

## MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

August 26, 1952  
2:30 P. M.

Council Chamber, City Hall

-----

The meeting was called to order with Mayor Drake presiding.

## Roll Call:

Present: Councilmen Johnson, Long, MacCorkle, White, Mayor Drake  
Absent : None

Present also: W. E. Seaholm, City Manager; W. T. Williams, Jr., City Attorney.

NOTICE OF SPECIAL MEETING

TO THE MEMBERS OF THE CITY COUNCIL OF THE CITY OF AUSTIN:

Notice is hereby given that a special meeting of the City Council of the City of Austin will be held on the 26th day of August, 1952, at the Municipal Building, Eight and Colorado Streets, in Austin, Texas, at 2:30 P.M., for the purpose of considering passing upon the application of Southwestern Bell Telephone Company for a rate increase.

Dated this 26th day of August, 1952.

(S) W. S. Drake, Jr.Mayor  
City of Austin, Texas

ATTEST:

(S) Elsie Woosley  
City Clerk

CONSENT TO MEETING

We, the undersigned members of the City Council, hereby accept service of the foregoing notice, waiving any and all irregularities in such service and such notice, and consent and agree that said City Council shall meet at the time and place therein named, and for the purposes therein stated.

(S) W. S. Drake, Jr.

(S) Will T. Johnson

(S) Ben White

(S) Mrs. Stuart Long

(S) Stuart A. MacCorkle

The Council met to consider passing upon the application of the Telephone Company for a rate increase. Councilman Long did not want to accept Mr. Owsley's figures as he applied the Manual of Separation and it was not designed for rate making purposes, and she did not think it should be applied to Austin. The City Attorney read pages 308-310 in the Transcript of the Formal Hearing of the Telephone Company pertaining to testimony on the Manual of Separation.

The Mayor stated the Council had to arrive at the correct value of the property in Austin, set a rate of return, determine the income they are now making and decide if that is a sufficient income to justify a reasonable rate of return. The Mayor inquired about the rate base of \$9,124,308 as suggested by Mr. Owsley in his Exhibit 4. Councilman Long submitted figures that she and Major Chas. W. Caston had worked out showing a rate base could be as low as \$7,500,000. Councilman Long suggested that Mr. Owsley's figures not be used. Councilman MacCorkle not knowing anything about Major Caston, could not use his recommendation, either accept it or reject it.

The City Attorney outlined the legal aspects that might be expected in case the application was not granted, or in case the Company did not think the rates were adequate. Councilman White felt that the City would stand behind the Council as there were about 40 or 50 thousand people bitterly opposed to this raise, and he did not believe that on the basis of Mr. Owsley's figures, the Telephone Company would be hurt. The City Manager stated that in the event the increase were rejected, it would become necessary to have an appraiser come in and physically appraise the property, and it would really cost lots of money; that the consultant had used the book values of the Company; and if they were thrown out, it meant a physical appraisal. The City Attorney outlined the needs of the Council of certain evidence.

Councilmen Long and White felt that the present rates of the Telephone Company were sufficient. Councilman MacCorkle thought it might be difficult to sustain the present rate in Court in view of Mr. Owsley's report. Councilman Johnson thought the Company would turn down whatever the Council offered.

Councilman Long presented the following statement compiled by MAJOR CHAS. W. CASTON for the record:

DISTRIBUTION OF REVENUES AND EXPENDITURES  
SOUTHWESTERN BELL TELEPHONE CO.,  
AUSTIN EXCHANGE, YEAR 1951.

*Revenues	\$2,813,022
Less; Lost Accounts	<u>7,784</u>
Net Gross Revenues	2,805,238

*Expenses	
1. Maintenance	820,495
2. Traffic	135,726
3. Commercial	77,403
4. General	<u>258,645</u>
Total Expenses	<u>1,292,269</u>

Gross Operating Revenues	1,512,969
--------------------------	-----------

5. Operating Taxes	<u>261,976</u>
--------------------	----------------

Net Income before Income Taxes	<u>1,250,993</u>
--------------------------------	------------------

Income Taxes (52%)	<u>650,516</u>
--------------------	----------------

#Net Income	600,477
-------------	---------

\*Cents Omitted

1. Exchange Portion (Revenue Bearing)
2. Est. Direct Labor
3. Est. Direct Labor
4. Exchange Portion (Revenue Bearing) -- Should be on basis of payrolls supervised, but would give substantially same results.
5. Had to accept their Est. -- No other supporting data

#--Will pay Percent on following Investment:

<u>%</u>	<u>On</u>
8.01	\$7,500,000
7.06	8,500,000
6.32	9,500,000
6.00	10,000,000

Councilman MacCorkle moved that the Southwestern Bell Telephone Company's request for rate increase be rejected. The motion, seconded by Councilman White, carried by the following vote:

Ayes: Councilmen Johnson, Long, MacCorkle, White, Mayor Drake  
Noes: None

Mayor Drake said he thought the Council was making a bad mistake, as he felt negotiations could be carried on where a fair rate could be arranged. Councilman MacCorkle stated the Council was not in any agreement to do that.

There being no further business, the Council adjourned subject to the

call of the Mayor.

APPROVED:

*W. S. Dracq*

Mayor

ATTEST:

*Elise Hoosley*

City Clerk