under a charter, with power to control and to legislate in regard to its local, municipal and internal affairs, filed its schedule of rates with the State Public Service Commission of Oregon, and the City of Portland questioned the jurisdiction of the State Commission over the local utility, and the Honorable Judge Bean, in a very clear and able opinion, had the following to say:

" '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 it 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 and 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 inconsistent with a general law of the state constitutionally enacted. Straw v.

Harris, 54 Ore. 424, 103 Pac. 777, and Kiernan v. City of Portland, 57 Ore. 454, 111 Pac. 379, 112 Pac. 402, 37 L. R. A. (N. S.) 339. It was so held by the Supreme Court of the state in Riggs v. City of Grants Pass, 134 Pac. 776, where a city attempted to amend its charter so as to authorize its council to incur an indebtedness for the building of railroads. The regulation of fares to be charged by public service corporations is not primarily a municipal matter, but is a sovereign right belonging to the state in its sovereign capacity. 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 rights 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 in 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 people of a part of the state become greater than the whole. The Public Utility Act was not only passed by the Legislature, but approved by a majority of the people on a referendum vote. It is, therefore, the expressed will of the sovereign power of the state concerning a subject over which it has jurisdiction, and it cannot be amended or abrogated by the people of a particular or given locality. The purpose was to provide a uniform system throughout the entire state for the control and regulation of public utilities and fixing the rates to be charged by them, and to create a tribunal for that purpose. It is true the Public Utility Act does recognize the authority of municipalities over public service corporations within its boundaries for certain

purposes, but not in the matter of regulating or prescribing rates or fares. That power is vested alone in the Public Service Commission. Now, Portland, or the people of Portland, are not without remedy if the rate charged by the plaintiff is unreasonable or unjust. They have a full and complete remedy by application to the tribunal created by the state for the purpose of determining such questions and which is provided with the necessary machinery and expert assistants to deal with the subject intelligently. I take it, therefore, that the preliminary injunction should issue; the form thereof and the amount of the bond to be determined hereafter.' "

See also, Thormann v. The Denver & Interurban Railroad Co., 2 Colo. P. U. C. 171; P. U. R. 1916E, 421.

In the case of the City of Woodburn v. Public Service Commission, — Ore. —; 161 Pac. 391, decided by the Supreme Court of the State of Oregon in November, 1916, an opinion written by Mr. Justice Harris fully sustains the position heretofore taken by the Commission that the regulation and control of all public utilities by the Public Utilities Commission of the State of Colorado, by the power and authority vested in it by the laws of the state pertaining to public utilities, is a proper exercise of the police power of the state. The opinion of Mr. Justice Harris is in part as follows:

"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 upon that subject curbed, by section 2 of Art. XI of the State constitution because in its essence it is neither a municipal power nor an incident to a pure municipal power and, therefore, even under the rule announced by the majority opinion in Kalich v. Knapp, Or. 558, 142 Pac. 594, 145 Pac. 22, the legislative assembly was not prohibited from making the Public

Utility Act applicable to urban as well as extra-urban territory.''

Also:

''The power to regulate rates does not appertain to the government of a city; it 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.''

It therefore is the opinion of the Commission that the contention of the defendant carrier that the Public Utilities Commission of the State of Colorado has no jurisdiction over the person of the defendant carrier, or the power or authority to regulate the service of the carrier, to the end that it shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employes, and the public, and as shall in all respects be adequate, just and reasonable, should be, and is, overruled.

The Commission being fully advised in the premises, deems it advisable that The Denver Union Terminal Railway Company, a corporation, be joined as a party in this cause, and be required to appear before this Commission, to the end that the public interest, as well as the rights of all the parties to this proceeding, may be equitably and adequately adjudged, determined and protected.

ORDER.

IT IS THEREFORE ORDERED, That the Secretary of the Public Utilities Commission of the State of Colorado serve upon The Denver Union Terminal Railway Company a copy of the complaint of the complainant, a copy of the answer of the defendant carrier, and a copy of the order of the Commission, and that the said The Denver Union Terminal Railway Company be notified by the Secretary of the Commission that it may have twenty (20) days in which to plead to the answer of the defendant company.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 3rd day of February, 1917.

CITY OF ENGLEWOOD
v.
THE DENVER UNION WATER COMPANY.

(Case No. 102.)

(February 9, 1917.)

COMPLAINT against rates in City of Englewood for irrigating purposes; dismissed on motion of complainant.

ORDER.

By the Commission:

Now on this 9th day of February, 1917, on reading the motion as introduced into the record by the complainant in the above cause, that the same be dismissed.

IT IS HEREBY ORDERED, That the above cause be, and the same is hereby, dismissed.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 9th day of February, 1917.

CITIZENS OF AGUILAR
v.
THE COLORADO & SOUTHERN RAILWAY. COMPANY.

(Case No. 107.)

(February 17, 1917.)

COMPLAINT against inadequate freight depot and facilities at Aguilar; defendant ordered to construct and maintain suitable depot.

APPEARANCES: M. K. Edwards for complainants; T. R. Woodrow, for defendant.

STATEMENT.

By the Commission:

On the 6th day of November, 1916, there was filed with the Commission a complaint and petition, signed by fifty citizens of Aguilar, Colorado, requesting an order of the Commission directed against the defendant carrier, ordering the defendant carrier to erect a suitable depot building at a location to be fixed by the Commission.

On the 21st day of November, 1916, the defendant answered the complaint of the petitioners, generally denying the allegations of the complaint and petition.

The above cause was heard by the Commission on the 13th day of December, 1916, at the hour of 10:00 o'clock a. m., at the Hearing Room of the Commission in the State Capitol building in the City and County of Denver, Colorado.

Aguilar is a municipality located on the line of railway of The Colorado & Southern Railway Company, in Las Animas County, Colorado, and has a population of about eighteen hundred people. It is advantageously located in agricultural territory and is surrounded by

rich coal lands, from which a large amount of coal is being mined. The town is located approximately one mile from the main line of the defendant carrier, and is served by a spur track from the main line over which the defendant carrier transports freight to and from Aguilar. At a point about one and one-half miles from Aguilar, and on the main line of the defendant carrier, is located the station of Lynn, from which point the passengers of the defendant carrier proceed to and from Aguilar by "bus" line.

All of the witnesses for the complainants testified that the structure now used as a depot by the defendant carrier at Aguilar is inadequate, and that the consignees of freight at Aguilar are compelled to enter the cars of the defendant carrier and remove their freight therefrom; and that patrons are compelled to unload freight from the side of the cars next to the depot, which necessitates the teamsters driving upon the main track of the defendant carrier for unloading purposes.

Witnesses further testified that the present structure, composed of box car bodies, is not of sufficient size or properly arranged to conveniently handle the freight business at this station.

Subsequent to the hearing, and on the 2nd day of January, 1917, the Commission received the reports of Inspectors E. S. Johnson and W. C. Reid, recommending, for the Commission's consideration, several suitable locations for a depot at Aguilar, and, on the 3rd day of February, 1917, C. D. Vail, the Commission's Engineer, made a supplemental report to the Commission on the subject of locations and building costs.

At the request of the Commission, E. F. Vincent, Chief Engineer for the defendant carrier, reported to the Commission on locations, building costs, etc., and submitted specifications and plans for a proposed freight depot at Aguilar.

The Commission is of the opinion that freight depot facilities at Aguilar on the line of the defendant carrier are inadequate, and, after careful consideration of the evidence in this cause, the several reports, and the plans and specifications submitted to the Commission, and the Commission being fully advised in the premises:

ORDER.

IT IS ORDERED, That the defendant, The Colorado & Southern Railway Company, shall locate and erect a frame freight depot at Aguilar, Colorado, on the southerly side of the spur track now used as a team track, near the intersection of Main Street and West Avenue, and about one hundred and twenty-five (125) feet southwesterly from the location of the present station, which depot shall be not less than twenty (20) feet wide by forty-eight (48) feet long, with a freight platform twenty (20) feet by thirty-two (32) feet adjoining the westerly end of the depot so as to conform to the level of car floors, and shall be in accordance with the plans and specifications now filed with the Commission.

IT IS FURTHER ORDERED, That the agent and assistant shall not ocupy a part of the freight depot for residential purposes unless the defendant carrier amends the plans filed with the Commission to the end that a second story may be added thereto for the accommodation of the agent and assistant.

IT IS FURTHER ORDERED, That the defendant carrier construct and erect the proposed freight depot and platform within a period of ninety (90) days from the date of this order.

GEO. T. BRADLEY,
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 17th day of February, 1917.

THE BIG FIVE MINING COMPANY.
v.
THE DENVER, BOULDER & WESTERN RAILROAD COMPANY.

(Case No. 98.)

Service—Railroads—Adequacy.

(1) Where the public in general is not directly concerned in the adequacy of service of a railway over a spur track serving one industry only, the Commission will require a showing as to the amount of tonnage or revenue the railway company may reasonably expect before ordering a spur track placed in operating condition.

(February 24, 1917.)

COMPLAINT against condition of spur track on the Denver, Boulder & Western Railroad at properties of the Big Five Mining Company near Frances; complainant required to produce evidence as to the amount of tonnage before an order will issue requiring spur track placed in good condition.

APPEARANCES: Garwood & Garwood for complainant; E. E. Whitted and T. M. Stuart, Jr., for defendant.

STATEMENT.

By the Commission:

On the 19th day of September, 1916, there was filed with the Commission a petition, by the complainant in this cause, alleging that the petitioner is a corporation engaged in the business of mining at or near the town of Frances and the town of Ward, in the County of Boulder, State of Colorado; that the defendant is a common carrier of passengers and freight and owns and operates a line of railroad from the City of Boulder in the County

of Boulder, State of Colorado, to the town of Sunset in said county and state, and thence to the town of Ward in said county and state.

It is further alleged that for the purpose of carrying on the mining operations of the petitioner, the defendant carrier some years ago constructed for the petitioner a spur track, about seven-tenths of a mile in length, running from the main line of the defendant's railroad tracks to the property of the petitioner, and that the spur track was in a large part paid for by the petitioner, and is now necessary in the mining operations of the mining property belonging to the petitioner.

The petitioner further states that at various times during the receivership of the predecessor in interest of The Denver, Boulder & Western Railroad Company, the defendant herein, and up to the fall of the year 1912, the defendant carrier collected from the petitioner unjust, oppressive and unreasonable freight rates, and thereby compelled the petitioner to transport by wagon a large amount of freight from the main track of the defendant carrier to the mining properties of the petitioner, which necessitated a haul of at least a quarter of a mile down a steep and dangerous grade, and which caused the petitioner great delay and unnecessary expense in the operation of its mining properties.

The petitioner alleges that it now has ore ready for shipment, and that machinery, which will be consigned to the petitioner, and which ought to be delivered by the defendant carrier at the terminus of the spur track at the mining property of the petitioner, is awaiting shipment, and that while the petitioner has demanded that the defendant carrier receive the proposed shipments the defendant carrier has refused for four years last past, and now refuses, to receive or deliver freight on the siding at any rate or price.

The petitioner also alleges that it is contemplating an extensive operation of the mining properties at or near the spur track, and has reason to believe that it will ship monthly over said spur track twelve or fifteen cars of freight from time to time during the coming season.

It is further alleged that the defendant carrier has allowed the spur track to become in a bad state of repair, and that at the present time the same is not in condition to safely carry the engines and trains of the defendant carrier, and that it has therefore become necessary to expend moneys to repair the spur track; that while the petitioner has made demand upon the defendant carrier to repair the spur track and place the same in proper condition to transport thereover such cars as may be necessary to serve the industrial purposes of the petitioner, the defendant has failed and neglected to make any effort to repair the track, and that in the opinion of the petitioner the defendant carrier will dismantle the spur track and tear up the same unless restrained by this Commission.

It is further alleged that the defendant carrier has in the past collected unreasonable switching charges for freight shipped by the petitioner over the line of railroad, and has collected unreasonable switching charges for services rendered on the said spur track.

The petitioner prays an order of the Commission restraining the defendant carrier from in any manner interfering with or dismantling the spur track, and requiring the defendant to repair the spur track at its own expense and in such a manner as will furnish facilities to the petitioner, and that an order be entered by the Commission fixing fair and reasonable charges for freight shipped by the petitioner on the line of the defendant carrier, and that an order be entered fixing a reasonable switching charge for all cars which may be shipped in and out of the spur track by the petitioner.

On the 2nd day of October, 1916, there was filed with the Commission the answer of the defendant carrier, which admits that the spur track extending from the main track of the defendant carrier to the petitioner's mines has been for many years in a state of disrepair so that engines and cars cannot safely be operated over it, and alleges that it would require an expenditure of a large sum of money to place it in a condition to move cars over it.

The defendant company alleges that this condition of disrepair was brought about by reason of the fact that the petitioner, which alone was and is served by the said spur track, had no business either inbound or outbound over the spur, and for many years the spur track has been utterly useless to the defendant carrier as a producer of revenue.

The defendant carrier further alleges that its total revenues have been for several years last past insufficient to pay operating expenses; that the railroad now owned by the defendant company never has produced sufficient revenue to pay a dividend to the stockholders, and that but one small payment has ever been made as interest upon its bonded indebtedness.

The defendant company further alleges that the operation of the spur track is wholly unnecessary to the proper conduct of all the mining operations that the petitioner has carried on for the past several years, or will carry on in the future, and requests the Commission to dismiss the petition of the petitioner.

This cause came on for hearing before the Commission at its hearing room in the State Capitol building in the City and County of Denver, State of Colorado, at the hour of 10:00 o'clock a. m., December 7, 1916.

The Big Five Mining Company owns and operates a mining property in the County of Boulder about 1,300 feet from the town of Frances by wagon road, and about

seven-tenths of a mile by spur track connecting with the main line of the defendant carrier.

In 1895, the petitioner constructed a mill located at this point, and in the year 1898 the defendant company constructed a spur track from its main line at Frances station to the properties of the petitioner.

There appears to be a conflict in the evidence as to who paid for the building of this spur track, but the Commission is convinced that it was constructed at the expense of the defendant carrier or its predecessor in interest.

The petitioner, for some years subsequent to the construction of the mill and spur track, operated the mine and mill and received shipments of freight over the railway line of the defendant carrier, and transported shipments of ore over the spur track and main line of the defendant company. In the year 1912 the operation of the mill and mine was discontinued, but the petitioner, through its general manager, W. P. Daniels, now states that the corporation contemplates repairing and re-opening the mill and operating the mine.

The Witness Daniels testified that the spur track is in bad repair and that before the defendant company could safely transport its rolling stock over the spur track repairs to it should be made, Mr. Daniels stated that the cost of delivering ore from the mill to Francis station by wagon haul was 50 cents per ton, that this method of transportation was inconvenient and unsatisfactory, and that the sum of 50 cents per ton in many shipments represented the difference between profit and loss; and further stated that in the event the operation of the mine is successful the defendant carrier would receive from eight to fifteen cars of ore monthly from the mill of the petitioner.

Mr. Daniels admitted that the Company had made practically no shipments of ore from this mill since the

year 1912, and that shipments to and from the mill of coal, ore and other freight from July 1, 1911, to June 30, 1912, produced a revenue for the railroad of $968.30, divided into inbound and outbound shipments in the sums of $719.90 freight for coal inbound, and $248.40 for ore outbound. Since the year 1912 electric power has been substituted for coal in the operation of the petitioner's mill and mine, and therefore the defendant company can anticipate no revenues from shipments of coal inbound.

The representative of the petitioner claims that the Company has expended certain moneys in repairs of the mill, and plans within a short time to have the mill and mine in operation.

It is also the position of the petitioner that the charge of the defendant carrier for switching freight from Frances station over the spur of the carrier to the mill of the petitioner is excessive and unreasonable.

Witnesses for the defendant carrier testified that it would cost about $850.00 to properly repair the spur track for safe operation, and that for the years 1914 and 1915 the defendant carrier had been unable to earn operating expenses, and that it was not in a position to further deplete its revenues unless such expenditures would result in business sufficient to justify it.

The defendant carrier takes the position that it should not be compelled to repair the spur track, but should be privileged to remove the same at its pleasure. Witnesses for the defendant carrier testified that there are no freight charges now in effect between Frances station and the mill of the petitioner, for the reason that the defendant carrier is unable to operate its trains over this spur track to the mill of the petitioner, and all merchandise is therefore billed to Frances station.

Representatives of the defendant carrier further stated that the petitioner was the only shipper located upon the spur track of the carrier.

(1) The financial condition of the defendant carrier is such that added revenues should be welcomed and new business readily accepted, but it is quite evident that the defendant carrier is not in a position to make expenditures as have been requested by the petitioner unless sufficient business is actually offered to justify the management of the defendant carrier in making these expenditures. While it is true that the defendant carrier is operating a railroad within the State of Colorado, and one of the obligations thus imposed is to operate its trains as will reasonably serve the needs of the public, it is also true that the spur track of the defendant carrier serves only the petitioner in this case, and the Commission must be convinced before ordering the defendant carrier to expend the moneys necessary to properly repair this spur track, that the petitioner can produce sufficient revenues for the defendant carrier to justify this Commission in such an order.

This does not necessarily mean that the petitioner must guarantee a certain amount of freight to the defendant carrier, nor that the business of the petitioner must immediately repay the carrier for the expense of rebuilding the spur, but the Commission must first be of the opinion that the needs of the petitioner justify an order of this Commission requiring the expenditure necessary. It must be understood that the Commission views this case in a different light than one where a common carrier discontinues service on a part of its system operating for the needs of the general public, and it would appear that the Commission is not justified, from the showing of the petitioner in this cause, in issuing an order requiring the defendant carrier to immediately rebuild this spur. Nor is the Commission ready to permit the defendant carrier to remove the spur at its pleasure, but is rather of the opinion that this cause should not be dismissed by the Commission, but a reasonable time be allowed the

petitioner to introduce further evidence to convince the Commission that the petitioner will actually operate its mill and mine, thereby offering sufficient business and revenue to the defendant carrier to justify the Commission in assuming a different position than that taken at this time.

There is no necessity for the Commission to determine a reasonable switching charge at this time as there is no switching being done under present conditions, but should the Commission in the future order the defendant carrier to repair the spur track in question, and to accept and deliver freight at the mill of the petitioner, then the Commission can readily determine whether or not there should be a switching rate charged by the defendant carrier from Frances station to the mill of the petitioner, or whether, as the petitioner suggests, the present rate to Frances station be blanketed to the mill of the petitioner.

ORDER.

IT IS THEREFORE ORDERED, That the spur track of the defendant carrier be not removed, and that this cause stand undismissed upon the records of the Public Utilities Commission for a reasonable time so that the petitioner may introduce further evidence before the Commission should it desire so to do.

Geo. T. Bradley,
(Seal) M. H. Aylesworth,
A. P. Anderson,
Commissioners.

Dated at Denver, Colorado, this 24th day of February, 1917.

In Re COAL RATES FROM SOUTH CANON TO DENVER.

(Case No. 111.)

(March 1, 1917.)

APPLICATION of The Colorado Midland Railway Company, The Atchison, Topeka & Santa Fe Railway Company and The Colorado & Southern Railway Company to increase rates on coal from the South Canon District to Denver; dismissed on motion of applicants.

ORDER.

By the Commission:

Now, on this 1st day of March, 1917, on reading and filing the motion of The Atchison, Topeka & Santa Fe Railway Company, The Colorado & Southern Railway Company and The Colorado Midland Railway Company, George W. Vallery, Receiver, the petitioners in this cause, that the above entitled cause be dismissed,

IT IS ORDERED, That the above cause be, and the same is, hereby dismissed.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 1st day of March, 1917.

In Re OPERATION OF SNOW-PLOWS ON RIO GRANDE SOUTHERN RAILROAD.

(Case No. 123.)

(March 15, 1917.)

INVESTIGATION on motion of the Commission as to operation of snow flanger plows of the Rio Grande Southern Railroad Company; respondent ordered to operate such plows with crew consisting of at least one conductor, two brakemen, and one engineer and one fireman for each engine.

APPEARANCES: W. F. Hynes, intervenor for employes; E. N. Clark and W. D. Lee for respondents.

STATEMENT.

By the Commission:

During the month of January, 1917, the Commission received numerous informal complaints directed against The Rio Grande Southern Railroad Company as to its method of operating flanger plows on its line of railway. These complaints were communicated by the Commission to the officials of The Rio Grande Southern Railroad Company. As a result of the filing of the informal complaints with the Commission, Inspector E. S. Johnson, for the Commission, was instructed to investigate into the operation of the flanger plows upon the line of the defendant carrier, The Rio Grande Southern Railroad Company, and on the 14th day of February, 1917, the Commission received from its inspector a detailed written report of the investigation conducted by him, containing recommendations for the improvement of the present method of operation.

The report of the Commission's inspector was transmitted to the officials of The Rio Grande Southern Rail-

road Company on the 20th day of February, 1917, with a request from the Commission that the carrier state its position in regard to the suggestion contained in the report of the Commission's inspector. No action being taken by the officials of The Rio Grande Southern Railroad Company, the Commission, on the 9th day of March, 1917, ordered an investigation, on its motion, into the operation of the flanger plows owned and operated by the defendant carriers, The Rio Grande Southern Railroad Company and The Denver and Rio Grande Railroad Company. The Commission ordered the officials of the defendant carriers to appear before it in the Hearing Room of the Commission, in the Capitol Building, in the City and County of Denver, at the hour of ten o'clock a. m., on the 12th day of March, 1917, to take such part in such hearing and investigation, and to make such showing on behalf of the defendant carriers as to the representatives of these carriers the interest of the carriers seemed to require.

The hearing in this cause convened on the 12th day of March, 1917, in the Hearing Room of the Commission, and witnesses representing the Commission and the defendant carriers presented the case for the Commission and the defendants. The Commission ordered a dismissal as to the defendant carrier, The Denver and Rio Grande Railroad Company, upon a sufficient showing to the Commission that The Denver and Rio Grande Railroad Company did not operate a flanger plow.

The Commission is convinced from the evidence submitted that the operation of the flanger plow by the defendant carrier requires much caution and care on the part of the carrier and its employes, the evidence in this case disclosing that the flanger plow is subject to derailment, and that its operation is more or less dangerous. E. S. Johnson, inspector for the Commission, testified that his investigation did not disclose that the construc-

tion of the flanger plow is subject to adverse criticism, with the exception of the location of the handbrake on one flanger, which was so exposed that snow and ice would, under severe weather conditions, render its operation practically useless. Upon Mr. Johnson's suggestion, the defendant carrier immediately changed the location of the handbrake.

The flanger plow, as operated by the defendant carrier, is an enclosed car, with a door on each side and one in the rear, the windows being so located that an unobstructed view can be had from the operator's seat in the front end of the car. A wedge plow is built on the front end of the car and the flanger is located midway between two trucks, and is operated by one man by the use of air, the air valve being located near the operator. The Commission's inspector testified that, while one man can operate the flanger, another man should be employed to ride inside the flanger in order that the two men may change about and assist one another in watching for obstructions and preventing ice from gathering on the door sills of the car. A stove is installed in the flanger car, and the inspector testified that it was impossible for the man operating the flanger to keep up the fire in the stove.

The inspector further testified that a caboose should be attached to the rear end of the train, equipped with re-railing tools, lamp and stove. The inspector also testified that it is essential that a flagman ride in the rear car because of the fact that passenger trains usually follow close behind the flanger plow train in stormy weather, and that the flagman should therefore be in a position in which he can quickly and properly attend to his duties as flagman.

Owing to the topography of the country through which the defendant carrier operates, the task of clearing the track, with its frequent curves, heavy grades, narrow roadbed, numerous cuts, bridges, and fills, makes the op-

eration of the flanger plow difficult and more than ordinarily dangerous, and it is the opinion of the Commission's inspector that the flanger plow should be accompanied by a conductor and two brakemen, and an engineer and fireman for each engine attached to the flanger plow.

W. D. Lee, General Superintendent for The Rio Grande Southern Railroad Company, stated that the flanger plow is in charge of a crew consisting of a conductor and two brakemen, with an engineer and fireman for each engine attached to the flanger plow; and, while admitting that in exceptional cases a full crew does not operate the flanger plow, he denied that there was any necessity for two men in the flanger car.

Complaints having come to the Commission alleging that the defendant carrier operated its flanger plow in connection with, and as a part of, passenger trains operated upon its lines of railway, Mr. Lee was interrogated in regard to these complaints and denied that the flanger plow was at any time operated as a part of a passenger train.

The Commission is convinced from the evidence that the snow flanger train of the defendant carrier should be composed of a caboose equipped with re-railing tools, lamps and stove, and that the train should be operated by a conductor, two brakemen, with an engineer and fireman for each engine attached thereto, and that it is necessary for the convenience of the trainmen and the general public that one of the brakemen should be stationed with the conductor in the flanger, except at such times as the conductor shall order the brakeman upon other duties. It is also the opinion of the Commission that the flanger plow should not be operated as a part of a passenger train, and it is difficult for the Commission to conceive that such a practice would be tolerated by the defendant carrier.

ORDER.

IT IS THEREFORE ORDERED: First, that as to The Denver and Rio Grande Railroad Company, a dismissal shall be entered. Second, that The Rio Grande Southern Railroad Company shall operate its flanger plow upon its line of railway with a caboose attached thereto, with necessary tools and equipment contained therein, and that the flanger plow train shall be in charge of a conductor and shall be operated with the aid of two brakemen and with an engineer and fireman for each engine attached thereto, except in cases where it is impossible for the defendant carrier to provide a full crew for the operation of the flanger plow train.

IT IS FURTHER ORDERED, That one of the brakemen shall accompany the conductor in the flanger car, except at such times as the conductor shall find that the services of the brakeman are required elsewhere.

GEO. T. BRADLEY,
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 15th day of March, 1917.

In Re ELECTRIC, GAS AND WATER SERVICE RULES

(Case No. 84.)

(Suspension of Rule 14 on rehearing.)
(March 22, 1917.)

STATEMENT.

By the Commission:

On the 7th day of July, 1916, after notice to all gas, electric and water utilities operating within the State of Colorado, including municipally owned or operated utilities, the Commission held a hearing as to the reasonableness of a code prepared by the Commission prescribing rules regulating gas, electric and water service of all gas, electric and water public utilities, including municipally owned or operated utilities, operating within the State of Colorado. Prior to that date copies of the proposed code had been served upon all gas, electric and water utilities, both privately owned and municipally owned, operating within the State of Colorado, and at the hearing each public utility or municipality, through one or more representatives, was permitted to present evidence in criticism of the proposed code, and at the conclusion of the hearing, the Commission granted additional time to permit the filing with the Commission of additional written criticisms, objections and suggestions to the proposed code of the Commission.

After a careful examination of the proposed code of the Commission, as well as the evidence submitted in the above cause, the Commission decided upon a reasonable code of rules regulating gas, electric and water service of all privately owned and municipally owned or operated public utilities operating within the State of Colorado, and on the 5th day of October, 1916, adopted a code of reasonable rules and regulations pertaining to all gas, electric and water service of all privately owned and municipally owned or operated public utilities operating within the State of Colorado, and provided that the code should become effective on the 1st day of January, 1917.

One of the rules contained in the code adopted by the Commission was Rule 14:

Meters and Service Connections:—(a) All meters used in connection with metered service shall be furnished installed and maintained at the expense of the utility. Any appliance furnished at the expense of the utility shall remain its property and may be removed by it at any time after the discontinuance of service.

(b) Service connections to the consumer's premises in the case of electric utilities, and to the consumer's property line in the case of gas and water utilities, shall be installed and maintained at the expense of the utility. This rule shall not apply when unusual conditions are encountered, or to very long service connections. When such special cases arise, the Commission will, if necessary, prescribe the proper charge.

(c) Any utility may require through its Rules and Regulations that prospective consumers advance the full cost of service connections, the amount so advanced to bear no interest, and to be applied on the consumer's bills until such time as the amount of service furnished under the prescribed schedule of rates shall equal the amount so deposited. Such deposits shall not cover the cost of meters, since these may be recovered by the utility upon the discontinuance of service by the consumer. Any utility may likewise require such deposits from consumers whose service connections are replaced for any cause. It is further provided that no consumer's deposit or advance payment for service shall be required from consumers making deposits for service connections until such time as the amount so deposited for service connections shall have been exhausted.

(d) No utility shall require from any consumer or prospective consumer a deposit intended to pay for all or any part of the cost of extensions of mains or the installation of service connections, except under Rules and Regulations set down in the public schedules of the utility on file with the Commission.

NOTE: The term "service connection" refers to that portion of the distribution system which is installed for the use of individual consumers or small groups of consumers and does not refer to mains installed on the streets or public highways. The Commission has not attempted to lay down rules governing the extension of mains, but desires that each utility file its practice regarding such extensions.

On the 22nd day of December, 1916, there was filed with the Commission by the City of Colorado Springs a petition for rehearing as to the reasonableness of Rule 14, and on the 26th day of December, 1916, the Commission suspended Rule 14 until the 1st day of April, 1917, and, subsequent to due notice, given to all privately owned and municipally owned gas, electric and water public utilities operating within the State of Colorado, the Commission provided for a hearing, at which time all municipally owned and privately owned and operated gas, electric and water utilities were permitted to offer evidence directed against the reasonableness of said rule. The hearing convened at the Hearing Room of the Commission in the State Capitol building in the City and County of Denver, Colorado, on the 16th day of March, 1917, and F. J. Rankin, Engineer for the Commission, after having made a careful study of the rulings of the Commissions of various states, and the objections raised by the various municipalities owning and operating municipally owned public utilities within the State of Colorado, presented to the Commission his written report recommending that the Commission suspend indefinitely Rule 14 in so far as it is applicable to privately owned and municipally owned water utilities.

The question before the Commission is whether or not the consumer of the service of the waetr utility shall bear the expense of the installation of the service connection from the utility's main to the curb line, and whether the utility or the consumer should maintain all service connections now or hereafter installed. As a result of inquiries made by the Commission's Engineer it

appears that twenty-seven state commissions have prescribed rules regulating the service of public utilities, although only ten have complete control over municipally owned plants. Of the twenty-seven commissions, five require service connections to be made free of charge by gas, water and electric utilities. These five commissions are California, Idaho, Indiana, Massachusetts and West Virginia, and of these five states Idaho, Indiana, Massachusetts and West Virginia have jurisdiction over municipally owned utilities, but Massachusetts has no jurisdiction over municipally owned water utilities. It is therefore apparent to the Commission that of the rulings prescribed by twenty-seven states only three of the state commissions have prescribed free service connections to be made by municipally owned water utilities, viz.: Idaho, Indiana and West Virginia.

The Supreme Court of the State of Idaho has decided that water utilities must make free service connections from their mains to the consumer's property line free of charge.

It is apparent from the answers of the various commissions to the inquiries of this Commission that certain state commissions having jurisdiction over municipally owned and operated utilities have attempted to require a similar ruling to Rule 14 of the Colorado Commission, but have, for various reasons, abandoned the general rule.

A part of the testimony of Mr. Rankin is as follows:

"There are now in the State of Colorado approximately 22 privately owned water utilities and 135 municipally owned water utilities. Of the privately owned plants, only five or six are of sufficient size to be of any commercial importance. The 135 municipal plants operate in towns of from 50,000 population down to mere villages of 100 or less inhabitants.

"Practically all of the municipal plants are opposed to the adoption of such a rule, for the reason that it is

contrary to their established practice, and that it cannot be easily put into effect without a readjustmen of rates, ax levies, etc.

"The practical effect of such a rule may easily be analyzed. It is estimated that the existing water utilities in the State of Colorado have upwards of 150,000 service connections attached to their systems, for which the present consumers have paid. The Denver Union Water Company alone has in excess of 46,000 such connections. It is also believed that the average cost of these service connections to the consumer has been in the neighborhood of $25.00, this cost varying somewhat with the nature of the soil, the location of the consumer with respect to the water main, and character of the paving in use, etc. If this estimate of $25.00 per service connection is reasonably correct, the investment of the present water consumers in service connections is in the neighborhood of $3,750,000, and it would be necessary for the present utilities to eventually increase their capitalization by this amount, in order to take over this property.

"Assuming that the fixed charges on this investment would amount to only 15 per cent per year for interest, depreciation, taxes, repairs and maintenance, it would be necessary to increase the water rates for the state as a while by $562,500 per annum, or on the basis of 150,000 consumers, $3.75 per annum per consumer. If the average annual payment for water service is $20.00 per consumer, it would be necessary to increase water rates for the state as a whole by approximately 20 per cent. This statement, of course, assumes that the present water rates are not excessive, but it is certainly true for most municipal plants, as I am familiar with a number of these, of which the gross earnings are not in excess of their bond interest.

"It would, of course, under the proposed rule, not be necessary for the different utilities to take over the

investment of the present consumers in the service connections, but they would gradually be compelled to assume this investment through replacing old service pipes and by taking on new consumers. I would estimate that within fifteen years, under the operation of this proposed rule, the various utilities would be required to own in the neighborhood of 95 per cent of the services connected to their mains. It is therefore evident that if such a rule is to be adopted, the capital invested by the various utilities, as well as bond interest, operating expenses, etc., would soon show a large increase.

"In the last analysis of this problem, there appears to be only two reasons for requiring the utilities to install their own service connections. One of these, which has been advanced by the courts, is to the effect that the utility's franchise permits it to dig up the street and install mains, etc., while the consumer has no legal right to do so. Another reason is that the utility might be able to do this work cheaper than the average consumer and that, as a result, the total cost of service to the consumer would be reduced. I am inclined, however, to doubt the truth of this latter statement. Assuming that the cost of installing such connections is the same, regardless of whether it is made by the consumer or the utility, there can be, in theory, no reason why the consumer should not own the entire service connection, provided that the value of these services is not included in the amount upon which the rates to be charged are based.

"The arguments sometimes advanced that the connections to consumers are merely a portion of the general distribution system, and that they should, therefore, be the property of the utility, are not believed to be well founded. The connections to individual consumers are in no way a part of the general distribution system in which all consumers are supposed to share to a greater or less degree.

"The objections to the adoption of such a general rule are numerous, the principal objection advanced being that the present consumers have had their connections installed at their own expense, and that in the case of municipal plants at least, the old consumers would be required to assist in paying for connections to new consumers, either through an increased bond issue, increased rates, or increased tax levy. This objection, however, applies equally to privately owned plants, for the reason that on acount of the necessary increase in rates, the old consumers would virtually assist in providing new consumers with facilities heretofore installed at the expense of the consumer.

"One city having a population of about 5,000 has stated that, at the present time, there are at least 200 consumers who would take water service if the connections could be secured free of charge. This particular city feels that, inasmuch as all the present consumers have paid for their connections, it would be manifestly unfair to require that they assist in installing service connections for new consumers.

"In many cases, it would be necessary for the municipality to vote additional bonds to take care of the cost of such additions to their plants, and even assuming that these bonds could be legally issued, the citizens of the various municipalities owning their own water plants would certainly not vote in favor of such issues, when it was understood that at the same time it would be necessary to gradually increase water rates.

"From the study that I have given this matter, it is my belief that, while under ideal conditions these connections should be installed by the utility, a general rule can not be made to apply to such a combination of conditions as exist today. Practices of so long standing can not be easily changed. There is, in any event, practically nothing to be gained by the consumer from such a re-

quirement, as he must ultimately pay the bill. On the other hand, such a requirement might unfairly discriminate against the older consumers of a utility.

"For these reasons, I desire to recommend that Paragraph B of Rule 14 of the Commission's general order, in Case No. 84, insofar as it applies to water utilities, be indefinitely suspended. All utilities should be required, as heretofore, to file with the Commission their own rules and regulations governing service connections and the extension of mains and lines, these requirements to be investigated by the Commission only upon complaint."

It has been held by the courts in the following cases that water utility shall install at its own expense service connections between the main and the curb, upon the ground that such connections form a part of the distribution system:

Title Guarantee & Trust Co. v. Railroad Commission, 168 Cal. 295; 142 Pac. 878, Ann. Cas. 1916A, 738;

Pocatello Water Co. v. Standley, 7 Idaho 155, 61 Pac. 518;

Bothwell v. Consumers' Co., 13 Idaho 568, 24 L. R. A. (N. S.) 485, 92 Pac. 533;

Hatch v. Consumers' Co., 17 Idaho 204, 40 L. R. A. (N. S.) 263, 104 Pac. 670, affirmed in 224 U. S. 148, 56 L. ed. 703, 32 Sup. Ct. Rep. 465;

Bartlesville Water Co., v. City of Bartlesville, Okla., 150 Pac. 118;

International Water Co. v. El Paso, 51 Tex. Civ. App. 321, 112 S. W. W. 816;

This rule has been applied by the Commission in the following cases:*

In Re Hawthorne Electric & Water Co., 1 Cal. R. C. R. 972;

City of Glendale v. Title Guarantee & T. Co., 2 Cal. R. C. R. 989;

In Re San Gorgonio Water Co., 2 Cal. R. C. R. 706;

In Re Lawndale Land & Water Co., 2 Cal. R. C. R. 886;

In Re Murray, 2 Cal. R. C. R. 464;

Dooley v. People's Water Co., 3 Cal. R. C. R. 948;

In Re Covina City Water Co., 3 Cal. R. C. R. 1212;

In Re Pasadena Consol. Water Co. 5 Cal. R. C. R. 180;

In Re Water, Gas, Electric & Telep. Utilties, 7 Cal. R. C. R. 830, P. U. R. 1915E, 741;

In Re Cripple Creek Water Co. 2 Colo. P. U. C. 55; P. U. R. 1916C, 788;

In Re Village Council (Idaho) Case No. 184, Order No. 357, June 9, 1916;

Commercial Club v. Terre Haute Waterworks Co. (Ind.), P. U. R. 1916, 180;

In Re Redkey (Ind.) No. 1937, July 18, 1916;

Public Service Commission v. Water Utilities (Mont.), P. U. R. 1915E, 866;

South Buckhannon v. Buckhannon Light & Water Co. (W. Va.), P. U. R. 1915F, 383;

Janesville v. Janesville Water Co., 7 Wis. R. C. R. 628.

The following cases hold that a water utility may require consumers to pay for service connections between the main and the curb:

*See generally annotations, P. U. R. 1916E, 447.

Birmingham Water Works Co. v. Hernandez, 71 So. 443; P. U. R. 1916E, 438.

Prindiville v. Jackson, 79 Ill. 337;

Warren v. Chicago, 118, Ill. 329, 9 N. E. 883, 11 N. E. 218;

Fisher v. St. Joseph Water Co., 151 Mo. App. 530, 132 S. W. 288;

Joplin v. Wheeler, 173 Mo. App. 590, 158 S. W. 924;

Wichita v. Wichita Water Co., 138 C. C. A. 337, 222 Fed. 789;

Public Service Comm. v. Water Utilities (Mont.), P. U. R. 1915E, 866.

The Commission is convinced that Rule 14 insofar as it applies to municipally owned and privately owned water utilities should be suspended. In the event the Commission shall be called upon in the future to value water utilities, whether privately or municipally owned, for the purpose of establishing reasonable rates, the Commission will be free to require the utility to install and maintain service connections in the event the Commission makes allowance in the rate structure for this practice.

ORDER.

IT IS THEREFORE ORDERED, That Rule 14 of the Commission's Rules pertaining to the regulation of gas, electric and water service of all privately owned and municipally owned gas, electric and water public utilities operating within the State of Colorado, insofar as the same applies to privately owned and municipally owned and operated water utilities, shall be indefinitely suspended, and therefore shall not become effective on the 1st of April, 1917.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 22nd day of March, 1917.

CITY OF COLORADO SPRINGS
v.
THE ALTA VISTA HOTEL COMPANY and THE COLORADO SPRINGS LIGHT, HEAT & POWER COMPANY.

(Case No. 71)

Electricity—Wiring—Duty of municipality to regulate.

(1) The Commission was of the opinon that the rules to be observed in the wiring of buildings by electric companies are local or municipal matters which should be enforced by the municipality through ordinances.

Jurisdiction of Commission—Enforcement of contracts.

(2) The Commission is not a court, and is without power to enforce the terms of a contract.

(March 29, 1917.)

COMPLAINT against defective condition of wiring in the Alta Vista Hotel; complaint dismissed.

STATEMENT.

By the Commission:

On May 6, 1916, the complainant, the City of Colorado Springs, filed with the Commission its complaint herein, alleging that it is a municipal corporation of the State of Colorado, and that the defendant, The Alta Vista Hotel Company, is a corporation engaged in the business of conducting a hotel in the City of Colorado Springs; that the defendant, The Colorado Springs Light, Heat & Power Company, is a corporation and a public utility engaged in the business of furnishing electricity for power and light purposes to the City of Colorado Springs and the residents thereof, and to the defendant, The Alta Vista Hotel Company. It is further alleged that the defendant Hotel Company owns, occupies and controls a large hotel building in the City of Colorado Springs containing more than one hundred

rooms; that said building is four stories in height, and that many persons, both transient and permanent roomers and boarders, occupy the hotel building and parts thereof each day.

The complaint alleges that the defendant Light Company supplies electricity for lighting and power purposes to the Hotel Company in said hotel building, and the different parts thereof, and that on account of the defective, obsolete and other unsafe condition of the wiring of the said hotel building and the parts thereof it is unsafe to life and property to cause and permit current for lighting and power purposes to be turned on in said building and the wiring system thereof.

The petition of the complainant alleges in detail the defects of which the city complains, and states that all of the wiring, electric connections and appliances in the hotel building are unsafe and dangerous to life and property of the citizens of the complainant city and of others.

The complainant prays that the Commission direct the defendant, The Colorado Springs Light, Heat & Power Company, to discontinue its service to such parts of the hotel building, and to the wiring and electrical appliances therein, and that the defendant Light Company be directed not to permit any electric current to enter such wiring and electrical appliances until the same shall have been made safe.

The defendant, The Colorado Springs Light, Heat & Power Company, filed no answer or other pleading, and made no appearance at the hearing of this cause. The defendant, The Alta Vista Hotel Company, on June 1, 1916, filed with the Commission an answer, demurrer and cross-complaint, in which, among other things, it denies that the wiring of its hotel building is defective, obsolete or in any other manner is unsafe to life or property.

For a second defense, and by way of demurrer, the defendant Hotel Company denies the jurisdiction of the Commission over its property or over the subject matter of the complaint.

By the way of cross-complaint the defendant Hotel Company alleges that prior to the 1st day of May, 1914, the defendant Hotel Company erected and placed in front of its premises in North Cascade Avenue in the City of Colorado Springs, four ornamental iron poles, about 12 feet high, each with four arms, on top of each of which was an outlet, and on top of each pole was an outlet, for the purpose of placing at each of said outlets an incandescent electric light covered by a globe, for the purpose of lighting the sidewalk and street in front of said premises; that the said poles were erected and maintained by the defendant Hotel Company with the full knowledge and consent of the complainant, the City of Colorado Springs, and that on or about the 1st day of May, 1914, the City of Colorado Springs agreed with the defendant Hotel Company and other property owners in the City of Colorado Springs that if poles of the same or similar design were erected and maintained by the property owners at their own expense, the city would furnish or cause to be furnished to said poles and the lamps thereon installed, electric current for the purpose of lighting the same, and agreed to furnish such current for said purposes continuously thereafter. The cross-complaint of the defendant Hotel Company then alleges that after the complainant had furnished electric current for said lights for a certain period it ceased and refused to furnish any further current, and disconnected the wires furnishing said current, thereby unjustly discriminating against the defendant Hotel Company. The defendant Hotel Company further alleges that the City of Colorado Springs refuses to furnish electric current to the poles of the defendant Hotel Company, although it

has continued to cause to be furnished to other consumers similarly situated electric current for that purpose. The cross-complaint of the defendant Hotel Company prays that the complaint herein be dismissed and that the Commission require the City of Colorado Springs to reconnect the defendant Hotel Company's electric light poles with electric current as previously furnished by the city, and to furnish current in the same manner as is furnished to other consumers similarly situated.

This cause came on for hearing before the Commission at the council chamber in the city hall in the City of Colorado Springs at the hour of 11:00 o'clock a. m., June 28,1916. A number of witnesses were examined and the case was then taken under advisement by the Commission. The defendant, The Colorado Springs Light, Heat & Power Company, made no appearance in this cause and introduced no testimony, and therefore the Commission is unable to determine the position taken by the company. It appears that the Light Company has been supplying the defendant Hotel Company with electric current for a number of years, and is still supplying it with current, and there is no evidence before the Commission that the Light Company has ever complained as to the condition of the wiring in the hotel of the defendant Hotel Company, nor has it filed with the Commission any rule providing for a certain standard of wiring in hotels or other public buildings.

This case comes before the Commission upon complaint of a municipality which has at this time on its ordinance books an ordinance requiring all interior wiring in buildings to be of safe construction, and has employed a city electrician whose duty it is to inspect buildings for the protection of the health and comfort of the inhabitants of the city.

If the question to be determined by the Commission

were the reasonableness or unreasonableness of a rule or proposed rule filed by the Light Company requiring a certain standard of wiring, which appeared to be unreasonable to the municipality or to the consumer, then the Commission would have before it a matter for proper determination; or in the event the Light Company had refused to furnish the consumer with current because of an alleged defective or dangerous condition of interior wiring, then the Commission would be called upon to act as to the reasonableness of the action of the public utility; but there is no evidence before the Commission that the city has required all public buildings to be wired in acordance with the terms of the ordinance, and that all buildings, with the exception of the building owned by the defendant Hotel Company, have been inspected and are properly wired; therefore, it appears to the Commission that the city should proceed under its local police power to enforce its ordinance either by action directed against the defendant Hotel Company or by an order requiring the defendant Light Company to disconnect the Hotel Company's service.

(1) The Commission has given considerable attention to the safe condition of wiring upon the public highways, but has not attempted to establish a code of rules to be observed in the wiring of buildings, the latter proposition having been deemed by the Commission to be primarily a local or municipal matter which should be enforced by the municipality through proper ordinances.

The Commission is of the opinion that the question of compelling the Hotel Company to perform a duty, which it owes to the citizens of a municipality, is one that addresses itself primarily to the municipal authorities. If the wiring in the Hotel Company's hotel is defective, then the defendant Hotel Company is violating a provision of the ordinances of the City of Colorado Springs, and the Commission is convinced that the city has ample

power to compel the defendant Hotel Company to perform its duty to the public.

It is therefore the opinion of the Commission that the complainant city should first attempt to enforce its ordinances against the defendant Hotel Company or the defendant Light Company.

The defendant Hotel Company prays for an order of this Commission requiring the municipality to comply with the terms of a contract entered into by the defendant Hotel Company and the municipality. (2)This Commission is not a court, and is without power to enforce the terms of a contract

ORDER.

IT IS THEREFORE ORDERED that the complaint and the cross-complaint in this action be and they are hereby dismissed.

GEO. T. BRADLEY,
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 29th day of March, 1917.

THE WESTERN ZINC-OXIDE COMPANY v. THE DENVER & RIO GRANDE RAILROAD COMPANY.

(Case No. 117.)

(April 2, 1917.)

COMPLAINT against assessment of 10 cents per ton on coal transferred at Leadville and petition for reparation; dismissed on motion of complainant.

ORDER.

By the Commission:

Now, on this 2nd day of April, 1917, on reading and filing the motion of the Western Zinc-Oxide Company, the complainant in this cause, that the above entitled cause be dismissed:

IT IS ORDERED, That the above cause be, and the same is, hereby dismissed.

(Seal)

GEO. T. BRADLEY,
M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 2nd day of April, 1917.

M. B. RATNER, *et al.*,

v.

THE DENVER GAS & ELECTRIC LIGHT COMPANY.

(Case No. 108.)

Pleadings—Complaints—Jurisdiction of Commission.

(1) The Commission held, in a proceeding brought before it upon complaint, that, prior to the taking of any evidence in behalf of either party to the complaint and prior to the entering of any orders in the cause, the issues as to the jurisdiction of the Commission over the subject-matter of the complaint should be determined.

Jurisdiction of Commission—Utilities subject—Home rule cities.

(2) The Commission held, as in its former opinions, that it has sole jurisdiction to regulate the rates and service of public utilities, located and operating in a city, to the exclusion of the local authorities, although the city is governed under a special charter under the "home rule" amendment to the Constitution giving it power to control and legislate in regard to the local, municipal and internal affairs, since such regulation arises through the police power of the State, is a matter of state-wide importance, and is in no sense a local, municipal or internal matter.

Constitutional law—Impairment of contracts—Powers of Commission.

(3) The Commission held, in line with its previous decisions, that the State has authority to regulate and abrogate contracts purporting to cover rate regulation, as it cannot be held as a matter of law or policy that a franchise is a contract binding upon the State in the exercise of the police power of the State to make rates, and the fixing of rates of public utilities is a legislative function of the State.

(April 3, 1917.)

COMPLAINT against the Denver Gas & Electric Light Company, alleging excessive rates for electricity and gas, inadequate service in the furnishing of electricity and gas, and insufficient heating quality of gas, in the City of Denver; answer of defendant, denying the authority of the Commission over rates and service of utilities operating in "home rule" cities overruled and defendant ordered to proceed with inventory of physical property preparatory to investigation and hearing to be held by the Commission in connection with the cause.

STATEMENT.

By the Commission:

On the 16th day of November, 1916, there was filed with the Public Utilities Commission of the State of Colorado a complaint, directed against The Denver Gas & Electric Light Company, the defendant herein, signed by more than twenty-five resident, taxpaying consumers of gas and electrical service in the City and County of Denver, alleging, in substance, that the rates and charges of The Denver Gas & Electric Light Company for electricity and gas for resident, commercial, street lighting and power purposes are unreasonable, discriminatory and excessive; that the service of the defendant is inadequate; and that the heating quality of the gas has greatly depreciated, with the result that the quality of the gas now is inadequate.

It is further alleged that the standards made by this Commission in its order of October 5, 1916, in Case No. 84, In re Electric, Gas and Water Service Rules, 2 Colo. P. U. C., 250, P. U. R. 1916F, 851, are unreasonable. and the petitioners pray that Rules 17, 18 and 19 be set aside, and in their place different standards of heating value for gas be promulgated by the Commission.

The complaint prays that the Commission investigate each and every grievance complained of, and that the Commission, acting under Sec. 32 of the Public Utilities Act, ascertain the value of the properties of the defendant company for the purpose of fixing rates as provided by the laws of the State of Colorado; that the Commission inspect the accounts of the defendant corporation for the purpose of determining the net revenues received by it from the sale of gas and electricity, and for the purpose of determining the returns received by the defendant corporation upon the value of its property used in the production of gas and electricity separately. The complaint further prays that after due hearing and investigation the Commission declare the existing rates to be discriminatory, excessive and void, and to issue an order directing the defendant corporation to put into force a schedule of rates, charges, and tariffs and regulations free from unjust discrimination and extortion, as complained of in the complaint, and that the rates be made uniform, free from discrimination, just and reasonable; and that the Commission in this cause fix a standard of volume and heating quality of the gas sold by the defendant corporation.

On the 25th of March, 1917, the defendant corporation filed its answer with the Commission denying that any of its rates and charges are unreasonable or discriminatory, and alleging that the Public Utilities Commission of the State of Colorado has no jurisdiction as to the defendant corporation, and, while admitting that

the defendant corporation is a public utility, alleges that under the amendment to Sec. 6 of Article XX of the Constitution of the State of Colorado the people of the State of Colorado did irrevocably grant and confirm to the City and County of Denver the sole and exclusive right, power and authority to grant franchises to and enter into contracts with public utilities, and did irrevocably grant and confirm to the City and County of Denver the sole and exclusive right, power and authority to fix, determine, regulate, adjust and control the rates to be charged and collected by public utility corporations operating within the City and County of Denver.

It is further alleged that the City and County of Denver entered into a franchise contract with the defendant corporation providing for rates and charges and quality of service to be charged for and furnished by The Denver Gas & Electric Light Company to the City and County of Denver and its inhabitants, and that the Public Utilities Commission has not the legal right to change or alter the rates and charges established by the franchise contract.

It is further alleged by the defendant corporation that it has complied with the terms of the franchise contract, a copy of which is attached to the answer of the defendant corporation, and that it is not within the power of the State Public Utilities Commission to change the rates and charges set forth in the contract, as the same would be an impairment of the obligations of a contract and in direct contravention of Sec. 10 of Article I of the Constitution of the United States of America, and more, particularly that part of said Article which is as follows:

"No state shall pass * * * any law impairing the obligation of contracts."

(1) It is the opinion of the Commission that the two legal questions raised by the defendant corporation as to

the jurisdiction of the Commission should be determined prior to any subsequent orders of the Commission in the premises, or any evidence being taken by the Commission in behalf of either party to the complaint, which questions are:

1st. It is alleged that the Public Utilities Commission of the State of Colorado is without authority to change the rates and charges as set forth in the contract entered into between the City and County of Denver and the defendant corporation.

2nd. That the Public Utilities Commission of the State of Colorado is without jurisdiction over the defendant public utility for the reason that the defendant operates within the City and County of Denver, a city and county governed under a special charter as provided for in the Constitution of the State of Colorado, which grants to such a municipality the right to control its local and municipal affairs.

In the following cases, viz:

Castle Rock Mountain Railway & Park v. Denver Tramway Co., 1 Colo. P. U. C., 126; P. U. R. 1915F, 224;

Thormann v. D. & I. R. R. Co., 2 Colo. P. U. C., 171, P. U. R. 1916E, 421;

In re Rates and Rules of Colorado Springs Light, Heat & Power Co., 2 Colo. P. U. C., 23; P. U. R. 1916C, 464;

East Denver Business & Property Association v. Denver Tramway Co., 3 Colo. P. U. C. 333; the Commission held that its jurisdiction extends to all public utilities operating within the State of Colorado, regardless of whether the utility operates within a charter city operating under the powers and authority of the Constitution of the State of Colorado.

By constitutional amendment every city and town within the State of Colorado having a population of 2,000 inhabitants or more is granted authority to adopt

a charter which shall be the organic law of the city or town, and shall extend to all local and municipal matters; and the said constitutional amendment gives to the city and town all powers necessary, requisite or proper for the government and control of local and municipal matters, including the power to legislate upon, provide, conduct and control the same. Certain local or municipal matters are defined, and the amendment then states that "it is the intention of this Article to grant and confirm to the people of all municipalities coming within its jurisdiction the full right of self-government in both local and municipal matters."

The City and County of Denver is popularly known as a "home rule" city, and it is the position of the defendant public utility, located within the City and County of Denver, which city and county operates under a charter form of government, that it is not subject to the jurisdiction of the Public Utilities Commission of the State of Colorado, but is under control of the local authorities within the City and County of Denver.

The Commission, in the case of Castle Rock Mountain Railway & Park v. Denver Tramway Co., *supra,* at page 129, stated:

"We cannot assent to this proposition. It has been decided a number of times that the regulation of rates and service of a public utility, and rules, regulations and practices pertaining thereto, arises through the police power of the State, and is a matter of state-wide importance, and is in no sense a local, municipal or internal matter. If the position of this defendant in this regard was assented to by the Commission, any municipality within the State of Colorado with a population of two thousand inhabitants could regulate the rates and service of the public utilities operating within its boundaries, and the Public Utilities Law of the State of Colorado would become but an emasculated piece of legislation;

and we refer the defendant to the case of Portland Railway, Light & Power Company v. City of Portland, reported at 210 Fed., at page 667. In this case a utility operating within the boundaries of the City of Portland, a "home rule" city operating under a charter, with power to control and to legislate in regard to its local, municipal and internal affairs, filed its schedule of rates with the State Public Service Commission of Oregon, and the City of Portland questioned the jurisdiction of the State Commission over the local utility, and the Honorable Judge Bean, in a very clear and able opinion, had the following to say:

"'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 it 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 and 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 inconsistent with a general law of the state constitutionally enacted. Straw v. Harris, 54 Ore. 424, 103 Pac. 777, and Kiernan v. City of Portland, 57 Ore. 454, 111 Pac. 379, 112 Pac. 402, 37 L. R. A. (N. S.) 339. It was so held by the Supreme Court of the state in Riggs v. City of Grants Pass, 134 Pac. 776, where a city attempted to amend its charter so as to authorize its council to incur an indebtedness for the building of railroads. The regulation of fares to be charged by public service corporations is not primarily a muni-

cipal matter, but is a sovereign right belonging to the state in its sovereign capacity. 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 in 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 whole. The Public Utility Act was not only passed by the Legislature, but approved by a majority of the people on a referendum vote. It is, therefore, the expressed will of the sovereign power of the state concerning a subject over which it has jurisdiction, and it cannot be amended or abrogated by the people of a particular or given locality. The purpose was to provide a uniform system throughout the entire state for the control and regulation of public utilities and fixing the rates to be charged by them, and to create a tribunal for that purpose. It is true the Public Utility Act does recognize the authority of municipalities over public service corporations within its boundaries for certain purposes, but not in the matter of regulating or prescribing rates or fares. That power is vested alone in the Public Service Commission. Now, Portland, or the people of Portland, are not without remedy if the rate charged by the plaintiff is unreasonable or unjust. They have a full and complete remedy by application to the tribunal created by the state for the purpose of determining such questions and which is provided with the necessary ma-

chinery and expert assistants to deal with the subject intelligently. I take it, therefore, that the preliminary injuntion should issue; the form thereof and the amount of bond to be determined hereafter.' ''

In the case of the City of Woodburn v. Public Service Commission,—Ore.—; 161 Pac. 391, decided by the Supreme Court of the State of Oregon in November, 1916, an opinion written by Mr. Justice Harris fully sustains the position taken by the Commission that the regulation and control of all public utilities of the State of Colorado, by the power and authority vested in it by the laws of the state pertaining to the public utilities of the state, is a proper exercise of the police powers of the state. The opinion of Mr. Justice Harris is in part as follows:

''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 upon that subject curbed, by section 2 of Art. XI of the state constitution, because in its essence it is neither a municipal power nor an incident to a pure municipal power, therefore, even under the rule announced by the majority opinion in Kalich v. Knapp, 73 Ore. 558; 142 Pac. 594, 145 Pac. 22, the legislative assembly was not prohibited from making the Public Utility Act applicable to urban as well as intraurban territory.''

Also:

''The power to regulate rates does not appertain to the government of a city; it 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.''

(2) It is, therefore, the opinion of the Commission that the contention of the defendant corporation that the Public Utilities Commission of the State of Colorado has no jurisdition over the defendant corporation, or the power or authority to regulate rates and service of the

public utility to the end that it shall furnish, provide and maintain reasonable rates and charges and adequate service, should be and is overruled.

The second proposition raised by the defendant corporation is that the Public Utilities Commission of the State of Colorado has no legal right to change the terms of the franchise contract entered into between the municipality and the defendant corporation. The Commission has ruled on this question many times, and particularly in the following cases:

In re Rules and Regulations of The Colorado Springs Light, Heat & Power Company, 2 Colo., P. U. C. 23; P. U. R. 1916C, 464;

Thormann v. D. & I. R. R. Co., 2 Colo. P. U. C. 171: P. U. R. 1916E, 421;

Mullen & Co. v. D. & R. G. R. R. Co., 2 Colo. P. U. C. 156; P. U. R. 1916E, 128,

ruling in harmony with numerous cases decided by the courts in various states that the state has the authority to regulate and abrogate contracts which purport to cover rate regulation, on the theory that it cannot be held as a matter of law or policy that a franchise, such as the one now under consideration, is a contract binding upon the State of Colorado in the exercise of the police power of the state to make rates; on the theory that the fixing of rates, which may be charged by public service corporations, of the character here involved, is a legislative function of the state.

As was stated in the case of Minneapolis, St. Paul & S. M. Ry. Co. v. Menasha Wooden Ware Co., 159 Wis. 130; 150 N. W., 411:

"Every contract made as to such rates with a corporation authorized to contract in reference thereto, is made with the knowledge of and subject to the right of the state at any time to resume the exercise of such sovereign power. The legislative right to supersede it is

as clear as though it were written into the contract itself, for the law implies it."

(3) However, this question has been forever set at rest within the State of Colorado by the decision of the Supreme Court of Colorado in the case of The Denver & South Platte Railway Company v. The City of Englewood, — Colo., —; 161 Pac., 151; P. U. R. 1916E, 134, decided on the 3rd day of July, 1916. In the opinion written by Mr. Justice Scott, it is said:

"This act is very broad and seems to confer the absolute power to regulate, both as to rates and otherwise, all public utilities within the state, at least all such as are specified in the act, and among which are street railways. * * * From the sections quoted, and from other provisions of the act, it fully appears that the Legislature intended to delegate to the Public Utilities Commission the administration, supervision and regulation of all service rendered to the public throughout the state, including municipalities. Rates and regulations fixed by contract are specifically included within the powers of the Commission. * * * It follows, therefore, that the power to regulate rates of the public utility in question, is vested by the act exclusively in the Public Utilities Commission. The law fully provides that every order or decision made by the Commsision, may be reviewed by the Supreme Court upon the application of either party, or of any person pecuniarily interested in the utility, for the purpose of having the lawfulness of the order or revision determined."

In the case of Milwaukee Electric Railway & Light Co. v. Railroad Commission of Wisconsin, 238 U. S. 174, the United States Supreme Court affirms the Supreme Court of Wisconsin in its decision in the cause, holding that the exercise by a state of its lawful power to fix street railway rates, notwithstanding a municipal rate ordi-

nance, does not deprive the street railway company of its property without due process of law.

See also:

Wolverton v. Mountain States T. & T. Co., 58 Colo. 58; 142 Pac. 165.

Louisville & Nashville R. R. Co. v. Mottley, 219 U. S. 467.

Colorado & Southern Railway Co. v. State Railroad Commission, 54 Colo. 64; 129 Pac. 506.

Missouri Pacific Railway Co. v. Kansas ex rel. Taylor, 216 U. S. 262.

City of Benwood v. Public Service Commission of W. Va., 83 S. E. 295; L. R. A. 1915C 261.

State ex rel. Webster v. Superior Court, 67 Wash. 37; 120 Pac. 861.

City of Manitowoc v. Manitowoc & N. W. T. Co., 145 Wis. 13; 125 N. W. 925.

Duluth Street R. R. Co. v. Railroad Commission of Wis., 152 N. W. 887.

Seattle Electric Co. v City of Seattle, 206 Fed. 955.

California-Oregon Power Co. v. City of Grants Pass, 203 Fed. 173.

State ex rel. Goss v. Metaline Falls Light & Water Co., 80 Wash. 652; 141 Pac. 1142.

City of Woodburn v. Public Service Commission, — Ore. —; 161 Pac. 391.

Yeatman v. Public Service Commission, 126 Md. 513.

Randall Gas Co. v. Star Glass Co., — W. Va. —; 88 S. E. 840.

Marquis v. Polk County Tel Co., — Neb. —; 158 N. W. 927.

Union Dry Goods Co. v. Georgia Public Service Corporation, 145 Ga. 658; 89 S. E. 779; L. R. A. 1916E 358.

IT IS THEREFORE ORDERED, That the answer of the defendant corporation, denying the jurisdiction of the Commission over the issues in this cause, be overruled.

IT IS FURTHER ORDERED, That the defendant corporation shall, within a reasonable time to be fixed by the Commission, and under the direction of the Commission and its engineers, make an inventory of all the physical properties of the defendant in use and useful in the furnishing of electricity and gas to the patrons and consumers of the defendant public utility.

GEO. T. BRADLEY.
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 3rd day of April, 1917.

IVYWILD IMPROVEMENT SOCIETY
v.
THE BROOKSIDE WATER COMPANY.

(Case No. 87.)

(April 14, 1917.)

COMPLAINT alleging inadequate service of the Brookside Water Company and impurity of water; certain changes ordered to insure adequate service pending revision of schedule of rates.

APPEARANCES: W. D. Lombard and R. L. Chambers for complainant; Bierbauer & Jackson and Smith, Knowlton & Hatch for defendant.

STATEMENT.

By the Commission:

On the 24th day of July, 1916, fifty (50) residents of Ivywild and vicinity, patrons and users of water supplied by the defendant water company, filed with the Commission a complaint, alleging that the defendant water company is a corporation organized and existing under and by virtue of the laws of the State of Colorado, and as such, owns, operates and controls a water system consisting of pipe lines, water lines, laterals and mains; that the intake of the pipe lines of the defendant company is located at a point below that part of North Cheyenne Canon used as a City Park by the residents of Colorado Springs; that the water passes through this park, which is largely patronized by the inhabitants of Colorado Springs, and that much debris and refuse are therefore diverted and washed into said stream by the rains and become a part of the water used for domestic purposes by the residents under this system; that the district of Ivywild using water furnished by the defendant company has grown very rapidly during recent years and that, by reason of new taps and openings made in the mains of this water system, the pipe lines have become inadequate to carry a sufficient quantity and maintain a sufficient pressure to properly supply water to the patrons residing in this district.

It is further alleged that the pipe lines are of small dimensions and that no reservoir or storage system is used in connection with the pipe lines for the purification of the water, or for the purpose of regulating the pressure therein; that the pipe lines are inadequate in size and that a reservoir is necessary to increase and make regular the pressure in the pipe lines, as well as for the purpose of settling and purifying the water therein.

It is also alleged that the service rendered by the defendant company to its patrons is not adequate, nor

is it commensurate with the charges made to the patrons of the water system.

On the 7th day of September, 1916, the defendant company filed with the Commission its answer and, while admitting that the water passes through a park which is largely patronized by the inhabitants of the City of Colorado Springs, the defendant alleges that it has made analysis of the water taken into its pipe lines and that the said water is good, pure and suitable for domestic and household uses.

It further alleges that the defendant company has no control over the property located above its pipe line.

The defendant admits that during the last four or five years the district served by it has grown substantially in population, but denies that the defendant's pipe lines are inadequate to carry a sufficient quantity and maintain a sufficient force of water to properly supply the patrons of the district. It further alleges that the defendant has adopted reasonable rules and regulations for the use of water for the sprinkling of lawns and like purposes, and that if the supply and force of water are inadequate at any time it is due to violation by the patrons of the water company of rules and regulations with reference to the water supply, rather than to any fault of the defendant.

While the defendant admits it has no reservoir or storage system in connection with its pipe lines, it denies that there is any necessity for a reservoir or storage system to purify the water or to increase the pressure thereof, and alleges that its pipe lines are sufficient in dimension to render adequate service.

It is further alleged by the company that its income is and has been barely sufficient to maintain its system, and that it is not sufficient to enable the defendant to earn a fair rate of return upon the capital it has invested or upon a fair value of the property used and useful in the

public service, and that, furthermore, its income is not sufficient to permit the defendant to set aside a reasonable, or any, depreciation fund to meet the gradual depreciation in the value of its property. The defendant alleges also that its charges are wholly insufficient to cover the operating expenses and maintenance of its plant, plus a reasonable, or any, depreciation to meet the gradual depreciation in the value of its property, plus a fair, or any, rate of return upon the capital it has invested, or upon a fair value of the property used or useful in the public service, and the defendant prays that the Commission determine the present fair value of the defendant's property and provide a schedule of reasonable rates for the defendant's service, and to include in the fair rates so fixed by the Commission all necessary improvements which may be ordered by the Commission.

Pursuant to notice given to parties in interest, this cause convened at the Council Chamber in the City Hall, in the City of Colorado Springs, Colorado, at the hour of 11:00 o'clock a. m., October 30, 1916, and witnesses testified in behalf of the defendant company, the citizens of Ivywild, and the Commission.

Evidence was presented by the complainants in support of the allegations contained in their complaint, to the effect that the water above the intake of the pipe line of the defendant company passes through a par kbelonging to the City of Colorado Springs which is in constant use, and by this evidence questioned the purity of the water of the defendant company. No evidence was introduced to show that any bad effects had been suffered by users of this water, and since the Commission, subsequent to this hearing, to-wit, the 1st day of January, 1917, adopted a standard of rules regulating gas, electric and water service, and under the head of special rules pertaining to water provided the following:

"Rule 43. Purity of Water Supply: (a) All water furnished by any utility for human consumption and general household purposes should be free from disease-producing organisms, injurious chemical or physical substances, and agreeable to the sight and smell.

"(b) Water which rarely shows the presence of the 'B. Coli Group' and which has a reasonably low 'Bacterial Count' under the usual standard test methods will ordinarily be considered safe from the standpoint of disease-producing organisms.

"Rule 44. Chemical and Bacteriological Analyses: (a) Each utility furnishing water for human consumption or household purposes shall take a sample monthly, or as much oftener as this Commission or the State Board of Health may require, from the source of supply or any point in the service designated by this Commission or the State Board of Health, in accordance with the rules for sampling water as prescribed by the State Board of Health, and shall forward same to the State Chemist at Boulder, Colorado, for test and analysis. Such test and analysis shall be made free of charge. The result of such test and analysis shall be recorded in triplicate, one copy to be furnished to this Commission, one to the State Board of Health and one to the utility.

"(b) Each utility supplying water to a town or city of five thousand (5,000) inhabitants or more, according to the last census of the United States, shall provide and use suitable testing equipment for making proper tests for bacillus coli and other bacteria, and tests for turbidity and quantity of matter in suspension, whereby the water furnished by it to consumers shall be tested at least once a week and at such other times and whenever required by this Commission. The results of such tests shall be recorded in triplicate, one copy to be sent to the State Board of Health, one copy to be sent to this Commission and one copy to be retained by the utility.

"The Commission reserves the right to require, under its supervision, an extended bacteriological as well as physical and chemical examination, when deemed advisable for any particular water furnished.

"(c) The results of all tests made, either by the State Chemist or by the utility, shall be kept on file and available for public inspection for a period of at least two years. These records must indicate when, where and by whom each test was made. The standard methods of water analysis recommended by The American Public Health Association for 1912, except as hereinbefore provided, should be followed as regards chemical, physical and bacteriological examinations and collection of water, and any departure therefrom should be specifically stated.

"(d) Whenever tests made by the State Chemist, by the utility, or for any other purpose discloses the presence of bacillus coli or a high bacterial count, the utility shall employ all reasonable means to make its water supply safe for human and domestic purposes," it is unnecessary for the Commission to further consider the purity of the water of the defendant company.

Witnesses for the Commission, the complainants and the defendant submitted elaborate reports as to the present fair value of the properties of the defendant company in use and useful. The Commission is of the opinion that it is unnecessary at this time to determine the value of the properties of the defendant company for rate-making purposes and to provide a schedule of reasonable rates other than the schedule now on file with this Commission.

At the time of the hearing of this cause Mr. F. W. Herbert, chief statistician for the Commission, estimated the possible revenues of the defendant company for the year 1915 at the sum of $5,320.00, while the books of the defendant disclosed actual collections in the sum of $3,867.00. The defendant books showed delinquent ac-

counts to July 1, 1916, covering a period of about two years, in the sum of $5,090.00. It appeared from an examination made by the Commission's statistician that this delinquent account should be partially charged off, to show $3,000.00 as the amount which could be collected by the defendant company.

It became apparent to the Commission during the course of the hearing in this cause that the service of the company was inadequate at certain periods of the year and that the management of the utility had been guilty of very lax methods in collections, discriminatory service, non-enforcement of rules; in fact, in the entire operation of the properties in years past. The new management, recognizing this deplorable condition, at page 6 of the brief of the defendant company, presented by Bierbauer & Jackson, attorneys for defendant, and Smith, Knowlton & Hatch, of counsel, states:

"At the request of counsel for defendant, however, the question of fixing a rate schedule and determining a fair rate of return was postponed until a later date and until the company, under its new management, had the opportunity to test out the available revenue from the existing rates and, based on such investigation, to submit for the approval of the Commission a revised rate schedule."

The engineers both for the Commission and for the defendant found that there was inadequate pressure during the high demand season of the year, and at the conclusion of the hearing the Commission granted the defendant company one hundred (100) days within which to investigate this matter and to submit a plan for improving the pressure conditions, such plan to be approved by the Commission and its engineers.

On the 27th day of March, 1917, the Commission received a report from Mr. Charles D. Vail, its hydraulic engineer, containing recommendations for the improve-

ment of the service of the defendant company, and stating that Mr. Vail and Mr. L. G. Carpenter, consulting engineer for the defendant company, had agreed on the recommendations to be made to the Commission.

RULES GOVERNING CONSUMERS.

Mr. Carpenter and Mr. Vail first agree that in cases where a number of houses are connected to one tap on the service main there is a resultant overdraft on such tap. In many instances tents and outbuildings were found to be supplied by the tap originally made for the one house. It is recommended by Mr. Carpenter and Mr. Vail that a rule be adopted by the company, and filed with the Commission, requiring separate taps for each consumer.

Mr. Carpenter states that during the irrigation season, when the lack of pressure is greatest, too extensive an area has been irrigated from the same tap and too much irrigation has been conducted at the same time.

Mr. Vail recommends that no consumer be allowed to irrigate except through a nozzle of a specified size, stating that otherwise, pressure cannot be maintained regardless of other improvements that might be made in the present plant.

The Commission is of the opinion that the company should adopt these recommendations and should install an improved policing system and, if necessary, file with the Commission revised rules governing the use of water for irrigation and domestic uses, the same to be approved by the Commission if found to be reasonable.

INADEQUACY OF DISTRIBUTING MAINS.

From a study of the reports of the Commission's and the defendant company's engineers, the Commission is convinced that the distributing mains, to which the consumers' service pipes are connected, in many instances

are too small to allow adequate pressure in the service pipes. It is the opinion of Mr. Carpenter that in all cases where there is a substantial load on these distributing mains, the mains should be at least four (4) inches in diameter. To correct this condition, replacement of a number of such mains will be necessary, and Mr. Carpenter, in his report, estimates the cost of such replacements and indicates the points at which changes appear to be most imperative.

On Second Street a condition exists, according to Mr. Carpenter, which seems to require special attention. This street runs up the hillside and the lack of pressure is due to the elevation of the consumers' premises. Mr. Carpenter recommends as a remedy for this condition, two (2) tanks of the capacity of 10,000 gallons each and further recommends the construction of a storage tank with a capacity of approximately 500,000 gallons, which, in his opinion, will greatly benefit the present situation and remove practically all of the present causes for complaint.

Mr. Vail is of the opinion that the proper remedy for the relief of present conditions, and at the same time a measure to provide for the increased growth of the community, is the construction of a distributing reservoir of a capacity of 500,000 gallons, to be built on the high knoll north of Second Street and about one thousand (1,000) feet west of Pine Street. Mr. Vail believes the present supply line is of sufficient capacity to fill the reservoir during the night, in the event consumers comply with reasonable rules pertaining to the use of water for irrigation purposes. The principal object of this proposed reservoir is to equalize the flow in the main supply pipe by storing water during the hours of minimum demand and furnishing water direct to the distributing mains at the lower end of the system during the hours of maximum consumption.

Mr. Vail recommends that certain pipe lines be connected up and that others be enlarged, and has designated in his report necessary changes to be made at the present time.

"DEAD ENDS."

The survey made by Mr. Carpenter and Mr. Vail shows the presence of "dead ends" of pipe, and the recommendation is made that the 4-inch pipe on Ramona Avenue be extended east and connected with the 4-inch line on the county road. In the code of standards adopted by the Commission, Rule 45 provides as follows:

"Operation of 'Dead Ends': 'Dead ends' in the distributing mains should be avoided as far as possible. Where such 'dead ends' exist, they should be flushed at least once each week. To ensure compliance with this requirement, it is suggested that where feasible all 'dead ends' be equipped with hydrants."

The Commission has given careful consideration and study to the reports of Mr. Carpenter and Mr. Vail, and is of the opinion that the service of the defendant company is inadequate at certain periods of the year and that certain improvements in the system of the defendant company should be made, to the end that adequate service will be given to consumers at all periods of the year.

The Commission is further of the opinion that Mr. F. W. Herbert, the Commission's chief statistician, should, on or before the 1st day of August, 1917, make a thorough examination of the books of the defendant corporation, covering the period of the operation of the properties of the defendant company under the new management, to the end that the Commission may be sufficiently advised of the present revenues and operating expenses of the defendant.

The Commission is of the opinion that it is impossible to determine the value of the properties of the de-

fendant company for rate-making purposes until the plant is in condition to render adequate service. A test must first be made by the Commission's engineer, subsequent to the installation of the improvements herein ordered, to determine whether the service of the defendant company is then adequate, or whether further order of the Commission must be made in the premises. After the improvements herein ordered have been installed by the defendant company, and have been tested by the Commission's engineer, and after the Commission has received its statistician's report pertaining to the revenues and operating expenses of the defendant during the period from July 1, 1916, to July 1, 1917, which should be a fair test of the operating efficiency of the new management, then the representatives of the defendant company may present to the Commission, if they deem it advisable, the question of the necessity for a readjustment of the present rate schedule.

ORDER.

IT IS THEREFORE ORDERED, That the defendant corporation make the following improvements to its plant, within a period of ninety (90) days from date of this order:

1. That the defendant shall construct a distributing reservoir of approximately 500,000 gallons capacity to be located on the high knoll north of Second Street and about one thousand (1,000) feet west of Pine Street, the plans and specifications for the reservoir to be submitted to the Commission's engineer for his approval prior to the beginning of construction.

2. That a six (6) inch supply pipe from the "L" of the present four (4) inch line on Ramona Avenue, west

of Pine Street, to the proposed reservoir be constructed, this line to be connected with the present four (4) inch line on Second Street.

3. That an air valve be installed at the summit of the reverse grade near the upper end of the present supply pipe.

4. That the distributing main on Eleventh Street be enlarged to a four (4) inch pipe line.

5. That the four (4) inch pipe on Ramona Avenue be extended east and connected with the four (4) inch pipe line on the county road.

6. That additional valves be installed to properly regulate the system.

The above improvements to be made by the defendant company within a period of ninety (90) days from the date of this order and under the supervision of the Commission's hydraulic engineer.

IT IS FURTHER ORDERED, That the defendant file with the Commission for its approval reasonable rules pertaining to the use of water for irrigation and domestic uses.

IT IS FURTHER ORDERED, That the statistician for the Commission, on or before the 1st day of August, 1917, make a thorough examination of the records of the defendant pertaining to the revenues and operating expenses for the year beginning on the 1st day of July, 1916, and ending on the 30th day of June, 1917, and report same to the Commission.

IT IS FURTHER ORDERED, That the order of the Commission in this cause shall in no way prejudice the right of the defendant to apply to the Commission

for a determination, at a subsequent date, of the value of the properties of the defendant for the purpose of fixing a schedule of reasonable rates and charges.

GEO. T. BRADLEY,
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 14th day of April, 1917.

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INDEX—DIGEST.

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b. Telephones.
1. Expenses.

2. In the valuation of the properties of The Mountain States Telephone & Telegraph Company within the State of Colorado for rate-making purposes, the Commission was of the opinion that an equitable allocation of the annual payment of 4½ per cent of the company's gross revenues to The American Telephone & Telegraph Company should be made as between operating expenses, and construction accounts, and that a portion of the payment which is made for engineering advice and services covering basic plans for switchboards, and outside plant, and for the standardization thereof, and also a portion of the payment which covers the cost of making traffic studies, furnishing legal advice and financial assistance, should be charged to construction accounts and not reflected in operating expenses, and the Commission found 30 per cent of such payment to be a proper apportionment to the construction accounts. In re Mountain States Tel. & Tel. Co., 122.

2. Values.

3. In valuing the plant of a telephone utility for rate making purposes, which plant extended over the entire state, the Commission found it necessary to divide the property into several unit groups due to differences in freight rates, labor costs, difficulties in construction, etc. Idem.

II. In case of joint enterprise.
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2. The Commission held, as in its former opinions, that it has sole jurisdiction to regulate the rates and service of public utilities, located and operating in a city, to the exclusion of the local authorities, although the city is governed under a special charter under the "home

rule" amendment to the Constitution giving it power to control and legislate in regard to the local, municipal and internal affairs, since such regulation arises through the police power of the State, is a matter of state-wide importance, and is in no sense a local, municipal or internal matter. Ratner v. Denver Gas & Elec. Light Co., 379.

3. The Commission is not a court, and is without power to enforce the terms of a contract. Colorado Springs v. Alta Vista Hotel Co., 373.

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2. In the valuation of a telephone utility for rate making purposes, the Commission found that the life tables used by the company were erroneous as, while they might fairly be representative of conditions throughout the United States, they were not representative of represenative of conditions prevailing in the State of Colorado, and found that the company should set aside annually 5.65 per cent of its investment in depreciable property as an annual depreciation requirement. Idem.

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2. The Commission held, in a proceeding brought before it upon complaint, that, prior to the taking of any evidence in behalf of either party to the complaint and prior to the entering of any orders in the cause the issues as to the jurisdiction of the Commission over the subject-matter of the complaint should be determined. Ratner v. Denver Gas & Elec. Light Co., 379.

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I. Reasonableness of rates.

a. Advances.

1. The mere fact that operating expenses had increased did not grant the right to the carrier to increase the rates on any selected commodity to meet the increase through an increase in revenue. In re Lumber Rates on D. & S. L. R. R., 299.

b. Comparisons.

2. The Commission generally determines the reasonableness of freight rates by comparisons when the surrounding circumstances and conditions are substantially similar. Idem.

c. Cost of service.

3. The Commission was of the opinion that the cost of service, even if it were possible to accurately determine same, should not be the sole test of the reasonableness of rates on a particular commodity between selected points. Idem.

d. Minimum charge.

4. The Commission was of the opinion that the rule of the carriers which provided that articles which may not be loaded through center side doorways of specified dimension of box cars shall be assessed a minimum charge of 4,000 pounds at first-class rate was unreasonable, and ordered the substitution of a rule providing that when an article is loaded and transported on an open car on account of being too large or too long to be loaded through side doors of box cars, a minimum charge of 4,000 pounds at the first-class rate may be assessed. Hardesty v. A., T. & S. F. Ry. Co., 313.

e. Proportionate rates.

5. The Commission took cognizance of the fact that rates on particular commodities should bear the fair proportion of the burden of the revenues necessary to meet operating expenses, but was of the opinion that there are many difficulties in the determination which prevent the accurate finding as to such apportionment. In re Lumber Rates on D. & S. L. R. R., 299.

f. Value of commodity.

6. The value of a commodity is one of the elements determining the reasonableness of rates, and this fact has received recognition by the Commission in prior cases. Huerfano Coal Co. v. C. C. & C. S. R. R. Co., 116.

REASONABLENESS.

Of rates, see RATES.

RECIPROCAL.

Switching charges, see TERMINALS, 3, 5, 6.

RELATIONS.

Intercorporate, see INTERCORPORATE RELATIONS.

RENTAL.

Of telephone instruments, payment for, see INTERCORPORATE RELATIONS, 1.

REPRODUCTION.

Cost, see VALUATION, 5, 6, 7, 20.

Cost less depreciation, see VALUATION, 5, 6, 7, 20.

RESERVE.

Depreciation, see DEPRECIATION.

RETURN.

Fair, estimated during construction, see VALUATION, 13.

On terminals, through switching charges, see TERMINALS, 1.

I. Reasonableness of return, 1-6.

a. In general, 1.

b. Factors to be considered, 2, 3.

c. Reasonableness of specific amounts, 4-6.

I. Reasonableness of return.

a. In general.

1. The Commission, in the valuation of a telephone utility for rate making purposes, was not impressed with the necessity of laying aside a surplus for extraordinary emergencies, such as tornadoes, heavy wind storms, fires, etc., except within reasonable bounds, but found that the appropriation from the surplus of an amount for the payment of pensions, and sick and accident benefits to employes, and a sum to be paid as a bonus to employes, were warranted and in accord with modern policies. In re Mountain States Tel. & Tel. Co., 122.

b. Factors to be considered.

2. The fact that the legal rate of interest within the State of Colorado is 8 per cent per annum should be considered by the Commission as a factor in the determination of a reasonable rate of return but it is not controlling. Idem.

3. In the valuation of a telephone utility for rate making purposes, the Commission found that the company had been carefully managed, no expenses having been included under operating expenses which were unreasonable in their nature, and that no excessive or exorbitant salaries were being paid by the company or for which the company did not receive full value. Idem.

c. Reasonableness of specific amounts.

4. In the valuation of a telephone utility's properties within the State of Colorado for rate making purposes on which the fair value was found to be $14,690,794.57 as of June 30, 1915, the Commission found the revenues for the year, amounting to $3,398,270.42, were insufficient to meet all operating expenses, provide for depreciation and pay a return of 8 per cent on the fair value of the property, in the sum of $484,921.37, and that the ability of the company to pay 7 per cent on its capital stock was due to the fact that this was being done at the expense of its depreciation reserve. Idem.

5. In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that a return of not to exceed 1 per cent upon the fair value of the property should be allowed for the purpose of creating a surplus as a guarantee against contingencies and establishing and maintaining the credit of the company, —such surplus to be at all times under the scrutiny of the Commission. Idem.

6. In the valuation of a telephone utility's properties within the State of Colorado for rate making purposes, the Commission found a payment of 7 per cent in dividends to stockholders not to be excessive; that such dividend was sufficient to attract capital in the field for improvements and extensions; that a return of not to exceed 1 per cent upon the fair value of the property should be allowed as a surplus for contingencies; and was of the opinion that the maximum rate of return, for the purpose of paying dividends, and creating a surplus, which the utility should be permitted to earn prior to a consideration by the Commission of a general reduction in rates, was 8 per cent. Idem.

REVENUES.

Apportionment of, to branches, see SERVICE, 2.
Apportionment of, see APPORTIONMENT, 1, 2.
Payment of, in Intercorporate Relations, see INTERCORPORATE RELATIONS, 1.
Increase in, see RATES, 1.
Apportioned to particular commodities, see RATES, 5.

RIGHTS OF WAY.

Cost of acquiring, allowance for, see VALUATION, 10.
Allowance for, see VALUATION, 11, 14.
Reproduction cost of, see VALUATION, 20.

SALARIES.

Efficiency of management, see RETURN, 3.

SERVICE.

Cost of terminals, see TERMINALS, 5, 11, 12.
Free, by telephone company, see DISCRIMINATION, 1.

I. Of particular utilities, 1-6.
   a. Railroads, 1-4.
   b. Water, 5, 6.

I. Of particular utilities.

a. Railroads.

1. A carrier is required by law to give adequate and reasonable service, regardless of the losses that may be entailed, unless it releases its charter and discontinues its existence. Citizens of Grand Lake v. D. & S. L. R. R. Co., 33.

2. While a particular branch of a railway may be operated at a loss, yet that fact in itself does not constitute sufficient justification for the abandonment of service, or of tracks, or materially reduced service which will result in inadequate service on that branch, as the entire system earnings must be considered in the question of service upon any portion or branch of the system. City of Colorado Springs v. C. S. & I. Ry. Co., 1.

3. Where the public in general is not directly concerned in the adequacy of service of a railway over a spur track serving one industry only, the Commission will require a showing as to the amount of tonnage or revenue the railway company may reasonable expect before ordering a spur track placed in operating condition. Big Five Mining Co. v. D. B. & W. R. R. Co., 349.

4. Where a railroad desired to reduce its daily passenger train service to tri-weekly service during the months of December, January, February and March, due to the severe operating conditions experienced during such time, the Commission allowed such change to become effective as the evidence disclosed that the principal objection was in the change in mail service, and that it would be to the best interests of the entire people served by the railroad if the temporary service were allowed. Citizens of Grand Lake v. D. & S. L. R. R. Co., 33.

b. Water.

5. The Commission ordered a water utility to maintain in continuous use one or more graphic recording pressure gauges at various points on its supply system, and, with the assistance of the information made available by these records, to maintain, under the supervision

of the Commission's Engineer, such pressure as shall at all times be adequate for domestic and fire protection purposes. City of Aspen v. Castle Creek Water Co., 23.

6. Where it was shown that a water utility had failed to establish or enforce rules for the proper distribution of water for irrigation purposes, and that such neglect had resulted in inadequate pressure during the summer months, the Commission ordered the company to divide the city into districts and proper rules prescribed and enforced to prevent the unnecessary waste of water. Idem.

SPUR.

Track, to industry, evidence sufficient to require, see SERVICE, 3.

STATE.

Delegation of power to municipalities, see COMMISSION, 1, 2.
Regulation of contracts, see CONSTITUTIONAL LAW, 1.

STATUTES.

See CONSTITUTIONAL LAW.

STOCK.

Capital, return on, see RETURN, 4.

SUBSCRIBERS.

Cost of securing, see VALUATION, 19.

SUPPLY.

Expense, see VALUATION, 4.

SURPLUS.

For extraordinary emergencies, see RETURN, 1.
Against contingencies, see RETURN, 5, 6.

SUSPENSION.

Burden of proof on carriers in suspension cases, see EVIDENCE, 1, 2.

SWITCHING.

See TERMINALS.

TABLES.

Life, see DEPRECIATION, 2.

TANGIBLE.

Values, see VALUATION.

TELEPHONES.

See APPORTIONMENT; DEPRECIATION; DISCRIMINATION; INTERRELATIONS; RETURN; VALUATION.

TERMINALS.

I. In general, 1, 2.

II. Switching charges, 3-12.
a. In general, 3-9.
b. Absorptions, 10, 11.
c. Cost of service, 12.

I. In general.

1. The Commission was of the opinion that switching charges of railroads should not be expected to earn the carrier a fair return on the terminal property alone as main lines and terminals must be considered together and either would be practically valueless without the other. Missouri Lumber & Supply Co. v. A., T. & S. F. Ry. Co., 73.

2. In a case involving the reasonableness of switching charges in the City of Denver the Commission was unable to find anything in the record that would substantiate the claims of plaintiffs or defendants that terminal conditions in Denver were materially different than conditions prevailing in other cities of like size and importance. Idem.

II. Switching charges.

a. In general.

3. In a case involving the reasonableness of switching charges, the Commission resorted to a comparison of switching charges, both industrial and reciprocal, in other cities of the same size and importance, and found many precedents for so doing. Idem.

4. The method of the carriers in assessing a charge per ton, with a minimum charge per car, instead of a flat charge per car, was found by the Commission to be reasonable inasmuch as the application of such method eliminates a certain form of discrimination in that it is worth more to a shipper to have a shipment of 50 tons switched than one of 20 tons. Idem.

5. While industrial switching is merely incidental as compared to the total switching service and involves a greater cost of service than reciprocal switching, yet it should bear a fair ratio to the latter, and the Commission believes that as industrial switching is in a sense competitive with drayage business such fact should receive consideration in determining a fair rate for industrial switching. Idem.

6. Reciprocal switching charges have an indirect, if not a direct, bearing on freight rates and therefore are subject to regulation by the Commission, and must be reasonable and non-discriminatory. Idem.

7. In blanketing a terminal for the purpose of prescribing reasonable switching charges, the Commission was of the opinion that it would be no more than equitable in a terminal the size of that in the City of Denver to permit the carriers to assess a somewhat higher

charge for switching service to extreme outer points than to points within the general switching territory. Idem.

8. The Commission was of the opinion that it was reasonable for the carriers to apply, within reasonable bounds, the blanket method of assessing switching charges rather than to divide a terminal into small arbitrary zones and assess a different charge for each zone. Idem.

9. While it is impossible to estimate the advantage accruing to a carrier owning large terminals over a carrier owning smaller terminals, the Commission believes that such value should be given consideration in determining the reasonableness of switching charges, as the carrier with the larger facilities not only obtains more revenue through switching service but has the direct means of securing business from shippers on its line which it could not otherwise obtain. Idem.

b. Absorptions.

10. As practically all switching charges on interstate shipments in the Denver terminal are absorbed, such shipments being deemed competitive, the burden of switching charges falls most heavily on the intrastate shipments which are non-competitive to a large extent. Idem.

11. It is to be presumed that railroads have taken into consideration the cost of service at terminals in fixing freight rates and it can be assumed that they will be required to absorb terminal switching charges on a portion of the traffic handled, due to competitive conditions, and it is logical to conclude that such fact was considered when the rates were established and therefore a direct charge against shippers. Idem.

c. Cost of service.

12. In determining the reasonableness of switching charges of the carriers in the Denver terminal, the Commission was of the opinion that the railroads had failed to give any consideration to the empty car movement in arriving at a unit cost of service of moving loaded cars, and that had such factor been properly included the cost per car would be greatly under the figures shown in the exhibits filed. Idem.

TON.

Switching charges, see TERMINALS, 4.

TONNAGE.

Sufficient to require spur track to industry, see SERVICE, 3.

TRACK.

Abandonment of, on branch, see SERVICE, 2.

Spur to industry, tonnage necessary to require, see SERVICE, 3.

TRAFFIC STUDIES.
Expense of, apportionment of, see APPORTIONMENT, 2.
Payment for, see INTERCORPORATE RELATIONS, 1.

TRAIN.
Service, see SERVICE.

UNIT.
Cost of service, in switching see TERMINALS, 12.
Plant, cost of, see VALUATION, 4.

UTILITIES.
Public, operating in Home Rule cities, see COMMISSION.

VALUATION.
Apportionment of property for, see APPORTIONMENT, 3.

I. Fair values found, 1, 2.

II. Ascertainment of value, 3-9.
- a. General factors considered, 3, 4.
- b. Reproduction cost as measure, 5.
- c. Reproduction cost less depreciation, 6, 7.
- d. Book cost or value, 8, 9.

III. Nonphysical elements affecting value or cost, 10-16.
- a. Overhead expenses, 10-15.
  1. Interest during construction, 10, 11.
  2. Miscellaneous construction expenses, 12, 13.
  3. Contingencies, 14.
  4. Cost of money and promotion expenses, 15.
- b. Paving over mains, 16.

IV. Valuation of particular kinds of tangible property, 17, 18.
- a. Lands, 17.
- b. Working capital, 18.

V. Valuation of particular kinds of intangible property, 19, 20.
- a. Going value, 19.
  1. Cost of development, 19.
- b. Rights of way, 20.

I. Fair values found.

1. In the valuation of the property of The Mountain States Telephone & Telegraph Company for rate making purposes, the Commission found the present fair value assignable to Colorado to be $14,698,414, for rate making purposes as of August 31, 1915, and from a study of the fixed capital accounts was able to also develop the fair value of the properties within the state for rate making purposes as

of June 30th of each year from 1912 to 1915. In re Mountain States Tel. & Tel. Co., 122.

2. In arriving at the fair value of the property of a telephone utility for rate making purposes, the Commission found that to the cost of reproduction less depreciation, amounting to $12,350,468, there should be added the sum of $358,024, to cover the reasonable cost of organization; the sum of $15,000 to cover the cost of acquiring such franchises as the company owned; the sum of $1,364,922 for unearned accrued depreciation; and that in addition there should be added a sum sufficient to cover the cost of other intangible values. Idem.

II. Ascertainment of value.

a. General factors considered.

3. In the valuation of a telephone utility the Commission made use of weighted or average prices of material which fluctuate in value on account of market conditions, and no consideration was made of market values or prices actually paid on such material. Idem.

4. In the valuation of a telephone utility for rate making purposes the Commission determined the cost of a unit of plant in place, including therein the cost of labor and material, incidental expenditures in connection with labor, supply expense, freight and cartage, plant supervision, tool expense and general expense, and to arrive at such unit cost determined the cost of material at the nearest warehouse, supply expense chargeable to this material or cost of handling at warehouse, freight charges, cartage, labor of installation, incidental labor expenditures, plant supervision and tool expense, and general expense. Idem.

b. Reproduction cost as measure.

5. The Commission was of the opinion that the term "reproduction cost" should not be used in its strict sense in the valuation of property of public utilities for rate making purposes, but should be so modified and altered as to bring before the Commission the cost of reproducing the property under normal or average conditions, due regard being given to the conditions under which the property had been actually constructed, and the prices paid for labor and materials. Idem.

c. Reproduction cost less depreciation.

6. In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that the method adopted by its engineer for arriving at reproduction cost less depreciation, based on a consideration of both the age and life, and the inspection methods, was reasonable and proper, and found the cost of reproduction less depreciation of the property of the company, exclusive of any allowance for intangible or nonphysical values, to be $2,350,468. Idem.

7. In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that, as the property of the company was in excellent physical condition and capable of giving good service, deduction on account of depreciation should not be made on the assumption that the property was incapable of giving good service, and the amount of deterioration as determined by the company was of no assistance to the Commission in arriving at the amount that should be in the reserve for accrued depreciation, the annual rate at which such reserve should be set aside, or the amount which should, in fairness to the patrons, be deducted for rate making purposes. Idem.

d. Book cost or value.

8. The experience of the Commission has shown that book costs or values of utilities are of very little assistance in obtaining fair values for rate making purposes, as the methods of the various utilities in building up book values are not uniform, the accounting methods in the past have been varied, and utilities have built up enormous book values based on many erroneous assumptions. Idem.

9. In the valuation of a telephone utility for rate making purposes, the Commission found the book value of the fixed capital accounts assignable to Colorado to be $3,166,918.75. Idem.

III. Nonphysical elements affecting value or cost.

a. Overhead expenses.

1. Interest during construction.

10. In the valuation of a telephone utility for rate making purposes, the Commission found that an allowance of $82,419, as miscellaneous interest during construction on expenditures on other than physical structures made prior to the beginning of operation was improper and should not be allowed, as the same was based on a computation of 8 per cent on imaginary expenditures for a portion of the cost of selling service, miscellaneous construction expenditures, cost of publication and traveling expenses in obtaining franchises, and the appraised value of rights-of-way, all of which the Commission had disallowed in whole or in part. Idem.

11. In the valuation of a telephone utility for rate making purposes, upon which the fair value was fixed by the Commission at $14,698,414, it was ascertained that the allowance for interest during construction was excessive in that the amount shown by the engineer for the company included interest during construction on the cost of paving not cut and replaced by the company, and the amounts shown by the engineers for the company and the Commission included interest during construction on the reproduction cost of rights-of-way, and the Commission therefore found the proper allowance for interest

during construction to be $665,000, instead of the amounts found by the engineers for the company and the Commission. Idem.

2. Miscellaneous construction expenditures.

12. In the valuation of the properties of a telephone utility for rate making purposes, upon which the fair value was fixed at $14,698,414 by the Commission, the Commission found that an item of $372,896, claimed by the company as miscellaneous construction expenditures was entirely excessive inasmuch as this sum was based very largely upon depreciation of plant and equipment which had been otherwise provided for in the appraisal of the property. Idem.

13. In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that an amount of $2,508,183, purporting to represent an estimated fair return to the company during the six-year construction period was improper and should not be allowed as such return must be based on actual, and not upon imaginary expenditures such as miscellaneous construction expenditures and cost of selling service, which the Commission does not believe would have been made, and further was in error in that it included an estimate of depreciation on the physical property of the company at a rate of 6 per cent which was excessive, and that the expense of depreciation, which was not an out-of-pocket expenditure, should not have been capitalized. Idem.

3. Contingencies.

14. In the valuation of a telephone utility for rate making purposes, the Commission found that the company's engineer had allowed 3 per cent on all inventoried items for contingencies and omissions, but that, due to the fact that the building appraisers had included contingencies and omissions in appraisals of buildings, and since the Commission had rejected reproduction cost in arriving at the value of rights-of-way, no allowance being made for contingencies and omissions on this item, such figure was excessive, and the Commission accepted the amount ascertained by the Commission's engineer. Idem.

4. Cost of money and promotion expenses.

15. In a valuation of a telephone utility for rate-making purposes, the Commission found that an allowance of $1,659,056 to cover cost of money and promoters' remuneration, was unreasonable and should not be allowed inasmuch as the payment of 4½ per cent of the gross revenues of the company to The American Telephone & Telegraph Company covered the cost of obtaining money and promoting the business of the company. Idem.

b. Paving over mains.

16. The Commission was of the opinion that consideration should be given, in arriving at the value of property of utilities for rate

making purposes, to paving actually cut and properly replaced in the installation of underground conduits, and that to make allowance for paving not actually cut and replaced was improper. Idem.

IV. Valuation of particular kinds of tangible property.

a. Lands.

17. In the valuation of a telephone utility for rate making purposes, the Commission found that the land owned by the company should be appraised at its fair market value. Idem.

b. Working capital.

18. The sum of $529,375.96 was allowed for working capital in the valuation of a telephone utility whose value for rate making purposes was fixed by the Commission at $14,698,414, working capital being the amount of cash, supplies or other available assets that may be readily converted into cash, reasonably necessary for the purpose of bridging the gap between outlay and reimbursements, and the Commission found that items representing controlling interest in the stock of The American District Telegraph Company, the operations of which do not enter into the giving of telephone service, and deposits from subscribers held by the company should be excluded from working capital. Idem.

V. Valuation of particular kinds of intangible property.

a. Going value.

1. Cost of development.

19. In the valuation of a telephone utility for rate making purposes, the Commission was of the opinion that an allowance of $420,529, representing an amount of $4.50 per present subscriber on the theory that it would cost such sum to secure each subscriber, was unreasonable and should not be allowed. Idem.

b. Rights of way.

20. In the valuation of a telephone utility for rate making purposes, the Commission did not adopt reproduction cost as the measure of the value of the rights of way but was of the opinion that the actual sacrifices made by the company in acquiring such rights of way, when the same can be determined, should be used in valuing rights of way. Idem.

VALUE.

Rate based on, of commodity, see RATES, 6.

WATER.

See SERVICE, 5, 6.

WIRING.
Of electrical utilities, see ELECTRICITY, 1.

WORKING CAPITAL.
In valuation, see VALUATION, 18.

ZONES.
Switching, see TERMINALS, 8.

SECTION 2.

GENERAL ORDERS.

GENERAL ORDER No. 28.

IN THE MATTER OF ANNUAL REPORTS OF UTILITIES.

Effective January 1, 1917.

IT IS ORDERED, That all public utilities, defined as such in Sections 1, 2 and 3 of Chapter 127, Session Laws of 1913, as amended, which now or hereafter are required to file annual reports with the Public Utilities Commission of the State of Colorado be, and they are hereby, required to render an annual report for the calendar year 1916, and thereafter to render annual reports for calendar year periods, or from January 1st to December 31st, both inclusive, of each year, on or before the date specified in the forms furnished by the Commission for the filing thereof, or as otherwise specified by the Commission.

GEO. T. BRADLEY,
(Seal) M. H. AYLESWORTH,
A. P. ANDERSON,
Commissioners.

Dated at Denver, Colorado, this 28th day of December, A. D. 1916.

SECTION 3.

THE PUBLIC UTILITIES ACT.

(Effective for all purposes July 16, 1917.)

AN ACT

CONCERNING PUBLIC UTILITIES, CREATING A PUBLIC UTILITIES COMMISSION, PRESCRIBING ITS POWERS AND DUTIES AND REPEALING CERTAIN ACTS AND PARTS OF ACTS IN CONFLICT THEREWITH. (*Effective August* 12, 1914.)

Be It Enacted by the General Assembly of the State of Colorado:

Section 1. This act shall be known as the "Public Utilities Act" and shall apply to the public utilities and public services herein described and to the commission herein referred to.

Setion 2. (*As Amended July* 12, 1915.) (a) The term "commission" when used in this act, means The Public Utilities Commission of the State of Colorado.

(b) The term "commissioner," when used in this act, means one of the members of the commission.

(c) The term "corporation," when used in this act, includes a corporation, a company, an association, and a joint-stock association.

(d) The term "person," when used in this act, includes an individual, a firm, and a co-partnership.

(e) The term "common carrier," when used in this act, includes every railroad corporation; street railroad corporation; express corporation, dispatch, sleeping car, dining car, drawing room car, freight, freight-line, refrigerator, oil, stock, fruit, car loaning, car renting, car loading; and every other corporation or person affording a means of transportation, by automobile or other vehicle whatever, similar to that ordinarily afforded by railroads or street railways, and in competition therewith, by indiscriminately accepting, discharging and laying down either passengers, freight or express between fixed points or over established routes; and every other car corporation or person, their lessees, trustees, receivers, or trustees

appointed by any court whatsoever, operating for compensation within this State.

Section 3. The term "public utility," when used in this act, includes every common carrier, pipe line corporation, gas corporation, electrical corporation, telephone corporation, telegraph corporation, water corporation, person or municipality operating for the purpose of supplying the public for domestic, mechanical or public uses, and every corporation, or person now or hereafter declared by law to be affected with a public interest, and each thereof, is hereby declared to be a public utility and to be subject to the jurisdiction, control and regulation of the commission and to the provisions of this act; Provided, that nothing in this act shall be construed to apply to irrigation systems, the chief or principal business of which is to supply water for the purpose of irrigation.

Section 4. A Public Utilities Commission is hereby created which shall be known as The Public Utilities Commission of the State of Colorado and which shall consist of three members who shall be appointed by the Governor, except as in this section otherwise provided. Aaron P. Anderson is hereby designated and named as one commissioner, and shall hold his office until the second Tuesday in January, 1915; Sheridan S. Kendall is hereby designated and named as one commissioner and shall hold his office until the second Tuesday in January, 1917; and immediately upon the taking effect of this act the Governor shall appoint a commissioner who shall hold his office until the second Tuesday in January, 1919. The term of office for each commissioner thereafter to be so appointed by the Governor, by and with the consent of the Senate, shall be for the term of six years from and after the expiration of the several terms as herein fixed. No two members of The Public Utilities Commission shall at any time be residents of the same Judicial District, and any appointment to fill a vacancy shall be for the unexpired term. The Governor shall designate one member of the Commission as Chairman of the Commission.

The Commissioners herein named shall receive as compensation for their services the sum of Three Thousand Dollars each per annum for the remainder of the respective terms for which they were elected as Railroad Commissioners. All Commissioners appointed after the passage of this Act shall receive as compensation the sum of Four Thousand Dollars each per annum.

The Commissioners shall devote their entire time to the duties of their office, to the exclusion of any other employment.

Section 5. Each commissioner and each person appointed to a civil executive office by the commission shall, before entering upon the duties of his office, take the constitutional oath of office. Each commissioner shall be a qualified elector of this State, and no person in the employ of or holding any official relation to any corporation or person, which said corporation or person is subject in whole or in part to regulation by the commission, and no person owning

stocks or bonds of any such corporation or who is in any manner pecuniarily interested therein shall be appointed to or hold the office of commissioner or be appointed or employed by the commission; provided, that if any such person shall become the owner of such stocks or bonds or become pecunarily interested in such corporation otherwise than voluntarily, he shall within six months divest himself of such ownership or interest; failing to do so, his office or employment shall become vacant.

Section 6. The commission shall appoint a secretary, whose salary shall be at the rate of twenty-five hundred dollars per annum and who shall hold office during its pleasure. It shall be the duty of the secretary to keep a full and true record of all proceedings of the commission, to issue all necessary process, writs, warrants and notices and to perform such other duties as the commission may prescribe, and who shall have all the powers conferred by law upon peace officers to carry weapons, make arrests and serve warrants and other process in any county or city and county, of this State.

Section 7. The commission shall have power, with the approval of the Governor, to employ during its pleasure such experts, engineers, statisticians, accountants, inspectors, clerks and employees as it may deem necessary to carry out the provisions of this act or to perform the duties and exercise the powers conferred by law upon the commission. The commission shall have power with the approval of the Governor to appoint an attorney at law of this state who shall hold office during the pleasure of the commission and who shall exercise the powers and duties conferred upon him by this act and by the commission. The commissioners, secretary, clerks, inspectors, accountants, attorneys, and all other employees, except experts temporarily in the employ of the commission, shall have been for four years prior to such appointment or employment, bona fide residents of the State of Colorado, and each and all of these, except only the attorneys and experts shall, while in the employ of the commission, devote their entire time to the service of the Commission, to the exclusion of any other employment.

Section 8. (a) The office of the commission shall be in the city and county of Denver. The office shall be open every day, legal holidays and Sundays excepted. The commission shall hold its sessions at least once each calendar month in said city and county of Denver, and may also meet at such other times and in such other places as may be expedient and necessary for the proper performance of its duties. It shall be the duty of the Board of Capitol Managers, or its successors in authority, to provide suitable quarters for the commission and its officers at the Capitol Building.

(b) The commission shall have a seal, bearing the following inscription: "The Public Utilities Commission of the State of Colorado." The seal shall be affixed to all writs and authentications of copies of records and to such other instruments as the commission shall direct. All courts shall take judicial notice of said seal.

(c) The commission is authorized to procure all necessary books, maps, charts, stationery, instruments, office furniture, apparatus and appliances, and incur such other expenses as may be actual and necessary, and the same shall be paid for in the same manner as other expenses authorized by this act.

Section 9. Any investigation, inquiry or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner designated for the purpose by the commission, and every finding, order or decision made by a commissioner so designated, pursuant to such investigation, inquiry or hearing, when approved and confirmed by the commission shall be and be deemed to be the finding, order or decision of the commission.

Section 10. (a) All officers, attorney, experts, engineers, statisticians, accountants, inspectors, clerks and employees of the commission shall receive such compensation as may be fixed by law or by the commission. The commissioners, attorney, secretary and rate expert shall be civil executive officers and their salaries as fixed by law or the commission shall be paid in the same manner as are the salaries of other state officers. The salary or compensation of every other person holding employment under the commission shall be paid monthly from the funds appropriated for the use of the commission, after being approved by the commission, upon claims therefor to be audited by the state auditing board.

(b) All expenses incurred by the commission pursuant to the provisions of this act, including the actual and necessary traveling expenses and other expenses and disbursements of the commissioners, their officers and employees, incurred while on business of the commission, shall be paid from the funds appropriated for the use of the commission, upon claims therefor to be audited by the state auditing board.

Section 11. The commissioners and the officers and employees of the commission, shall, when in the performance of their official duties, have the right to pass, free of charge, on all railroads, cars and other vehicles of every common carrier subject in whole or in part to control or regulation by the commission, between points within this State, and such person shall not be denied the right to travel upon any railroad, car, or other vehicle of such common carrier, whether such railroad, car, or other vehicle be used for the transportation of passengers or freight, and regardless of its class.

Section 12. The commission shall make and submit to the Governor on or before the first day of December of each year subsequent to the year nineteen hundred and twelve a report containing a full and complete account of its transactions and proceedings for the preceding fiscal year, together with such other facts, suggestions and recommendations, as it may deem of value to the people of the State.

Section 13. (a) All charges made, demanded or received by any public utility, or by any two or more public utilities, for any

rate, fare, product or commodity furnished or to be furnished or any service rendered or to be rendered shall be just and reasonable. Every unjust or unreasonable charge made, demanded or received for such rate, fare, product or commodity or service is hereby prohibited and declared unlawful.

(b) Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employees and the public, and as shall in all respects be adequate, efficient, just and reasonable.

Section 14. The power and authority is hereby vested in The Public Utilities Commission of the State of Colorado, and it is hereby made its duty to adopt all necessary rates, charges, and regulations to govern and regulate all rates, charges and tariffs of every public utilitiy of this State as herein defined, the power to correct abuses, and prevent unjust discriminations and extortions in the rates, charges and tariffs of such public utilities of this State and to generally supervise and regulate every public utility in this State and to do all things, whether herein specifically designated, or in addition thereto, which are necessary or convenient in the exercise of such power, and to enforce the same by the penalties provided in this act, through proper courts having jurisdiction.

Section 15. Under such rules and regulations as the commission may prescribe, every public utility shall file with the commission within such time and in such form as the commission may designate, and shall print and keep open to public inspection schedules showing all rates, tolls, rentals, charges and classifications collected or enforced, or to be collected and enforced, together with all rules, regulations, contracts, privileges and facilities which in any manner affect or relate to rates, tolls, rentals, classifications, or service. The rates, tolls, rentals and charges shown on such schedules when filed by a public utility as to which the commission acquires the power by this act to fix any rates, tolls, rentals, or charges, shall not within any portion of the territory as to which the commission acquires as to such public utility such power, exceed the rates, tolls, rentals or charges in effect on the tenth day of October nineteen hundred and twelve; the rates, tolls, rentals and charges shown on such schedules, when filed by any public utility as to any territory as to which the commission does not by this act acquire as to such public utility such power, shall not exceed the rates, tolls, rentals and charges in effect at the time the commission acquires as to such territory and as to such public utility the power to fix rates, tolls, rentals or charges. Nothing in this section contained shall prevent the commission from approving or fixing rates, tolls, rentals or charges, from time to time, in excess of or less than those shown by said schedules.

Section 16. Unless the commission otherwise orders, no change shall be made by any public utility in any rate, fare, toll, rental,

charge or classification, or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge, classification or service, or in any privilege or facility, except after thirty days' notice to the commission and the public as herein provided. Such notice shall be given by filing with the commission and keeping open for public inspection new schedules stating plainly the change or changes to be made in the schedule or schedules then in force, and the time when the change or changes will go into effect. The commission, for good cause shown, may allow changes without requiring the thirty days' notice herein provided for, by an order specifying the changes so to be made and the time when they shall take effect, and the manner in which they shall be filed and published. When any change is proposed in any rate, fare, toll, rental, charge or classification, or in any form of contract or agreement or in any rule, regulation or contract relating to or affecting any rate, fare, toll, rental, charge or classification or service, or in any privilege or facility, attention shall be directed to such change on the schedule filed with the commission immediately preceding or following the item.

Section 17. (a) No public utility subject to the provisions of this act shall, directly or indirectly, issue, give or tender any free service, ticket, frank, free pass, or other gratuity, or free or reduced-rate transportation for passengers between points within this State, except to the members of the commission and their agents and employees while in the discharge of their public duties, and except to its employees and their families, its officers, agents, surgeons, physicians, and attorneys at law; to ministers of religion, traveling secretaries of railroad Young Men's Christian Associations, inmates of hospitals and charitable and eleemosynary institutions, and persons exclusively engaged in charitable and eleemosynary work; to indigent, destitute and homeless persons, and to such persons when transported by charitable societies or hospitals, and the necessary agents employed in such transportation; to inmates of the National Homes or State Homes for Disabled Volunteer Soldiers, and of Soldiers' and Sailors' Homes, including those about to enter and those returning home after discharge; to necessary care takers of live stock, poultry, fish and spawn (to be used by the State for the purpose of stocking public streams), milk and fruit; to employees on sleeping cars, express cars, and to linemen of telegraph and telephone companies; to railway mail service employees, postoffice inspectors, customs inspectors, and immigration inspectors; to newsboys on trains, baggage agents, witnesses attending any legal investigation in which the common carrier is interested, persons injured in wrecks and physicians and nurses attending such persons; Provided, that this provision shall not be construed to prohibit the interchange of passes for the officers, agents and employees of common carriers and their families; nor to prohibit any common carrier from carrying passengers free with the object of providing relief in cases of general epidemic, pestilence, or other calamitous visitation;

and provided further, that this provision shall not be construed to prohibit the privilege of passes or franks, or the exchange thereof with each other, for the officers, agents and employees of telegraph and telephone companies and their families, and the officers, agents, employees and their families of other common carriers subject to the provisions of this act; provided further, that the term "employees" as used in this paragraph, shall include furloughed, pensioned and superannuated employees, persons who have become disabled or infirm in the service of any such common carrier, and the remains of a person killed in the employment of a carrier and ex-employees traveling for the purpose of entering the service of any such common carrier; and the term "families," as used in this paragraph, shall include the families of those persons named in this proviso, also the families of persons killed, and the widows during widowhood and minor children during minority of persons who died while in the service of any such common carrier. Provided, the granting or issuing of any free service, ticket, frank, free pass, or other gratuity, or free or reduced-rate transportation shall be subject to such reasonable restrictions as the commission may impose. Any common carrier violating this provision shall be liable to the penalty hereinafter prescribed for a violation of this act, and any person, other than the persons excepted in this provision, who uses any such free ticket, free pass or free transportation shall be subject to a like penalty.

(b) Nothing in this act contained shall be construed to prohibit the issue by express corporations of free or reduced-rate transportation for express matter to their officers and employees, or the interchange of free or reduced-rate transportation for express matter between common carriers, their officers and employees, provided, that such express matter be for the personal use of the person to or for whom such free or reduced-rate transportation is granted; nor to prohibit the issue of franks by telegraph or telephone corporations to their officers and employees; nor to prevent a common carrier from transporting, storing or handling, free or at reduced rates the household goods and personal effects of its employees, of persons entering or leaving its service, and of persons killed or dying while in its service.

(c) Except as in this section otherwise provided, no public utility, shall charge, demand, collect or receive a greater or less or different compensation for any product or commodity furnished or to be furnished, or for any service rendered or to be rendered, than the rates, tolls, rentals, and charges applicable to such product or commodity or service as specified in its schedules on file and in effect at the time, nor shall any such public utility refund or remit, directly or indirectly, in any manner or by any device, any portion of the rates, tolls, rentals and charges so specified, nor extend to any corporation or person any form of contract or agreement or rule or regulation or any facility or privilege except such as are regu-

larly and uniformly extended to all corporations and persons; provided that the commission may by rule or order establish such exceptions from the operation of this prohibition as it may consider just and reasonable as to each public utility.

Section 18. No public utility shall, as to rates, charges, service, facilities, or in any other respect, make or grant any preference or advantage to any corporation or person or subject any corporation or person to any prejudice or disadvantage. No public utility shall establish or maintain any unreasonable difference as to rates, charges, service, facilities, or in any respect, either between localities or as between any class of service. The commission shall have the power to determine any question of fact arising under this section. Nothing in this act shall be taken to prohibit a corporation or person engaged in the production, generation, transmission, or furnishing of heat, light, water, or power, telegraph or telephone service, from establishing a graduated scale of charges; provided that a schedule showing such scale of charges shall first be filed with the commission and such schedule and each rate set out therein approved by it. Nothing in this act shall be taken to prohibit any such corporation or person from entering into an arrangement for a fixed period for the automatic adjustment of charges for heat, light, water, or power, telegraph or telephone service, in relation to the dividends to be paid to stockholders of such corporation or the profits to be realized by such person; Provided, that a schedule showing the scale of charges under such arrangement shall first have been filed with the commission and such schedule and each rate therein approved by it. Nothing in this section shall prevent the commission from revoking its approval at any time and fixing other rates and charges for the product or commodity or service, as authorized by this act.

Section 19. Every telephone corporation and telegraph corporation operating in this State shall receive, transmit and deliver, without discrimination or delay, the conversations and messages of every other telephone or telegraph corporation with whose line a physical connection may have been made.

Section 20. No telephone or telegraph corporation subject to the provisions of this act shall charge or receive any greater compensation in the aggregate for the transmission of any long distance message or conversation for a shorter than for a longer distance over the same line or route in the same direction, within this State, the shorter being included within the longer distance, or charge any greater compensation for a through service than the aggregate of the intermediate rates or tolls subject to the provisions of this act; but this shall not be construed as authorizing any such telephone or telegraph corporation to charge and receive as great a compensation for a shorter as for a longer distance. Upon application to the commission, a telephone or telegraph corporation or person operating such utility may, in special cases, after investigation,

be authorized by the commission to charge less for a longer than a shorter distance service for the transmission of messages or conversations, and the commission may from time to time prescribe the extent to which such telephone or telegraph corporation or person may be relieved from the operation and requirements of this section.

Section 21. No street or interurban railroad corporation shall charge, demand or collect or receive more than five cents for one continuous ride in the same general direction within the corporate limits of any city and county, city or town, except upon a showing before the commission that such greater charge is justified. Every street or interurban railroad corporation shall upon such terms as the commission shall find to be just and reasonable furnish to its passengers transfers entitling them to one continuous trip in the same general direction over and upon the portions of its lines within the same city and county, or city or town, not reached by the originating car.

Section 22. Every public utility shall furnish to the commission at such time and in such form as the commission may require a report in which the utility shall specifically answer all questions propounded by the commission upon or concerning which the commission may desire information. The commission shall have the authority to require any public utility to file monthly reports of earnings and expenses, and to file periodical or special, or both periodical and special reports concerning any matter about which the commission is authorized by this act or in any other act to inquire or to keep itself informed, or which it is required to enforce. All reports shall be under oath.

Section 23. (a) Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that the rates, tolls, fares, rentals, charges or classifications, or any of them demanded, observed, charged or collected by any public utility for any service, or product or commodity, or in connection therewith, including the rates or fares for excursion or commutation tickets, or that the rules, regulations, practices, or contracts, or any of them, affecting such rates, fares, tolls, rentals, charges, or classifications, or any of them, are unjust, unreasonable, discriminatory, or preferential, or in any wise in violation of any provision of law, or that such rates, fares, tolls, rentals, charges, or classifications, are insufficient, the commission shall determine the just, reasonable or sufficient rates, fares, tolls, rentals, charges, rules, regulations, practices, or contracts to be thereafter observed and in force, and shall fix the same by order as hereinafter provided.

(b) The commission shall have the power, upon a hearing, had upon its own motion or upon complaint, to investigate a single rate, fare, toll, rental, charge, classification, rule, regulation, contract, or practice, or any number thereof, or the entire schedule or schedules of rates, fares, tolls, rentals, charges, classifications, rules, regula-

tions, contracts, and practices, or any thereof, of any public utility, and to establish new rates, fares, tolls, rentals, charges, classifications, rules, regulations, contracts or practices, or schedule or schedules, in lieu thereof.

Section 24. Whenever the commission after a hearing had upon its own motion or upon complaint, shall find that the rules, regulations, practices, equipment, appliances, facilities, or service of any public utility, or the methods of manufacture, distribution, transmission, storage or supply employed by it, are unjust, unreasonable, unsafe, improper, inadequate or insufficient, the commission shall determine the just, reasonable, safe, proper, adequate, or sufficient rules, regulations, practices, equipment, appliances, facilities, service, or methods to be observed, furnished, constructed, enforced or employed and shall fix the same by its order, rule or regulation. The commission shall prescribe rules and regulations for the performance of any service or the furnishing of any commodity of the character furnished or supplied by any public utility, and upon proper tender of rates, such public utility shall furnish such commodity or render such service within the time and upon the conditions provided in such rules.

Section 25. Whenever the commission after a hearing upon its own motion or upon complaint, shall find the additions, extensions, repairs, or improvements to, or change in the existing plant, equipment, apparatus, facilities or other physical property of any public utility or of any two or more public utilities ought reasonably to be made, or that a new structure or structures should be erected to promote the security or convenience of its employees or the public, or in any other way to secure adequate service or facilities, the commission shall make and serve an order directing that such additions, extensions, repairs, improvements, or changes be made or such structure or structures be erected in the manner and within the time specified in such order. If the commission orders the erection of a new structure, the selection of the site for such structure shall be subject to the approval of the commission. If any additions, extensions, repairs, improvements, or changes, or any new structure or structures which the commission has ordered to be erected, require joint action of two or more public utilities, the commission shall notify the said public utilities that such additions, repairs, improvements, or changes or new structure or structures have been ordered and that the same shall be made at their joint cost, whereupon the said public utilities shall have such reasonable time as the commission may grant within which to agree upon the portion or division of cost of such additions, repairs, extensions, improvements, or changes or new structure or structures, which each shall bear. If at the expiration of such time such public utilities shall fail to file with the commission a statement that an agreement has been made for a division or apportionment of the cost or expense of such additions, extensions, repairs, improvements, or changes, or new

structure or structures, the commission shall have authority, after further hearing, to make an order fixing the proportion of such expense to be borne by each public utility and the manner in which the same shall be paid or secured.

Section 26. Whenever the commission, after a hearing had upon its own motion or upon complaint, shall find that any railroad corporation or street railroad corporation, or person operating any such railroad or street railroad does not run a sufficient number of trains or cars, or does not possess or operate sufficient motive power, reasonably to accommodate the traffic, passenger or freight transported by or offered for transportation to it, or does not run its trains or cars with sufficient frequency or at a reasonable or proper time having regard to safety, or does not stop the same at proper places, or does not run any train or trains, car or cars, upon a reasonable time schedule for the run, the commission shall have the power to make an order directing any such railroad corporation or street railroad corporation to increase the number of trains or of its cars or its motive power or to change the time of starting its train or car or to change the time schedule for the run of any train or car, or to change the stopping place or places thereof, or to make any other change the commission may determine to be reasonably necessary to accommodate and transport the traffic, passenger or freight, transported or offered for transportation.

Section 27. Whenever the commission, after a hearing had upon its own motion or upon complaint shall find that a physical connection can reasonably be made between the lines of two or more non-competitive telegraph or telephone corporations whose lines can be made to form a continuous line of communication, by the construction and maintenance of suitable connections for the transmission of messages or conversations, and the public convenience and necessity will be subserved thereby, or shall find that two or more telegraph or telephone corporations have failed to establish joint rates, tolls, or charges for service by or over their said lines, and that joint rates, tolls or charges ought to be established, the commission may by its order require that such connection be made, except where the purpose of such connection is primarily to secure the transmission of local messages or conversations between points in the same consolidated city and county, city or town, and that conversations be transmitted and messages transferred over such connection under such rules and regulations as the commission may establish and prescribe through lines and joint rates, tolls and charges to be made, and to be used, observed and in force in the future. If such telephone or telegraph corporations do not agree upon the division between them of the joint cost of such physical connection or connections or division of the joint rates, tolls, or charges established by the commission over such through lines, the commission shall have authority, after further hearing, to establish such division by supplemental order.

Section 28. Whenever the commission after a hearing had upon its own motion or upon complaint of a public utility affected, shall find that the public convenience and necessity require the use by one public utility of the conduits, subways, tracks, wires, poles, pipes or other equipment, or any part thereof, on, over, or under any street or highway, and belonging to another public utility, and that such use will not result in irreparable injury to the owner or other users of such conduits, subways, wires, tracks, poles, pipes or other equipment or in any substantial detriment to the service, and that such public utilities have failed to agree upon such use or the terms and conditions or compensation for the same, the commission may by order direct that such use be permitted, and prescribe reasonable compensation and reasonable terms and conditions for the joint use. If such use be directed, the public utility to whom the use is permitted shall be liable, to the owner or other users of such conduits, subways, tracks, wires, poles, pipes, or other equipment for such damage as may result therefrom to the property of such owners or other users thereof; provided, that power companies shall not be permitted to use telegraph or telephone conduits or poles for transmission of electric current.

Section 29. (*As Amended April* 16, 1917.) The commission shall have power, after hearing had on its own motion or upon complaint, to make general or special orders, rules or regulations or otherwise to require each public utility to maintain and operate its line, plant, system, equipment, apparatus, tracks and premises in such manner as to promote and safeguard the health and safety of its employees, passengers, customers and the public and to require the performance of any other act which the health or safety of its employees, passengers, customers or the public may demand. The commission shall have power to determine, order and prescribe in accordance with the plans and specifications to be approved by it the just and reasonable manner including the particular point of crossing at which the tracks or other facilities of any public service company may be constructed across the tracks or other facilities of any other public service company at grade, or above or below grade, or at the same or different levels; or at which the tracks or other facilities of any railroad corporation or street railway corporation may be constructed across the tracks or other facilities of any other railroad corporation or street railway corporation or across any public highway at grade, or above or below grade; or at which any public highway may be constructed across the tracks or other facilities of any railroad corporation or street railway corporation at grade, or above or below grade; and to determine, order and prescribe the terms and conditions of installation and operation, maintenance and protection of all such crossings which may now or hereafter be constructed including the watchman thereat or the installation and regulation of lights, block, interlocking or other system of signalling, safety ap-

pliance devices or such other means or instrumentalities as may to the commission appear reasonable and necessary, to the end, intent and purpose that accidents may be prevented and the safety of the public promoted.

The commission shall also have power upon its own motion or upon complaint and after hearing as hereinbefore provided, (of which all the parties in interest including the owners of adjacent property shall have due notice) to order any crossing aforesaid now existing or hereafter constructed at grade or at the same or different levels to be re-located or altered or to be abolished according to plans and specifications to be approved and upon just and reasonable terms and conditions to be prescribed by the commission, and to prescribe the terms upon which the separation should be made, and the proportion in which the expense of the alteration or abolition of the crossing, or the separation of the grade, should be divided between the railroad or street railway corporation affected or between the corporation or corporations and the state, county, municipality or public authority in interest.

Section 30. (a) The commission shall have the power to provide the time within which express packages shall be received, gathered, transported and delivered at destination, and the limits within which express packages shall be gathered and distributed and telegraph messages delivered without extra charge.

(b) The commission shall have power, to provide by proper rules and regulations the time which consignors or persons ordering cars shall load the same, and the time within which consignees or persons to whom freight may be consigned shall unload and discharge the same and receive freight from the freight depots, and to enforce the penalties for any failure on the part of the consignors and consignees to conform to such rules as provided in this act.

Section 31. (a) The commission shall have power, after hearing had upon its own motion or upon complaint, to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements or service to be furnished, imposed, observed and followed by all electrical, gas, and water public utilities; to ascertain and fix adequate and serviceable standards for the measurement of quantity, quality, pressure, initial voltage or other condition pertaining to the supply of the product, commodity or service furnished or rendered by any such public utility; to prescribe reasonable regulations for the examination and testing of such product, commodity or service and for the measurement thereof; to establish reasonable rules, regulations, specifications and standards to secure the accuracy of all meters and appliances for measurement and weighing; and to provide for the examination and testing of any and all appliances used for the measurement or weighing of any product, commodity or service of any such public utility.

(b) The commissioners and their officers and employees shall have power to enter upon any premises occupied by any public util-

ity, for the purpose of making the examinations and tests and exercising any of the other powers provided for in this act, and to set up and use on such premises any apparatus and appliances necessary therefor. The agents and employees of such public utility shall have the right to be present at the making of such examinations and tests.

(c) Any consumer or user of any product, commodity or service of a public utility may have any appliance used in the measurement thereof tested upon paying the fees fixed by the commissoin. The commission shall establish and fix reasonable fees to be paid for testing such appliances on the request of the consumer or user, the fee to be paid by the consumer or user at the time of his request, but to be paid by the public utility and repaid to the consumer or user if the appliance is found defective or incorrect to the disadvantage of the consumer or user, under such rules and regulations as may be prescribed by the commission.

Section 32. The commission shall have power to ascertain the value of the property of every public utility in this State and the facts which in its judgment have or may have any bearing on such value. The commission shall have power to make revaluations from time to time and to ascertain all new constructions, extensions and additions to the property of every public utility.

Section 33. The commission shall have power to establish a system of accounts to be kept by all public utilities, or to classify said public utilities and to establish a system of accounts for each class, and to prescribe the manner in which such accounts shall be kept.

It may also in its discretion prescribe the forms of accounts, records and memoranda to be kept by such public utilities, including the accounts, records and memoranda of the movement of traffic as well as the receipts and expenditures of moneys, and any other forms, records and memoranda which in the judgment of the commission may be necessary to carry out the provisions of this act. The system of accounts established by the commission and the forms of accounts, records and memoranda prescribed by it shall not be inconsistent in the case of corporations subject to the provisions of the act of congress entitled "An act to regulate commerce," approved February fourth, eighteen hundred and eighty-seven, and the acts amendatory thereof and supplementary thereto, with the systems and forms from time to time established for such corporations by the interstate commerce commission, but nothing herein contained shall affect the power of the commission to prescribe forms of accounts, records and memoranda covering information in addition to that required by the interstate commerce commission. The commission may, after hearing had upon its own motion or upon complaint, prescribe by order the accounts in which particular outlays and receipts shall be entered, charged or credited. Where the commission has prescribed the forms of accounts, records or memoranda to be kept by any public utility for any of its business, it shall thereafter be unlawful for such public utility to keep

any accounts, records or memoranda for such business other than those so prescribed, or those prescribed by or under the authority of any other state or of the United States, excepting such accounts, records or memoranda as shall be explanatory of and supplemental to the accounts, records or memoranda prescribed by the commission.

Section 34. The commission shall have power, after hearing, to require any or all public utilities to carry a proper and adequate depreciation account in accordance with such rules, regulations and forms of accounts as the commission may prescribe. The commission may, from time to time, ascertain and determine and by order fix the proper and adequate rates of depreciation of the several classes of property of each public utility. Each public utility shall conform its depreciation accounts to the rates so ascertained, determined and fixed, and shall set aside the money so provided for out of the earnings and carry the same in a depreciation fund and expend such fund only for such purposes and under such rules and regulations, both as to original expenditure and subsequent replacement as the commission may prescribe. The income from investments of moneys in such fund shall likewise be carried in such fund.

Section 35. (*New section. Approved April* 16, 1917; *effective July* 16, 1917. *Section* 35 *as enacted by legislature in original act in* 1913 *failed of approval on referendum in* 1914.) (a) No public utility shall henceforth begin the construction of a new facility, plant or system, without first having obtained from the commission a certificate that the present or future public convenience and necessity require or will require such construction; provided, that this section shall not be construed to require any corporation to secure such certificate for an extension within any city and county or city or town within which it shall have theretofore lawfully commenced operations, or for an extension into territory, either within or without a city and county or city or town, contiguous to its facility, or line, plant or system, and not theretofore served by a public utility of like character, or for an extension within or to territory already served by it, necessary in the ordinary course of its business; and provided, further, that if any such public utility, in constructing or extending its line, plant or system, shall interfere or be about to interfere with the operation of the line, plant or system of any other public utility already constructed, the commission, on complaint of the public utility claiming to be injuriously affected, may, after hearing, make such order prohibiting such construction or extensions or prescribing such terms and conditions for the location of the lines, plants or systems affected as to it may seem just and reasonable.

(b) No public utility shall henceforth exercise any right or privilege under any franchise, permit, ordinance, vote or other authority hereafter granted, or under any franchise, permit, ordinance, vote or other authority heretofore granted but not heretofore actually exercised, or the exercise of which has been suspended for more

than one year, without first having obtained from the commission a certificate that public convenience and necessity require the exercise of such right or privilege; provided, that when the commission shall find, after hearing, that a public utility has heretofore begun actual construction work and is prosecuting such work, in good faith, uninterruptedly and with reasonable diligence in proportion to the magnitude of the undertaking, under any franchise, permit, ordinance, vote or other authority heretofore granted but not heretofore actually exercised, such public utility may proceed, under such rules and regulations as the commission may prescribe, to the completion of such work, and may, after such completion, exercise such right or privilege; and provided, further, that this section shall not be construed to validate any right or privilege now invalid or hereafter becoming invalid under any law of this state.

(c) Before any certificate may issue under this section, a certified copy of its articles of incorporation or charter, if the applicant be a corporation, shall be filed in the office of the commission. Every applicant for a certificate shall file in the office of the commission such evidence as shall be required by the commission to show that such applicant has received the required consent, franchise, permit, ordinance, vote or other authority of the proper county, city and county, municipal or other public authority. The commission shall have power, after hearing, to issue said certificate, as prayed for, or to refuse to issue the same, or to issue it for the construction of a portion only of the contemplated facility, line, plant or system, or extension thereof, or for the partial exercise only of said right or privilege, and may attach to the exercise of the rights granted by said certificate such terms and conditions as in its judgment the public convenience and necessity may require. If such public utility desires to exercise a right or privilege under a franchise, permit, ordinance, vote or other authority which it contemplates securing, but which has not as yet been granted to it, such public utility may apply to the commission for an order preliminary to the issue of the certificate. The commission may thereupon make an order declaring that it will thereafter, upon application, under such rules and regulations as it may prescribe, issue the desired certificate, upon such terms and conditions as it may designate, after such public utility has obtained the contemplated franchise, permit, ordinance, vote or other authority. Upon the presentation to the commission of evidence satisfactory to it that such franchise, permit, ordinance, vote or other authority has been secured by such public utility, the commission shall thereupon issue such certificate. The commission shall charge a reasonable fee, not exceeding fifty cents on each one thousand dollars of capital to be invested, for issuing said public convenience and necessary certificate.

(d) Every license, permit or franchise hereafter granted to any public utility, other than a municipality, shall be subject to the provision that the municipality in which all or part of its property is

situated may purchase the property of such public utility actually used and useful for the convenience of the municipality at any time as provided herein, paying therefor just compensation to be determined by the commission and according to the terms and conditions fixed by said commission. Any such municipality is authorized to purchase such property, and every such public utility is required to sell such property at the value and according to the terms and conditions determined by the commission.

(e) Any municipality shall have the power to purchase either with or without an agreement with any public utility or to acquire and to operate the property of any public utility actually used and useful for the convenience of the public then operating under a license, permit or franchise existing at the time this act takes effect, or operating in such municipality without any permit or franchise.

(f) Whenever the commission shall have been notified by either party that the officials of a municipality have, by ordinance duly passed, expressed the intention and desire of the municipality to purchase the plant, property or facilities of a public utility, and that the parties of such purchase and sale have been unable to agree on just compensation to be paid and received or the officials of a municipality have by ordinance duly passed, expressed the intention and desire of the municipality to purchase any such plant, property or facilities of a public utility and the owner thereof has refused to sell the same, the commission shall proceed to set a time and place for a public hearing upon the matters of the just compensation to be paid for the taking of the property of such public utility and of all other terms and conditions of the purchase and sale, and shall give to the municipality and the public utility interested not less than thirty days' notice of the time and place when and where such hearing will be held and such matters considered and determined, and shall give like notice to all mortgagees, trustees, lienors, and all other persons having or claiming to have any interest in such public utility, by publication of such notice once a week for not less than three successive weeks in at least one newspaper of general circulation and published in the county in which the property of such public utility to be taken is located, which publication shall be caused to be made by the municipality. Within a reasonable time, not exceeding one year, after the time fixed for such hearing in such notice, the commission shall, by order, fix and determine and certify to the municipal council, to the public utility and to any mortgagee, trustee, lienor or other creditor appearing at such hearing, the just compensation to be paid for the taking of the property of such public utility actually used and useful for the convenience of the public, and all other terms and conditions of sale and purchase which it shall ascertain to be reasonable. The compensation and other terms and conditions of sale and purchase so certified shall constitute the compensation and terms and conditions to be paid, followed and observed in the purchase of such

plant from such public utility. Upon the filing of such certificate with the clerk of such municipality, and upon compliance with the terms and conditions of sale so certified, the exclusive use of the property taken shall vest in such municipality; provided, however, that this act shall in no way interfere with any existing right of condemnation of a municipality to acquire the property of any public utility, unless the municipality shall waive such right to so acquire by electing to purchase the plant, property or facilities of a public utility or a part thereof as provided in this act; and provided, further, that nothing herein contained shall in any way interfere with any existing legal right which a municipality may have to impose reasonable charges upon a public utility for the use of the streets, alleys and ways of the municipality by a public utility.

(g) Any municipality which has acquired or constructed any public utility plant, property or facility shall have the power to contract with a public utility for the operation of any part or the whole thereof, subject to the provisions of this act, and to exercise by the commission in respect to such public utility of the powers of regulation and supervision conferred upon it by this act.

(h) Provided, however, that this section shall not apply to steam railroads; and no municipality shall have the power or authority under this section to acquire any of the property which is connected with or used in aid of the general plant or system of any common carrier, as defined by "An act to regulate commerce," approved February 4, 1887, and the existing acts amendatory thereof and supplemental thereto.

Section 36. (Enacted by legislature in original act in 1913; failed of approval on referendum in 1914.)

Section 37. (Enacted by legislature in original act in 1913; failed of approval on referendum in 1914.)

Section 38. All hearings and investigations before the commission or any commissioner shall be governed by this act and by rules of practice and procedure to be adopted by the commission, and in the conduct thereof neither the commission nor any commissioner shall be bound by the technical rules of evidence. No informality in any proceeding or in the manner of taking testimony before the commission or any commissioner shall invalidate any order, decision, rule or regulation made, approved or confirmed by the commission.

Section 39. The commission and each commissioner shall have power to issue writs of summons, subpoenas, warrants of attachment, warrants of commitment and all necessary process in proceedings for contempt, in the like manner and to the same extent as courts of record. The process issued by the commission, or any commissioner, shall extend to all parts of the State and may be served by any person authorized to serve process of courts of record, or by any person designated for that purpose by the commission or a commissioner. The person executing any such process shall receive such compensation as may be allowed by the commission, not to

exceed the fees now prescribed by law for similar services, and such fees shall be paid in the same manner as provided herein for payment of the fees of witnesses.

Section 40. (a) The commission and each commissioner, shall have power to administer oaths, certify to all official acts, and to issue subpoenas for the attendance of witnesses and the production of papers, waybills, books, accounts, documents and testimony in any inquiry, investigation, hearing or proceeding in any part of the State. Each witness who shall appear, by order of the commission or a commissioner, shall receive for his attendance the same fees and mileage allowed by law to a witness in civil cases, which amount shall be paid by the party at whose request such witness is subpoenaed. When any witness who has not been required to attend at the request of any party shall be subpoenaed by the commission, his fees and mileage shall be paid from the funds appropriated for the use of the commission in the same manner as other expenses of the commission are paid. Any witness subpoenaed except one whose fees and mileage may be paid from the funds of the commission, may, at the time of service, demand the fees to which he is entitled for travel to and from the place at which he is required to appear, and one day's attendance. If such witness demands such fees at the time of service, and they are not at that time paid or tendered, he shall not be required to attend before the commission or commissioner, as directed in the subpoena. All fees and mileage to which any witness is entitled under the provisions of this section may be collected by action therefor instituted by the person to whom such fees are payable. No witness furnished with free transportation shall receive mileage for the distance he may have traveled on such free transportation.

(b) The district court in and for the county, or city and county, in which any inquiry, investigation, hearing or proceeding may be held by the commission or any commissioner shall have the power to compel the attendance of witnesses, the giving of testimony and the production of papers, including waybills, books, accounts and documents, as required by any subpoenas issued by the commission or any commissioner. The commission or the commissioner before whom the testimony is to be given or produced, in case of the refusal of any witness to attend or testify or produce any papers required by such subpoena, may report to the district court in and for the county, or city and county, in which the proceeding is pending, by petition, setting forth that due notice has been given of the time and place of attendance of said witness, or the production of said papers, and that the witness has been summoned in the manner prescribed in this act, and that the witness has failed and refused to attend or produce the papers required by the subpoena, or has refused to answer questions propounded to him in the course of such proceeding, and ask an order of said court, compelling the witness to attend and testify or produce or cause to be produced documentary

evidence; provided, that no person so testifying shall be exempt from prosecution or punishment for any perjury committed by him in his testimony. Nothing herein contained shall be construed as in any manner giving to any public utility immunity of any kind.

Section 41. (a) Copies of all official documents and orders filed or deposited according to law in the office of the commission, certified by a commissioner or by the secretary under the official seal of the commission to be true copies of the originals, shall be evidence in like manner as the originals.

(b) Every order, authorization or certificate issued or approved by the commission under any provision of sections 27 or 28 of this act shall be in writing and entered on the records of the commission. Any such order, authorization or certificate, or a copy thereof, or a copy of the record of any such order, authorization or certificate, certified by a commissioner or by the secretary under the official seal of the commission to be a true copy of the original order, authorization, certificate or entry, may be recorded in the office of the recorder of any county, or city and county, in which is located the principal place of business of any public utility affected thereby, or in which is situated any property of any such public utility, and such record shall impart notice of its provisions to all persons. A certificate under the seal of the commission that any such order, authorization or certificate has not been modified, stayed, suspended or revoked may also be recorded in the same offices in the same manner and with like effect.

Section 42. The commission shall charge and collect the following fees: for copies of papers and records not required to be certified or otherwise authenticated by the commission, twelve and one-half cents for each folio; for certified copies of official documents and orders filed in its office, fifteen cents for each folio and one dollar for every certificate under seal affixed thereto; for certifying a copy of any report made by a public utility, two dollars; for each certified copy of the annual report of the commission, one dollar and fifty cents; for certified copies in evidence and proceedings before the commission, fifteen cents for each folio; for certificate authorizing an issue of bonds, notes or other evidences of indebtedness, one dollar for each thousand dollars of the face value of the authorized issue or fraction thereof up to one million dollars, and fifty cents for each one thousand dollars over one million dollars and up to ten million dollars, and twenty-five cents for each one thousand dollars over ten million dollars with a minimum fee in any case of fifty dollars; provided, that no fee shall be required when such issue is made for the purpose of guaranteeing, taking over, refunding, discharging or retiring any bond, note or other evidence of indebtedness up to the amount of the issue guaranteed, taken over, refunded, discharged or retired. No fees shall be charged or collected for copies of papers, records or official documents, furnished to public officers for use in their official capacity, or for the annual

reports of the commission in the ordinary course of distribution, but the commission may fix reasonable charges for publications issued under its authority. All fees charged and collected under this section shall be paid, at least once each week, accompanied by a detailed statement thereof, into the treasury of the State to the credit of a fund to be known as "The Public Utility Commission Fund" which fund is hereby created and appropriated toward the payment of the salaries and expenses of the commission, as provided in Section 10 (a) and (b) of this act.

Section 43. The commission, each commissioner and each officer and person employed by the commission shall have the right, at any and all times, to inspect the accounts, books, papers and documents of any public utility, and the commission, each commissioner and any officer of the commission or any employee authorized to administer oaths shall have the power to examine under oath any officer, agent or employee of such public utility in relation to the business and affairs of said public utility; provided, that any person other than a commissioner or an officer of the commission demanding such inspection shall produce under the hand and seal of the commission his authority to make such inspection; and provided further, that a written record of the testimony or statement so given under oath shall be made and filed with the commission.

Section 44. The commission may require, by order served on any public utility in the manner provided herein for the service of orders, the production within this State at such time and place as it may designate, of any books, accounts, papers or records kept by said public utility in any office or place without this State, or, at its option, verified copies in lieut thereof, so that an examination thereof may be made by the commission or under its direction.

Section 45. Complaint may be made by the commission of its own motion or by any corporation or person, chamber of commerce, board of trade, or any civic, commercial, mercantile, traffic, agricultural or manufacturing association or organization or any body politic or municipal corporation, by petition or complaint in writing, setting forth any act or thing done or omitted to be done by any public utility including any rule, regulation or charge heretofore established or fixed by or for any public utility, in violation, or claimed to be in violation, of any provision of law or of any order or rule of the commission; provided, that no complaint shall be entertained by the commission. except upon its own motion, as to the reasonableness of any rates, or charges of any gas, electrical, water, or telephone corporations, unless the same be signed by the mayor or the president or chairman of the board of trustees or a majority of the council, commission, or other legislative body of the county, city and county, or city or town, if any, within which the alleged violation occurred, or not less than twenty-five consumers or purchasers or prospective consumers or purchasers, of such gas, electrical, water or telephone service. All matters upon which complaint may be

founded may be joined in one hearing, and no motion shall be entertained against a complaint for misjoinder of causes of action or grievances or misjoinder or non-joinder of parties; and in any review by the courts of orders or decisions of the commission the same rule shall apply with regard to the joinder of causes and parties as herein provided. The commission shall not be required to dismiss any complaint because of the absence of direct damage to the complainant. Upon the filing of a complaint the commission shall cause a copy thereof to be served upon the corporation or person complained of. Service in all hearings, investigations and proceedings pending before the commission may be made upon any person upon whom a summons may be served in accordance with the provisions of the Code of Civil procedure of this State, and may be made personally or by mailing in a sealed envelope, registered, with postage prepaid. The commission shall fix the time when and place where a hearing will be had upon the complaint and shall serve notice thereof, not less than ten days before the time set for such hearing, unless the commission shall find that public necessity requires that such a hearing be held at an earlier date.

Section 46. At the time fixed for any hearing before the commission or a commissioner, or at the time to which the same may have been continued, the complainant and the corporation or person complained of, and such corporations or persons as the commission may allow to intervene, shall be entitled to be heard and to introduce evidence. The commission shall issue process to enforce the attendance of all necessary witnesses. After the conclusion of the hearing, the commission shall make and file its order, containing its decision. A copy of such order, certified under the seal of the commission shall be served upon the corporation or person complained of, or his or its attorney. Said order, except an order for the payment of money, shall, of its own force, take effect and become operative twenty days after the service thereof, except as otherwise provided, and shall continue in force either for a period which may be designated therein or until changed or abrogated by the commission. If an order cannot in the judgment of the commission be complied with within twenty days, the commission may grant and prescribe such additional time as in its judgment is reasonably necessary to comply with the order, and may, on application and for good cause shown, extend the time for compliance fixed in its order. A full and complete record of all proceedings had before the commission or any commissioner on any formal hearing had, and all testimony shall be taken down by a reporter appointed by the commission, and the parties shall be entitled to be heard in person or by attorney. In case of an action to review an order or decision of the commission, a transcript of such testimony, together with all exhibits or copies thereof introduced and all information secured by the commission on its own initiative and considered by it in rendering its order or decision, and the pleadings, record and proceedings in the

case, shall constitute the record of the commission; provided, that on review of an order or decision of the commission, the petitioner and the commission may stipulate that a certain question or questions alone and a special portion only of the evidence shall be certified to the supreme court for its judgment, whereupon such stipulation and the question or questions and the evidence therein specified shall constitute the record on review.

Section 47. Any public utility shall have a right to complain on any grounds upon which complaints are allowed to be filed by other parties, and the same procedure shall be adopted and followed as in other cases, except that the complaint may be heard ex parte by the commission or may be served upon any parties designated by the commission.

Section 48. Whenever there shall be filed with the commission any schedule stating an individual or joint rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation, the commission shall have power, and it is hereby given authority, either upon complaint or upon its own initiative and without complaint, at once, and if it so orders, without answer or other formal pleadings by the interested public utilities, but upon reasonable notice to enter upon a hearing concerning the propriety of such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation, and pending the hearing and the decision thereon, such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation shall not go into effect; provided, that the period of suspension of such rate, fare toll, rental, charge, classification, contract, practice, rule, or regulation shall not extend beyond one hundred and twenty days beyond the time when such rate, fare, toll, rental, charge, classification, contract, practice, rule or regulation would otherwise go into effect unless the commission, in its discretion, extends the period of suspension for a further period not exceeding six months. On such hearing the commission shall establish the rates, tolls, rules or regulations proposed, in whole or in part, or others in lieu thereof, which it shall find just and reasonable. All such rates, fares, tolls, rentals, charges, classifications, contracts, practices, rules or regulations not so suspended shall, on the expiration of thirty days from the time of filing the same with the commission, or of such lesser time as the commission may grant, go into effect and be the established and effective rates, fares, tolls, rentals, charges, classifications, contracts, practices. rules and regulations, subject to the power of the commission, after a hearing had on its own motion or upon complaint, as herein provided, to alter or modify the same.

Section 49. The commission may at any time upon notice to the public utility affected, and after opportunity to be heard as provided in the case of complaints, rescind, alter or amend any order or decision made by it. Any order rescinding, altering, or amending

a prior order or decision shall, when served upon the public utility affected, have the same effect as is herein provided for original orders and decisions.

Section 50. In all collateral actions or proceedings, the orders and decisions of the commission which have become final shall be conclusive.

Section 51. After any order or decision has been made by the commission, any party to the action or proceeding or any stockholder or bond-holder or other party pecunarily interested in the public utility affected, may apply for a rehearing in respect to any matters determined in said action or proceeding and specified in the application for rehearing, and the commission may grant and hold such rehearing on said matters, if in its judgment sufficient reason therefor be made to appear. No cause of action arising out of any order or decision of the commission shall accrue in any court to any corporation or person unless such corporation or person shall have made, before the effective date of said order or decision, application to the commission for a rehearing. Such application shall set forth specifically the ground or grounds on which the applicant considers said decision or order unlawful. No corporation or person shall in any court urge or rely on any ground not set forth in said application. Any application for a rehearing made ten days or more before the effective date of the order as to which a rehearing is sought, shall be either granted or denied before such effective date, or the order shall stand suspended until such application is granted or denied. Any application for a rehearing made within less than ten days of the effective date of the order as to which a rehearing is sought and not granted within twenty days may be taken by the party making the application to be denied, unless the effective date of the order is extended for the period of the pendency of the application. If any application for a rehearing be granted without a suspension of the order involved, the commission shall forthwith proceed to hear the matter with all dispatch and shall determine the same within twenty days after final submission, and if such determination is not made within said time it may be taken by any party to the rehearing that the order involved is affirmed. Any application for rehearing shall not excuse any corporation or person from complying with and obeying any order or decision, or any requirement of any order of the commission theretofore made, or operate in any manner to stay or postpone the enforcement thereof except in such cases and upon such terms as the commission may by order direct. If after such rehearing a consideration of all the facts, including those arising since the making of the order or decision, the commission shall be of the opinion that the original order or decision or any part thereof is in any respect unjust or unwarranted, or should be changed, the commission may abrogate, change, or modify the same. An order or decision made after such rehearing, abrogating, changing or modifying the original order or decision shall have the same force and effect as

an original order or decision, but shall not affect any right or the enforcement of any right arising from or by virtue of the original order or decision unless so ordered by the commission.

Section 52. Within thirty days after the application for a rehearing is denied, or, if the application is granted, then within thirty days after the rendition of the decision on rehearing, the applicant may apply to the supreme court of this State for a writ of review for the purpose of having the lawfulness of the original order or decision on rehearing inquired into and determined. Such writ shall be made returnable not later than thirty days after the date of issuance thereof and shall direct the commission to certify its record in the case to the court. On the return day, the cause shall be heard by the supreme court, unless for a good reason shown the same be continued. No new or additional evidence may be introduced in the supreme court, but the cause shall be heard on the record of the commission as certified by it. The review shall not extend further than to determine whether the commission has regularly pursued its authority, including a determination of whether the order or decision under review violates any right of the petitioner under the Constitution of the United States or of the State of Colorado, and whether the order of the commission is just and reasonable and whether its conclusions are in accordance with the evidence. The findings and conclusions of the commission on disputed questions of fact sahll be final and shall not be subject to review. The commission and each party to the action or proceeding before the commission shall have the right to appear in the review proceeding. Upon hearing, the supreme court shall enter judgment either affirming, setting aside or modifying the order or decision of the commission. The provisions of the Code of Civil Procedure of this State relating to writs of review shall so far as applicable and not in conflict with the provisions of this act, apply to proceedings had in the supreme court under the provisions of this section. No court of this State (except the supreme court to the extent herein specified) shall have jurisdiction to review, reverse, correct or annul any order or decision of the commission or to suspend or delay the execution or operation thereof, or to enjoin, restrain, or interfere with the commission in the performance of its official duties; provided that the writ of mandamus shall lie from the supreme court to the commission in all proper cases.

Section 53. (a) 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.

(b) No order so staying or suspending an order or decision of the commission shall be made otherwise than upon three days' notice and after hearing, and if the order or decision of the commission is suspended, the order suspending the same shall contain a specific

finding based upon evidence submitted to the court and identified by reference thereto, that great or irreparable damage would otherwise result to the petitioner and specifying the nature of the damage.

(c) In case the order or decision of the commission is stayed or suspended, the order of the court shall not become effective, until a suspending bond shall first have been filed with, and approved by the commission (or approved on review by the supreme court), payable to the State of Colorado, and sufficient in amount and security to insure the prompt payment, by the party petitioning for the review, of all damages caused by the delay in the enforcement of the order or decision of the commission, and of all moneys which any person or corporation may be compelled to pay pending the review proceedings, for transportation, transmission, product, commodity or service in excess of the charges fixed by the order or decision of the commission in case said order or decision is sustained. The supreme court, in case it stays or suspends the order or decision of the commission in any matter affecting rates, fares, tolls, rentals, charges or classifications, shall also by order direct the public utility affected to pay into court from time to time, there to be impounded until the final decision of the case, or into some bank or trust company paying interest on deposits, under such conditions as the court may prescribe, all sums of money which it may collect from any corporation or person in excess of the sum such corporation or person would have been compelled to pay if the order or decision of the commission had not been stayed or suspended.

(d) In case the supreme court stays or suspends any order or decision lowering any rate, fare, toll, rental, charge or classification, the commission, upon the execution and approval of said suspending bond, shall forthwith require the public utility affected, under penalty of the immediate enforcement of the order or decision of the commission (pending review and notwithstanding the suspending order) keep such accounts, verified by oath, as may, in the judgment of the commission suffice to show the amounts being charged or received by such public utility, pending review, in excess of the charges allowed by the order or decision of the commission, together with the names and addresses of the corporations or persons to whom overcharges will be refundable in case the charges made by the public utility, pending review, be not sustained by the supreme court. The court may, from time to time, require said party petitioning for a review to give additional security on, or to increase the said suspending bond, whenever in the opinion of the court the same may be necessary to insure the prompt payment of said damages and said overcharges. Upon the final decision by the supreme court, all moneys which the public utility may have collected, pending the appeal in excess of those authorized by such final decision, together with interest, in case the court ordered the deposits of such moneys in a bank or trust company, shall be promptly paid to the corporations

or persons entitled thereto, in such manner and through such methods of distribution as may be prescribed by the commission. If any moneys shall not have been claimed by the corporations or persons entitled thereto within one year from the final decision of the supreme court, the commission shall cause notice to such corporations or persons to be given by publication once a week for two successive weeks in a newspaper of general circulation, printed and published in the city and county of Denver and such other newspapers as may be designated by the commission, said notice to state the names of the corporations or persons entitled to such moneys and the amount due each corporation or person. All moneys not claimed within three months after publication of said notice shall be paid by the public utility, under the direction of the commission, into the state treasury for the benefit of the general fund.

Section 54. All actions and proceedings under this act, and all actions or proceedings to which the commission or the people of the State of Colorado may be parties, and in which any question arises under this act, or under or concerning any order or decision of the commission, shall be preferred over all other civil causes except election causes and shall be heard and determined in preference to all other civil business except election causes, irrespective of position on the calendar. The same preference shall be granted upon application of the attorney of the commission in any action or proceeding in which he may be allowed to intervene.

Section 55. For the purpose of ascertaining the matters and things specified in section 32 of this act, concerning the value of the property of public utilities, the commission may cause a hearing or hearings to be held at such time or times and place or places as the commission may designate. Before any hearing is had, the commission shall give the public utility affected thereby at least thirty days' written notice, specifying the time and place of such hearing, and such notice shall be sufficient to authorize the commission to inquire into the matters designated in this section and in section 47 of this act, but this provision shall not prevent the commission from making any preliminary examination or investigation into the matters herein referred to, or from inquiring into such matters in any other investigation or hearing. All public utilities affected shall be entitled to be heard and to introduce evidence at such hearing or hearings. The commission is empowered to resort to any other source of information available. The evidence introduced at such hearing shall be reduced to writing and certified under the seal of the commission. The commission shall make and file its findings of fact in writing upon all matters concerning which evidence shall have been introduced before it which in its judgment have bearing on the value of the property of the public utility affected. Such findings shall be subjected to review by the supreme court of this state in the same manner and within the same time as other orders and decisions of the commission. The findings of the commission so made and filed,

when properly certified under the seal of the commission, shall be admissible in evidence in any action, proceeding or hearing before the commission or any court, in which the commission, the State or any officer, department or institution thereof, or any county, city and county, municipality or other body politic and the public utility affected may be interested, whether arising under the provisions of this act, or otherwise, and such findings, when so introduced, shall be conclusive evidence of the facts therein stated as of the date therein stated under conditions then existing and such facts can only be controverted by showing a subsequent change in conditions bearing upon the facts therein determined. The commission may, from time to time, cause further hearings and investigations to be had for the purpose of making revaluations or ascertaining the value of any betterments, improvements, additions or extensions made by any public utility subsequent to any prior hearing or investigation, and may examine into all matters which may change, modify or affect any finding of fact previously made, and may at such time make findings of fact supplementary to those theretofore made. Such hearings shall be had upon the same notice and be conducted in the same manner, and the findings so made shall have the same force and effect as is provided herein for such original notice, hearing and findings; provided, that such findings made at such supplemental hearings or investigations shall be considered in connection with and as a part of the original findings except in so far as such supplemental findings shall change or modify the findings made at the original hearing or investigation.

Section 56. (a) When complaint has been made to the commission concerning any rate, fare, toll, rental or charge for any product or commodity furnished or service performed by any public utility, and the commission has found, after investigation, that the public utility has charged an excessive or discriminatory amount for such product, commodity or service, the commission may order that the public utility make due reparation to the complainant therefor, with interest from the date of collection, provided no discrimination will result from such reparation.

(b) If the public utility does not comply with the order for the payment of reparation within the specified time in such order, suit may be instituted in any court of competent jurisdiction to recover the same. All complaints concerning excessive or discriminatory charges shall be filed with the commission within two years from the time the cause of action accrues, and the petition for the enforcement of the order shall be filed in the court within one year from the date of the order of the commission. The remedy in this section provided shall be cumulative and in addition to any other remedy or remedies in this act provided in case of failure of a public utility to obey the order or decision of the commission.

Section 57. It is hereby made the duty of the commission to see that the provisions of the constitution and statutes of this state

affecting public utilities, the enforcement of which is not specifically vested in some other officer or tribunal, are enforced and obeyed, and that violations thereof are promptly prosecuted and penalties due the State therefor recovered and collected, and to this end it may sue in the name of the people of the State of Colorado. Upon the request of the commission, it shall be the duty of the attorney general or the district attorney of the proper county or city and county to aid in any investigation, hearing or trial had under the provisions of this act, and to institute and prosecute actions or proceedings for the enforcement of the provisions of the constitution and statutes of this State affecting public utilities and for the punishment of all violations thereof.

Section 58. (a) In case any public utility shall do, cause to be done or permit to be done any act, matter or thing prohibited, forbidden or declared to be unlawful, or shall omit to do any act, matter or thing required to be done, either by the constitution, any law of this State or any order or decision of the commission, such public utility shall be liable to the persons or corporations affected thereby for all loss, damages or injury caused thereby or resulting therefrom, and if the court shall find that the act or omission was wilful, the court may in addition to the actual damages award damages for the sake of example and by way of punishment. An action to recover such loss, damage or injury may be brought in any court of competent jurisdiction by any corporation or person.

(b) No recovery as in this section provided shall in any manner affect the recovery of the State of the penalties in this act provided or the exercise by the commission of its power to punish for contempt.

Section 59. (a) This act shall not have the effect to release or waive any right of action by the state, the commission, or any person or corporation for any right, penalty or forfeiture which may have arisen or accrued or may hereafter arise or accrue under any law of this State.

(b) All penalties accuing under this act shall be cumulative of each other, and a suit for the recovery of one penalty shall not be a bar to or affect the recovery of any other penalty or forfeiture or be a bar to any criminal prosecution against any public utility, or any officer, director, agent or employee thereof, or any other corporation or person, or be a bar to the exercise by the commission of its power to punish for contempt.

Section 60. Whenever the commission shall be of the opinion that any public utility is failing or omitting to do anything required of it by law, or by any order, decision, rule, direction or requirement of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done contrary to or in violation of law or of any order, decision, rule, direction or requirement of the commission, it shall direct the attorney of the commission to commence an action or proceeding in the district court in and for the county, or city and county, in which the

cause or some part thereof arose, or in which the corporation or person complained of, if any, has its principal place of business, or in which the person, if any, complained of, resides, in the name of the people of the State of Colorado, for the purpose of having such violations or threatened violations stopped and prevented, either by mandamus or injunction. The attorney of the commission shall thereupon begin such action or proceeding by petition to such district court, alleging the violation or threatened violation complained of, and praying for appropriate relief by way of mandamus or injunction. It shall thereupon be the duty of the court to specify a time, not exceeding twenty days after the service of the copy of the petition, within which the public utility complained of must answer the petition, and in the meantime said public utility may be restrained. In case of default in answer, or after answer, the court shall immediately inquire into the facts and circumstances of the case. Such corporations or persons as the court may deem necessary or proper to be joined as parties, in order to make its judgment, order or writ effective, may be joined as parties. The final judgment in any such action or proceeding shall either dismiss the action or proceeding or direct that the writ of mandamus or injunction issue or be made permanent as prayed for in the petition, or in such modified or other form as will afford appropriate relief. An appeal may be taken to the supreme court from such final judgment in the same manner and with the same effect, subject to the provisions of this act, as appeals are taken from judgments of the district court in other actions for mandamus or injunction.

Section 61. (a) Any public utility which violates or fails to comply with any provision of the constitution of this State or of this act, or which fails, omits or neglects to obey, observe or comply with any order, decision, decree, rule, direction, demand or requirement or any part or provision thereof, of the commission, except an order for the payment of money, in a case in which a penalty has not hereinbefore been provided for such public utility, is subject to a penalty of not more than two thousand dollars for each and every offense.

(b) Every violation of the provisions of this act or of any order, decision, decree, rule, direction, demand or requirement of the commission, or any part or portion thereof, except an order for the payment of money, by any corporation or person is a separate and distinct offense, and in case of a continuing violation each day's continuance thereof shall be and be deemed to be a separate and distinct offense.

(c) In construing and enforcing the provisions of this act relating to penalties, the act, omission or failure of any officer, agent or employee of any public utility, acting within the scope of his official duties or employment, shall in every case be and be deemed to be the act, omission or failure of such public utility.

Section 62. Every officer, agent or employee of any public utility, who violates or fails to comply with, or who procures, aids or abets any violation by any public utility of any provision of the constitution of this State or of this act, or who fails to obey, observe or comply with any order, decision, rule, direction, demand or requirement or any part or provision thereof, of the commission, except an order for the payment of money, or who procures, aids or abets any public utility in its failure to obey, observe and comply with any such order, decision, rule, direction, demand or requirement, or any part or provision thereof in a case in which a penalty has not hereinbefore been provided for such officer, agent or employee, is guilty of a misdemeanor and is punishable by a fine not exceeding one thousand dollars, or by imprisonment in a county jail not exceeding one year, or by both such fine and imprisonment.

Section 63. Every corporation other than a public utility which violates any provision of this act, or which fails to obey, observe or comply with any order, decision, rule, direction, demand or requirement, or any part or provision thereof, of the commission, except an order for the payment of money, in a case in which a penalty has not hereinbefore been provided for such corporation or person is subject to a penalty of not more than two thousand dollars for each and every offense.

Section 64. Every person, who, either individually, or acting as an officer, agent or employee of a corporation other than a public utility, violates any provision of this act, or fails to observe, obey or comply with any order, decision, rule, direction, demand or requirement, or any part or portion thereof, of the commission, or who procures, aids or abets any such public utility in its violation of this act, or in its failure to obey, observe or comply with any such order, decision, rule, direction, demand or requirement, or any part or portion thereof, in a case in which a penalty has not hereinbefore been provided for such person, is guilty of a misdemeanor and is punishable by a fine of not exceeding one thousand dollars, or by imprisonment in a county jail not exceeding one year, or by both such fine and imprisonment.

Section 65. Actions to recover penalties under this act shall be brought in the name of the people of the State of Colorado, in the district court in and for the county, or city and county, in which the cause or some part thereof arose, or in which the corporation complained of, if any, has its principal place of business, or in which the person, if any, complained of, resides. Such action shall be commenced and prosecuted to final judgment by the attorney of the commission. In any such action, all penalties incurred up to the time of commencing the same may be sued for and recovered. In all such actions, the procedure and rules of evidence shall be the same as in ordinary civil actions, except as otherwise herein provided. All fines and penalties recovered by the State in any such action, together with the costs thereof, shall be paid into the state

treasury to the credit of The Public Utility Commission Fund. Any such action may be compromised or discontinued on application of the commission upon such terms as the court shall approve and order.

Section 66. (a) Every public utility, corporation or person which shall fail to observe, obey or comply with any order, decision, rule, direction, demand or requirement, or any part or portion thereof, of the commission or any commissioner, except an order for the payment of money, shall be in contempt of the commission, and shall be punishable by the commission for contempt in the same manner and to the same extent as contempt is punished by courts of record. The remedy prescribed in this action shall not be a bar to or affect any other remedy prescribed in this act, but shall be cumulative and in addition to such other remedy or remedies.

(b) This act shall not affect pending actions or proceedings brought by or against the people of the State of Colorado or the Railroad Commission, or by any other person or corporation under the provisions of chapter 5 of the laws of 1910, but the same may be prosecuted and defended with the same effect as though this act had not been passed. Any investigation, hearing or examination undertaken, commenced, instituted or prosecuted by the Railroad Commission prior to the taking effect of this act may be conducted and continued to a final determination in the same manner and with the same effect as if it had been undertaken, commenced, instituted or prosecuted in accordance with the provisions of this act. All proceedings heretofore taken by the Railroad Commission in any such investigation, hearing or examination are hereby ratified, approved, validated and confirmed and all such proceedings shall have the same force and effect as if they had been undertaken, commenced, instituted and prosecuted under the provisions of this act and in the manner herein prescribed.

(c) No cause of action arising under the provisions of chapter 5 of the laws of 1910 shall abate by reason of the passage of this act, whether a suit or action has been instituted thereon at the time of taking effect of this act or not, but actions may be brought upon such causes in the same manner, under the same terms and conditions, and with the same effect as though parts of said chapters had not been repealed.

(d) All orders, decisions, rules or regulations heretofore made, issued or promulgated by the Railroad Commission shall continue in force and have the same effect as though they had been lawfully made, issued or promulgated under the provisions of this act.

Section 67. If any section, subsection, sentence, clause, or phrase of this act is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this act. The General Assembly hereby declares that it would have passed this act, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more other

sections, subsections, sentences, clauses or phrases be declared unconstitutional.

Section 68. Neither this act nor any provision thereof, except when specifically so stated, shall apply or be construed to apply to commerce with foreign nations or commerce among the several states of this Union, except in so far as the same may be permitted under the provisions of the constitution of the United States and the Acts of Congress.

Section 69. That sections 11, 16, 17, 18, 19 and 20 of Chapter 5, Laws of 1910, entitled "An act to amend and as amended to re-enact an act entitled 'An act to regulate common carriers in this State, to create a State railroad commission, to prescribe and define its duties, to fix the salaries of the commissioners and of the employees of the commission, to prevent the imposition of unreasonable rates and charges, to prevent unjust discriminations, to insure an adequate railway service, to prevent the giving or receiving of rebates, to prescribe the mode of procedure and the rules of evidence in relation thereto, to prescribe penalties for violations of this act, to exercise a general supervision over the conduct and operations of common carriers and to repeal all acts or parts of acts inconsistent herewith,'" be and the same are hereby repealed, and the remaining sections of said Chapter 5, Laws 1910, where not in conflict with this act, are hereby expressly declared to be and remain in full force and effect, as if this act had not been passed; except that the powers and duties therein conferred upon the State Railroad Commission of Colorado, are hereby transferred and conferred upon the commission created by this act.

All other acts and parts of acts in conflict with this act are hereby repealed.

OTHER LEGISLATION AFFECTING PUBLIC UTILITIES ENACTED SINCE THE PASSAGE OF THE "PUBLIC UTILITIES ACT."

(Chapter 133, Session Laws of 1915.)

Section 1. Any person, firm, association of persons or corporation, now or hereafter engaged in transporting passengers, freight or express for hire in this state in any automobile or other vehicle whatever, and operating for the purpose of affording a ceans of transporting similar to that afforded by railroads or street railways, and in competition therewith by indiscriminately accepting, discharging and laying down either passengers, freight or express, between fixed points or over established routes is hereby declared to be affected with a public intrest, and to be a public utility, and subject to the laws of this state now in force and effect or that may hereafter be enacted pertaining to public utilities. Approved April 12, 1915, effective July 12, 1915.

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NOTE—This Index has been compiled solely to facilitate the finding of subjects contained in the Act and is not to be construed as an interpretation of any section or portion thereof.

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