

Decision No. 36942

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

In the matter of the Application of
CONSOLIDATED TELEPHONE COMPANY, a corporation,
for an order authorizing proposed changes in
schedule covering directory advertising rates
and conditions pertaining thereto.

Application No. 26016

BY THE COMMISSION:

O P I N I O N

Consolidated Telephone Company, applicant in this proceeding, owns and operates a telephone system in the City of Whittier and vicinity, the communities of Pico, Rivera, Downey and surrounding territory, Norwalk, Artesia, and Bellflower, all in Los Angeles County; and the City of La Habra and territory adjacent thereto in Los Angeles and Orange Counties, California.

Applicant issues Whittier and Downey telephone directories, in which directories are listed the telephone numbers of its subscribers supplemented with line and display advertisements. In the past the revenue from directory advertising has been insufficient to cover the costs thereof. Accordingly, applicant now proposes to make certain changes in these directories and to increase the charges for the advertisements therein, as the directory costs have exceeded the revenues therefrom.

It is proposed to extend the service life of the Whittier and Downey directories from six to nine months and to bill the customers for advertising service on a monthly basis instead of on a per issue basis as at present. These changes would place these directories on a service life and billing period basis like other directories for comparable service. Certain economies in connection with the issue of the directories would also result.

Directory advertising rates of California telephone public utilities are under the regulation of the Railroad Commission. The revenues from directory advertising service, in accordance with the Classification of Accounts prescribed by the Commission, are included in Miscellaneous Revenues, an operating revenue

account. When the results of furnishing directory advertising service is a net loss, such service is a burden on the general subscriber public. The statement is made in the application herein that the expense of issuing these directories has been greater than the revenues therefrom. The increases in rates requested in the application are expected to remedy this situation. The level of the rates proposed is not out of line with that for similar directory service of other California telephone utilities furnished under similar conditions.

We consider the form and substance of the alphabetical section of telephone directories as one of the important phases of telephone service. If line and display advertisements are indiscriminately intermingled with subscribers' telephone number listings, the efficient and easy use of the telephone directory is adversely affected.

Applicant in Exhibits "A" and "B" attached to the application has shown present and proposed rates. We believe it advisable that certain changes should be made in the proposed rate schedules in order to insure directories more satisfactory to the general public. A condition will be ordered limiting the offering of half page and quarter page advertisements in the alphabetical sections of the directories to certain specified space, and rates for top line advertisements will not be authorized.

ORDER

Consolidated Telephone Company having made application for authority to change practices and modify rates and charges relating to its directory advertising service, the Commission having considered applicant's request and being of the opinion that a public hearing in the matter is not required and that the application should be granted with modification discussed in the Opinion,

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA hereby finds as a fact that the changes in telephone directory practices and modifications in directory advertising rates herein ordered are justified, therefore

IT IS ORDERED that Consolidated Telephone Company may make effective in the next issues of its Whittier and Downey telephone directories the changes in practices discussed in the Opinion preceding this Order and the modifications in rates and charges as shown in Exhibit "B" attached to the application except that:

1. A paragraph shall be added to the Conditions which shall read as follows: "Half page and quarter page advertisements in the alphabetical section of the directory are offered only at the end of a series of listings beginning with the same letter of the alphabet when such series of listings does not utilize the full page."
2. Top liner spaces in the alphabetical section shown under Rate (2)(b) in Exhibit "B" shall be deleted.

IT IS FURTHER ORDERED that the above changes in directory advertising practices and rates and charges authorized and ordered shall be filed with the Railroad Commission not later than five (5) days immediately preceding their effective date.

Except as otherwise prescribed herein, the effective date of this Order shall be twenty (20) days from and after the date hereof.

Dated at San Francisco, California, this 21st day of March, 1944.

Richard Kaefer
Justin P. Galvin
Harriet R. Havens
Francis W. Coon
Oran K. Howell
Commissioners