

Phone Rate Hike Decision May Fall to Demos

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It takes a lot of work and college economics to increase your monthly telephone bill, and sometimes there's some politics tossed in for good measure.

Public Utilities Commissioner Charles H. Heltzel will begin a hearing in Salem Wednesday on the Pacific Telephone & Telegraph Company's application to boost its Oregon rates \$3,200,000 a year, or about 5 per cent.

The company says it needs the money to provide capital for expansion, and to make up for mounting costs of labor and materials.

Have Fought Boosts
The interesting point is whether the order will be issued by Heltzel, or whether it will wait until the Democratic administration takes over on Jan. 14. In the past, Democrats have fought rate increases.

Heltzel doesn't know whether he will be able to decide. It depends on whether the hearing lasts two or three weeks, as they often do.

6 Per Cent Allowed
It isn't a hard and fast rule, but Oregon usually permits L. E. utilities to earn about 6 per cent, based on the original cost of their properties less depreciation. Some states go as high as 8 per cent. Few allow a smaller profit than Oregon does.

The phone company, however, wants this yardstick changed. It has sought to have the rate base changed to reproduction cost new, or what it would cost to replace the present plant. This theory, of course, would permit higher rates.

Heltzel has been investigating the company's rate increase application since it was filed last September. He finds that it now is earning 5.7 per cent, based on original cost less depreciation. If he granted the application, the rate of return would be 6.7 per cent.

Third Such Case
This will be Heltzel's third such case. In 1952, the company asked for \$5,188,000 more, and got \$853,441. A year later, it asked for \$3,960,000, and got \$1,456,524.

One trouble faced by the phone company is inflation. For instance, in the last phone case, he granted a 6.3 per cent rate of return, but higher costs and increased investment quickly cut it to 5.9 per cent.

The company has tax troubles, too. Every time it gets a rate increase, half of it automatically goes to the federal government. And it has to pay state and local taxes out of the other half of the increase.

Won't Be Around
Heltzel doesn't know what he'll do after the new administration comes in, but it's almost certain he won't be around.

The Democrats have trained their guns on him ever since, in 1952, he let the power companies add a 20 per cent surcharge for several months to repay them for added costs of steam generation. That was the year of the low streams, when hydroelectric plants couldn't fill the demand for power.

The Oregon Supreme Court upheld Heltzel, but the Democrats continued their running attack on him.

Oregon Tax Collections Up

Oregon State income tax collections in the four months ended Oct. 31 totaled \$36,893,964, or \$17,751,559 more than in the same four months of last year. Ray Smith, tax commissioner in charge of the income tax division, said Thursday.

Personal income tax collections totaled \$28,949,305, or more than double the \$13,788,740 collected in the same four months of 1955.

The increase was caused by the 45 per cent surtax imposed by the 1955 Legislature and with improved economic conditions.

Corporation income tax collections were up from \$4,912,234 to \$7,489,927.

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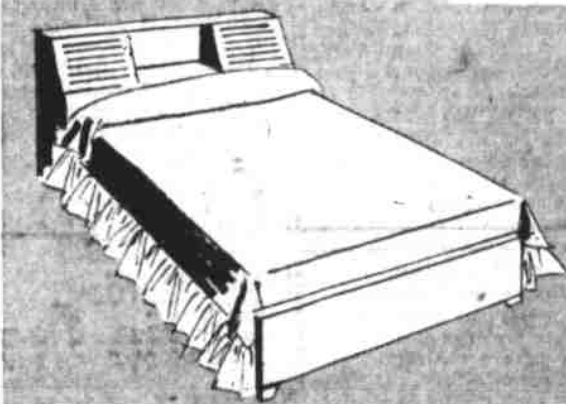
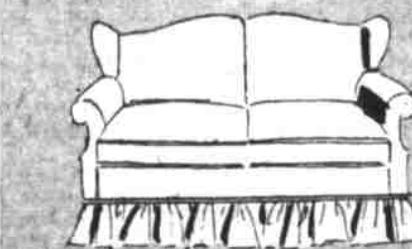
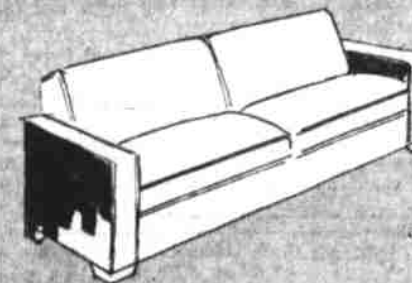
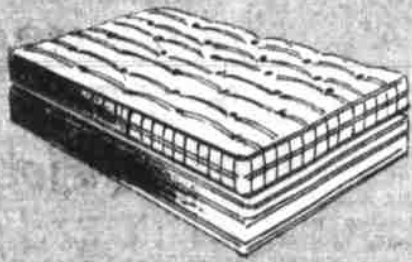
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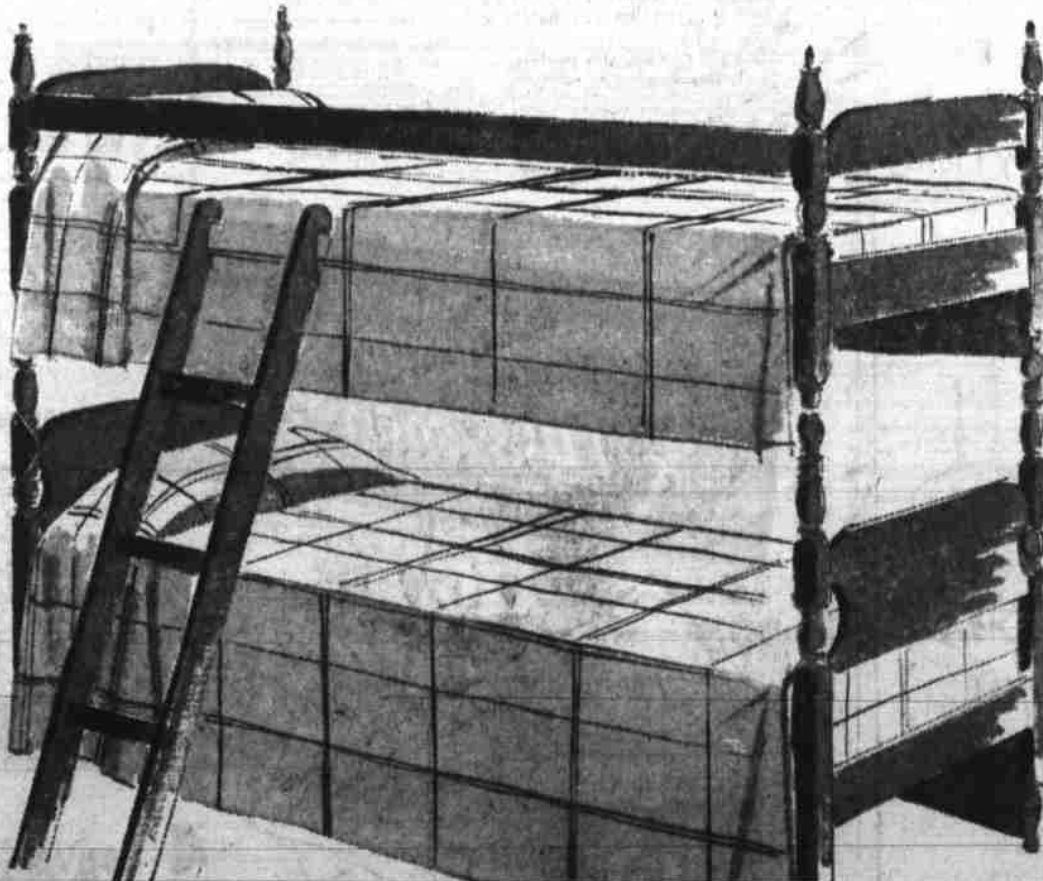
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