

ORIGINAL

Decision No. 63463

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 Sunland-Tujunga Telephone Company, a)
 corporation, for authority to increase)
 certain rates and charges applicable)
 to the sale of advertising in its)
 classified directories.)

Application No. 43989

Orrick, Dahlquist, Herrington & Sutcliffe, by
Warren A. Palmer, for the applicant.
 R. W. Russell, Department of Public Utilities
 and Transportation, by K. D. Walpert, for the
 City of Los Angeles, interested party.
Eugene S. Jones, for the Commission staff.

O P I N I O N

Sunland-Tujunga Telephone Company, a corporation, by the
 above-entitled application filed December 6, 1961, seeks authority
 to increase its rates and charges for advertising in its classified
 directory.

A public hearing was held before Examiner Stewart C.
 Warner on February 7, 1962, at Tujunga. No protests were entered,
 evidence was taken, the matter was submitted, and it is now ready for
 decision.

General Information

As of December 31, 1961, the applicant was furnishing
 telephone service in the Sunland-Tujunga area of the City of Los
 Angeles to 14,212 subscribers. During the past four years a

32.5 percent increase in subscribers has taken place. If this trend continues the company will be serving approximately 20,000 subscribers by December 31, 1965. The maximum number of subscribers, potentially, in the applicant's service area was estimated by the applicant to be about 30,000.

Proposal to Publish a Smaller Directory

At the present time, and in the Northwestern Section telephone directory of the applicant for March, 1961, Exhibit No. 7, listings of the applicant are combined with those of Pacific Telephone Company and California Water and Telephone Company in nearby exchanges, but the classified section of the yellow pages applies to and carries advertisements for the Sunland-Tujunga area, only. The applicant proposes to publish a smaller directory with 8 point bell bold straight type, a sample of which is shown in Exhibit No. 11, and to convert to all-number calling, as shown in the mock-up of the proposed new directory for March, 1962, Exhibit No. 10, on page 1 thereof. The Northwestern Section telephone directory, less the Sunland-Tujunga yellow pages, will be available to subscribers at no charge upon request and they will be so notified by the applicant.

Present and Proposed Advertising Rates

Exhibit No. 4 shows the present and proposed directory advertising rates which are identical to those authorized by the Commission for California Water and Telephone Company, for Coachella Valley Telephone Company, and for Western California Telephone Company for directories of comparable circulation. Sales of advertising are taking place and the General Telephone Directory Publishing Company, with whom the applicant has a

contract for the sales of advertising and the listing and publishing of telephone numbers, is advising prospective advertisers of the proposed increase in advertising rates.

Rate of Return

Exhibit No. 2 shows that, at the present rates, the applicant's rate of return for the twelve months ending October 31, 1961, was 6.50 percent; at the present rates as adjusted for the same period, the rate of return would have been 6.30 percent; and after considering the proposed increases in rates for advertising contained in the instant application, the rate of return would have been 6.45 percent. The City of Los Angeles asked the Commission not to authorize increases in advertising rates which would produce a rate of return for the applicant in excess of that found just and reasonable by Decision No. 58105, dated March 10, 1959, in Application No. 40385 of the applicant, which said rate of return was 6.75 percent.

Interviews with Subscribers

Exhibit No. 9 is a summary of interviews with 3,063 residence and 262 business subscribers regarding their reaction to the applicant's proposal to publish a small directory containing only local Sunland-Tujunga numbers. Fifty-one percent answered that they would greatly appreciate a smaller directory; 29 percent would like a smaller directory if the Northwestern alphabetical section were made available to them upon request; 20 percent of the subscribers were satisfied with the applicant's present large directory. In this connection it should be pointed out again that the proposed

Northwestern Section directory would not contain the classified yellow pages which were a part of the March, 1961, directory since such yellow pages would be included in the smaller directory.

Savings on Delivery Costs

By publishing a smaller directory the applicant will save \$917 on its delivery by reason of the fact that the smaller directory will be mailed instead of hand-delivered.

Publishing Date

The applicant's new and smaller Sunland-Tujunga directory with classified yellow pages will be published and distributed on March 15, 1962.

Findings and Conclusions

It is found as a fact and concluded that the proposed advertising rates set forth in the application will not produce an excessive rate of return, that they are just and reasonable, and that the application should be granted. The order hereinafter will so provide.

It is further found as a fact and concluded that the increases in rates and charges authorized herein are justified and that present directory advertising rates insofar as they differ from those herein prescribed will for the future be unjust and unreasonable.

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. That Sunland-Tujunga Telephone Company, a corporation, be and it is authorized to file and make effective as of March 15, 1962, the rates and charges applicable to the sale of advertising in its classified directory as such rates are set forth in Exhibit B attached to the application and in Exhibit No. 4 filed at the hearing, such filing to be made in quadruplicate with the Commission on or after the effective date of this order in conformity with the Commission's General Order No. 96A.

2. That, concurrently with the filing authorized herein, the applicant be and it is authorized to withdraw and cancel by appropriate advice letter its presently effective rate schedule applicable to directory advertising.

The effective date of this order shall be its date.

Dated at San Francisco, California, this 13th day of MARCH, 1962.

Everett C. Rogers
President
W. L. McMillan
C. J. Fox
George H. Dwyer
Frederic B. Kitchell
Commissioners