

**ORIGINAL**Decision No. 55488

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 THE PACIFIC TELEPHONE AND TELEGRAPH )  
 COMPANY, a corporation, for authority )  
 to separate the present Newhall-Palmdale ) Application No. 39105  
 telephone directory into two directories, )  
 one for the Newhall exchange and the )  
 other for the Palmdale exchange. )

Arthur T. George and Pillsbury, Madison and Sutro, attorneys,  
 by Charles B. Renfrew, for applicant.  
James W. Metcalfe, for the Valley Press; Smith Swords, Jr.,  
 manager, Palmdale branch, Bank of America NT & SA;  
L. E. Rampton, chairman, Public Utilities Committee,  
 Palmdale Chamber of Commerce; James H. Fulcher, for  
 Littlerock Chamber of Commerce; interested parties.  
Melvin E. Mezek, for the Commission staff.

O P I N I O N

The Pacific Telephone and Telegraph Company, a corporation, by the above-entitled application, filed May 31, 1957, seeks an order authorizing it to (1) discontinue the publication and issuance of the present Newhall-Palmdale telephone directory, and to cancel and withdraw existing tariffs covering rates applicable to classified and alphabetical telephone directory advertising therein, (2) publish and issue alphabetical and classified telephone directories for Newhall and for Palmdale, and (3) publish, file and place in effect with the forthcoming issues of said directories, rates for directory advertising as set forth in Exhibits A and B, attached to the application.

A public hearing on this matter was held before Commissioner Ray E. Untereiner and Examiner Stewart C. Warner on July 16, 1957, at Palmdale. There were no protests to the granting of the application, and several parties appeared in support thereof.

Allegations of Applicant

Applicant alleged that it furnished telephone service in its Newhall exchange in unincorporated territory of Los Angeles County, to 3,294 telephone subscribers, as of March 31, 1957; in its Palmdale exchange in unincorporated territory of Los Angeles County, to 6,558 subscribers as of March 31, 1957; that its alphabetical and classified telephone directories of the Newhall and Palmdale exchanges were combined in 1940, and included a separate alphabetical section for the Lancaster and Lake Hughes exchanges of the General Telephone Company of California; that Newhall and Palmdale are separated by approximately 30 miles of semi-arid territory without any community of interest; that applicant had interviewed 31 community representatives in Palmdale and 20 in Newhall to determine their views with respect to the possible establishment of separate Newhall and Palmdale directories; that those interviewed included 41 advertisers in the current classified directory; that two of those interviewed expressed neutral views, 4 unfavorable views, and 45 favorable views. The four persons interviewed who expressed unfavorable views are located in the Newhall exchange. Two of them indicated that although they preferred the present directory arrangement, they would not oppose the directory separation.

Applicant alleged that improved directory service could be provided by establishing two directories; that the rates for directory advertising would be based on circulation in each exchange; that in Newhall, applicant's presently filed tariffs for Circulation Rate Group 2 (2001-4000) would be applicable; that in Palmdale, applicant's presently filed tariffs in Circulation Rate Group 4 (6001-8000) would be applicable; that application of Circulation Rate Group 2 rates to the proposed Newhall directory would reduce applicant's revenue approximately \$770 per year, and application of Circulation Rate Group 4 rates to the proposed Palmdale directory would increase applicant's revenues by about \$10,750 per year; that as shown in Exhibit C, attached to the application, the estimated total annual increases under the proposed rates would be \$9,984; that a nonrecurring expense of about \$350 would be incurred incident to publishing the two new directories, but that, once established, annual expense would be reduced by approximately \$2,000.

Applicant alleged that directory usefulness would be improved for the following reasons:

1. Reference to the alphabetical section will be facilitated by the elimination of listings for which there is little demand.
2. Classified directory users will benefit by eliminating the representation of firms outside of their local marketing area.
3. Advertisers will benefit because their advertising will be directed to their marketing area.
4. Publishing two smaller directories results in reduced production time, permitting inclusion of listings otherwise held until the following issue and allows fewer obsolete listings.

Applicant alleged that it had tentatively scheduled the issuance of the two new directories requested herein for December 17, 1957, but alleged, further, that the advertising sales campaign should be commenced by August 15, 1957.

Evidence of Record

Exhibit No. 1 is a map of applicant's present and proposed directory areas. Said map shows that the present exchange and directory area boundaries are identical. The proposed Newhall directory area is delineated by a red line, and the proposed Palmdale directory area is delineated by a green line on Exhibit No. 1.

Exhibit No. 2 is a summary of interviews with business and civic leaders as of April or May, 1957, in the communities of Castaic, Newhall, and Saugus in the Newhall exchange, and Acton, Littlerock, Palmdale, and Pearblossom, in the Palmdale exchange. One neutral attitude is shown in each of the communities of Castaic and Newhall; one unfavorable attitude is shown in Newhall, and three in Saugus.

Exhibit No. 3 is a schedule of classified telephone directory advertising rates applicable to present and proposed directories. Said exhibit shows that, for example, one-quarter column of display advertising in Newhall and Palmdale, in the 1957 issue, was \$3 per month, and in the proposed directories for the year 1958, said rate would be \$2.50 in Newhall and \$3.50 in Palmdale. Said exhibit also shows, for example, that the rate for column advertising informational listing, one-inch, in the present 1957 Newhall and Palmdale directory was \$1.75

per month, and in the proposed directories for the year 1958, said rate would be \$1.50 in Newhall and \$2.00 in Palmdale.

Exhibit No. 4 is a statement of the estimated effect on revenue of directory separation and application of proposed rates. Said exhibit corresponds to Exhibit C of the application (supra).

Exhibit No. 5 is a letter dated July 15, 1957, from the Public Utilities Committee of the Palmdale Chamber of Commerce, supporting the application. Said letter also calls the Commission's attention to the fact that the telephone directory as published by the General Telephone Co., covering the Lancaster-Quartz Hill-Lake Hughes area does not contain a list of telephone numbers in the Palmdale area, and alleges that such omission is discriminatory and unfair to Palmdale subscribers.

Applicant's witness, its directory manager of Southern California operations, testified that he estimated that as of January 1, 1958, there would be 3,700 stations in service in the Newhall exchange and 7,900 in the Palmdale exchange; that applicant would probably print some 19,000 total directories, including 10 per cent for cross distributions and to accommodate the very heavy number of new station connects in the area; that he could not estimate the amount of advertising in the Newhall directory, if separated, but that he estimated an increase of 25 per cent in directory advertising in the Palmdale directory, due to increases in numbers of subscribers and amounts of advertising; that he estimated that 10 per cent

of Newhall subscribers would request copies of the proposed separated Palmdale directory, at least the first year, but that he did not think such requests would continue; and that the directory would be distributed free.

Findings and Conclusions

The Commission finds and concludes that the public interest requires that the Newhall and Palmdale directories of The Pacific Telephone and Telegraph Company for alphabetical and classified listings should be separated; that the publication and issuance of the present combined Newhall-Palmdale telephone directory should be discontinued; and that the application therefor should be granted.

The Commission finds and concludes that applicant's request for authority to cancel and withdraw its existing tariffs covering rates applicable to classified and alphabetical telephone directory advertising in its present combined Newhall-Palmdale telephone directory is reasonable, and that applicant should be authorized to publish, file, and place in effect, the rates for directory advertising as set forth in Exhibits A and B attached to the application. The Commission finds and concludes that the increases in rates and charges resulting from the granting of the application are justified and reasonable and that present rates and charges insofar as they differ therefrom are for the future unjust and unreasonable.

The Commission is of the opinion, and finds and concludes, that the request of the Palmdale Chamber of Commerce that the Commission correct what said Chamber of Commerce believes to be a discriminatory omission on the part of

General Telephone Company of California, in not publishing and listing applicant's Palmdale subscribers in said General Telephone Company's directory covering its Lancaster-Quartz Hill-Lake Hughes area, is beyond the issues of the instant application, and should be disposed of in a manner and by a method other than in connection with the instant proceeding. The record herein indicates that this request may be handled informally by the Commission staff with the Palmdale Chamber of Commerce, the General Telephone Company, and the applicant, and it appears that this is the proper procedure.

O R D E R

Application as above entitled having been filed, a public hearing having been held, the matter having been submitted, and now being ready for decision,

IT IS HEREBY ORDERED as follows:

1. Applicant is authorized to discontinue the publication and issuance of the present "Newhall-Palmdale" telephone directory, and to cancel and withdraw existing tariffs covering rates applicable to classified and alphabetical telephone directory advertising therein.
2. Applicant is authorized to publish and issue separate alphabetical and classified telephone directories for the "Newhall" exchange and the "Palmdale" exchange, and to publish, file, and place into effect with the January, 1958, issue of such directories, rates for directory advertising as set forth in Exhibits A and B attached to the application herein.

3. In addition to the directory normally supplied each subscriber, applicant shall supply (free of any charge therefor) any subscriber requesting the same during the life of such directory and irrespective of the subscriber's telephone usage, a copy of the 1957 directory for either "Palmdale" or for "Newhall", as the case may be.

The effective date of this order shall be twenty days after the date hereof.

Dated at Los Angeles, California, this 27<sup>th</sup> day of August, 1957.

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 President  
*Ray E. Peterson*  
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*R. H. King*  
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*C. L. Fox*  
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 Commissioners

Peter E. Mitchell  
Commissioner Matthew J. Dooley, being necessarily absent, did not participate in the disposition of this proceeding.