

Decision No. 39311

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application of
McFARLAND TELEPHONE COMPANY, a public
utility, for an order authorizing changes
in directory advertising rates, and
conditions appertaining thereto.

ORIGINAL

Application No. 27732

OPINION AND ORDER

McFarland Telephone Company, Applicant in this proceeding, requests authority to increase its telephone directory advertising rates, modify conditions, and introduce rates for additional listings effective with the next issue of the directory scheduled on or about December 1, 1946, and to withdraw its presently effective telephone directory advertising schedule. Appropriate notification was given to the Office of Price Administration.

The present rates for directory advertising were established in 1932 since which time the number of subscribers has grown substantially resulting in an increase in circulation, and in the cost of compiling, publishing, and delivering the directory. Applicant alleges that the cost of issuing the telephone directory exceeds the revenue from directory advertising. Accordingly, applicant proposes to make certain changes in the directory, provide for a greater variety of advertising classifications, introduce a new schedule for directory listings including rates for additional listings, and withdraw its present advertising rates which offer advertising on inside and outside directory covers and certain margins on the alphabetical pages of the directory.

It is proposed to bill the customers for advertising service on a monthly basis rather than on a per issue basis as at present. This change will place the directory on the same billing period basis as other comparable directories. Applicant proposes to transfer all directory advertising from the alphabetical section of its directory to a new classified section and to discontinue all advertising on

the cover pages. It is expected that these modifications will facilitate the use of the directory by telephone subscribers:

Applicant, in Exhibits A and B; has shown present and requested directory advertising rates. Condition 16 of the requested schedule provides that display advertisements will be sold in a one-half column size at two times the rate for a one-quarter column advertisement, and in a double one-half column size at four times the rate for a one-quarter column advertisement. The level of the rates requested is comparable to that for similar directory service of other California telephone utilities furnished under similar conditions.

Present rates are as follows:

	<u>Rate Per Issue</u>
(1) Cover:	
1/4 page, any cover space	\$ 5.00
Front and Back:	
Top, Bottom and Side Liners, each	3.00
(2) Inside Pages:	
Top or Bottom Margins - 1" space, each	2.50
Requested rates are as follows:	<u>Rate Per Month</u>
(1) Display Advertisements:	
One-quarter Column	\$ 1.00
Above rate includes an anchor listing, if desired, under the heading with which the display is associated.	
(2) Column Advertising:	
(a) Each Informational Listing	.75
(b) Each Trade Mark Heading	1.00
Above rates contemplate one column inch of space. An informational listing is limited to this depth. Trade mark headings may exceed this depth to a maximum of three regular type listings, each such line or fraction thereof taking the rate for an additional line of information.	
(c) Each Trade Mark or Trade Name Cross Reference	.35
(d) Each Trade Name Listing	.35
Above rate contemplates the name of a product or service in bold type as a caption, and the advertiser's name in all capitals, regular type.	
(e) Listings:	
Each Bold Type Listing	.25
Each Regular Type Listing	.10
Additional Lines of Information	
Not to exceed a total of three lines in addition to the listing or trade mark heading with which associated:	
Each line or fraction thereof	.10

Applicant in Exhibit C has shown requested rates and conditions for listings in the alphabetical section of the telephone directory, including a rate of 25 cents per month for each additional listing or line of information. No rates are now in effect by this utility for such additional listings, but the requested rates are the same as those generally in effect by other utilities in California. Applicant's Rule and Regulation No. 14 relates to listings in the alphabetical section of the directory. Except for the last paragraph,^{2/} that rule and regulation has been incorporated in Exhibit C. The paragraph referred to above should be included in the directory listing schedule, in which case Rule and Regulation No. 14 will become unnecessary and should be cancelled.

Directory advertising rates of California telephone public utilities are under the regulation of the Commission. The revenue from directory advertising service in accordance with the classification of accounts prescribed by the Commission is included in operating revenues and the expenses incurred in preparing copy, printing, binding, and distributing directories, and the cost of securing advertisements for directories, are included in operating expense. It is estimated that Applicant's gross revenue from telephone directory advertising service will be \$600 a year under the rates requested, and the expense of issuing the directory will be \$450 a year.

McFarland Telephone Company, having made application for authority to increase telephone directory advertising rates, modify conditions, and introduce rates for additional listings; the Railroad Commission having considered Applicant's request and being of the opinion that a public hearing is not required, and that the application should be granted, and finding that the increases in directory advertising rates herein ordered are justified, therefore,

^{2/} The last paragraph of Rule and Regulation No. 14 reads as follows:
"The company is liable for errors or omissions in the listings of its subscribers in the telephone directory in an amount not in excess of the charge for that exchange service during the effective life of that directory in which the error or omission is made."

IT IS ORDERED as follows:

1. McFarland Telephone Company may make effective, beginning with the next issue of its telephone directory scheduled on or about December 1, 1946, the changes in practices discussed above and the rates and conditions as shown in Exhibit B and in Exhibit C modified to include the last paragraph of Rule and Regulation No. 14.
2. Necessary tariff filings, in accordance with General Order No. 96, shall be made not later than fifteen days immediately preceding their effective date.
3. This Order shall become effective on the twentieth day after the date hereof.

Dated at San Francisco, California, this 13th day of August,

1946.

Harold P. Hule

Justin F. Garner

Thomas D. Dean

John H. Powell

R. E. Zimmerman

Commissioners