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ORIGINAL

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application
 of ROSEVILLE TELEPHONE COMPANY,
 a corporation, to increase certain
 rates and charges applicable to the
 sale of advertising in its telephone
 classified directory.

)
)
) Application No. 45190
) (Filed February 19, 1963)
)

Thomas E. Srednik, for applicant.
Richard T. Perry, for the Commission staff.

OPINION AND ORDER

After due notice, public hearing in this matter was held before Examiner Emerson on March 26, 1963 at Roseville.

Applicant's telephone directory is issued annually in August. Solicitation of advertisers for the August 1963 issue is now under way. As with other telephone companies, applicant's advertising rates are predicated upon "circulation" or the number of telephone stations served. Applicant's present rates are those so-called "standard" rates for circulation group 5, which group is for a circulation of 7,501-12,500 stations. Applicant now serves in excess of 12,700 stations and thus its standard circulation group would normally be group 6, which group is for a circulation of 12,501-20,000 stations. Applicant proposes, however, that its advertising rates be established on the basis of a four-step blocking known as "A Group" rates, covering circulation groups of 11,001-13,000; 13,001-15,000; 15,001-17,500 and 17,501-20,000. For a utility of applicant's size and growth characteristics, "A Group" blocking and rates have certain distinct advantages over the much larger "standard" rate block. Among these

advantages are (1) that advertisers' costs increase more closely with the advertising benefits associated with telephone station growth, and (2) that the utility's net income from directory advertising also more closely follows station growth and at more frequent intervals.

The specific advertising rates which applicant proposes are those suggested to it by its directory publisher. Applicant's contract with the publisher was entered into in 1960 and expires in 1966. Among other things, the contract provides that applicant will retain 45 percent of each month's directory advertising billing and remit the balance to the publisher. The overall effect of the proposed rates would be to increase applicant's rate of return on exchange operations from approximately 5.5 percent to 5.7 percent. The gross annual revenue increase involved is estimated to be \$16,280, or approximately 23½ percent, based upon the August 1962 issue of the directory, wherein there were 800 advertisers.

No person has opposed the granting of applicant's request.

In view of the evidence, the Commission finds (1) that the advertising rates and circulation groups proposed by applicant are fair and reasonable for the services to be rendered and (2) that the increases in rates authorized herein are justified and that existing rates, insofar as they differ therefrom, are for the future unjust and unreasonable.

IT IS ORDERED that Roseville Telephone Company is authorized to file in quadruplicate with this Commission, on or after the effective date of this order and in conformity with the

provisions of General Order No. 96-A, tariffs for directory advertising revised to reflect those rates set forth in Exhibit C attached to the application herein and, on not less than five days' notice to the public and to this Commission, to make said revised tariffs effective coincident with the issuance of its August 1963 telephone directory.

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

Dated at San Francisco, California, this 21st day of MAY, 1963.

George H. Hoover
President

Frederic B. Holoboff

Jalman W. Bennett

Commissioners

Commissioner Everett C. McKeage, being necessarily absent, did not participate in the disposition of this proceeding.