

Decision No. 59394

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )	
of KERN MUTUAL TELEPHONE COMPANY, )	
a California corporation, for an )	Application No. 41650
order authorizing it to increase )	
rates for Telephone Directory )	
Advertising service. )	

OPINION AND ORDER

By the above-entitled application filed on November 10, 1959, Kern Mutual Telephone Company seeks authorization pursuant to Sections 454 and 491 of the Public Utilities Code to increase rates for telephone directory advertising service effective with the next directory issue scheduled on or about May 1, 1960.

Applicant is engaged in the public utility exchange and toll telephone business serving Taft and surrounding towns and communities principally in Kern County. Periodically applicant issues a telephone directory in connection with its telephone operations which contains an alphabetical section as well as a classified advertising section.

Present rates of applicant for telephone directory advertising service are the same as those generally in effect in independent telephone company operations in California for a circulation of 4,501 to 7,500 as measured by the number of telephone stations in the largest exchange served by the directory.

The application reveals that as of August 31, 1959, applicant served 7,659 telephone stations in its Taft exchange, the largest exchange served by its telephone directory. Accordingly, applicant proposes to increase its rates for directory advertising to a level generally applicable in independent telephone company

operations in California for exchanges of 7,501 to 12,500 telephone stations. Applicant further proposes to make the increased rates effective coincident with the next issue of its directory scheduled on or about May 1, 1960.

Exhibit B attached to the application shows the basic directory advertising schedules generally in effect in independent telephone system operations in California. The schedules are designated from 1 to 14 and the rate levels generally increase with an increase in circulation. A comparison of applicant's present directory advertising rates (Schedule 4) with the rates it proposes (Schedule 5) for the principal items of advertising are summarized in the following tabulation.

	Monthly Rates	
	Present Schedule 4	Co. Proposed Schedule 5
<u>Telephone Stations</u>	4,501 to 7,500	7,501 to 12,500
Regular Type Listing	\$ 0.35	\$ 0.40
Bold Type Listing	.75	1.00
Trade Mark Heading	1.25	1.50
Informational Listing - One Inch	2.00	3.00
Display Advertising - One Quarter Column	3.50	4.50
- Double Half Column	14.00	18.00

Applicant estimates that the higher rates it proposes will increase annual billing to directory advertisers by \$6,823 after deducting an allowance of \$4,548 for fewer and smaller advertisements at the higher rate levels. Applicant further estimates that it will retain only \$2,934 of the \$6,823 increase, the balance, or \$3,889, being reflected in increased directory advertising expenses. Such an increase in revenues, according to Exhibit D of the application, will increase applicant's rate of return for the twelve months ended August 31, 1959, by less than one tenth of one per cent.<sup>1/</sup>

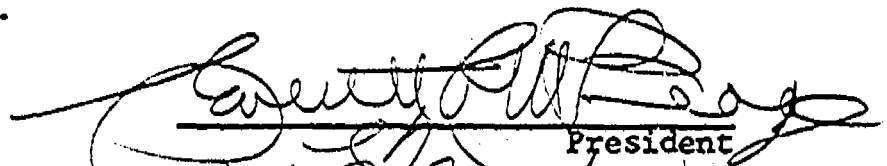
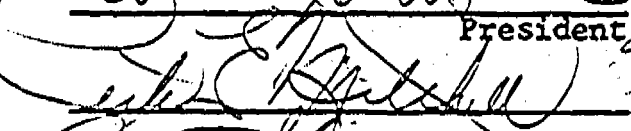

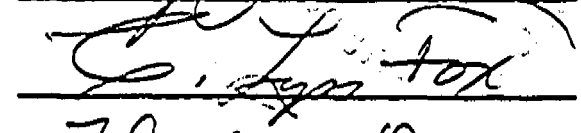
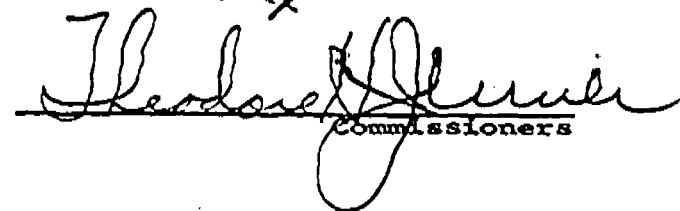
<sup>1/</sup> Rate of return shown is 2.83 per cent at present rates and 2.92 per cent at company proposed rates on a weighted average depreciated rate base of \$1,583,909.

The Commission has considered this matter and finds that the increases in telephone directory advertising rates sought in this application are justified and that present rates in so far as they differ from those herein prescribed for the future, are unjust and unreasonable; therefore,

IT IS ORDERED that Kern Mutual Telephone Company is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, revised tariff schedules with changes in rates as set forth under Schedule No. 5 in Exhibit D attached to the application, and, after not less than five days' notice to this Commission and to the public, to make said revised tariff schedules effective for telephone directory advertising service furnished commencing in the next issue of the telephone directory scheduled on or about May 1, 1960.

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

Dated at San Francisco, California, this 15th day of December, 1959.

  
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President  
  
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Commissioners