

ORIGINALDecision No. 71735

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY for authority
to establish a new alphabetical and
classified telephone directory to be
entitled South Orange Coast Directory
to serve the Capistrano Valley and
San Clemente telephone exchanges.

Application No. 48583
(Filed June 28, 1966;
revised July 19, 1966)

Arthur T. George and Pillsbury, Madison &
Sutro by George H. Eckhardt and Richard
Odgers, for The Pacific Telephone and
Telegraph Company, applicant.
Omar Lee Brenna and Gilbert E. Essell, for
Chamber of Commerce, protestant.
Andrew Tokmakoff, for the Commission staff.

O P I N I O N

This request of The Pacific Telephone and Telegraph Company (Pacific) for authority to establish a new alphabetical and classified telephone directory for the Capistrano Valley and San Clemente telephone exchanges in Orange County, and to file rates for such directory, was heard before Examiner Coffey in San Clemente, on September 21, 1966, and submitted upon receipt of transcript on October 11, 1966.

Pacific presently publishes a single alphabetical telephone directory and a separate classified directory for 14 telephone exchanges in Orange County, three of which are served by the General Telephone Company. These exchanges encompass an area of about 780 square miles and include 42 separate communities and over 595,600 telephone stations within their boundaries.

The Capistrano Valley and San Clemente exchanges are located at the southern extremity of the present Orange County Directory area and include the cities and communities of San Juan Capistrano, Dana Point, Crown Valley, Capistrano Beach and San Clemente. These cities and communities, which have a combined population of 25,800, are physically separated from the communities located within the other northern exchanges in the Orange County Directory area. Pacific alleges that they have developed into independent and self-sustaining communities with their own separate and distinct requirements for telephone directory service. The population in the area has increased 100 percent since 1960. As of July 31, 1966, there were 8,400 telephones in the Capistrano Valley exchange and 8,800 in the San Clemente exchange, serving about 10,000 subscribers.

The new directory, to be called the South Orange Coast Directory, would contain both alphabetical and classified listings for all subscribers in the Capistrano Valley and San Clemente exchanges and, as a separate section, the alphabetical listing for the Laguna Beach exchange served by the General Telephone Company. Laguna Beach exchange alphabetical listing is presently included in the Orange County Directory and would be duplicated in the South Orange Coast Directory.

The Orange County Directory issued in November of 1965 was bound in two volumes, one alphabetical volume and one classified volume. The combined pages totaled 2,376 and included 336,152 listings and advertisements. A four column format and 6-point type was used. Pacific estimates that the number of pages in 1966 will increase to 2,552, a 7.4 percent increase.

The South Orange Coast Directory would be issued first on November 1, 1967. It would consist of 224 pages and be printed in three columns with 7-point type.

In 1963, when Pacific was studying the feasibility of dividing the Orange County Directory, 315 subscribers were interviewed. The witness for applicant testified that 90 percent of all residence subscribers interviewed found the proposal acceptable to them, as did 74 percent of the business subscribers. To improve subscriber acceptability the Laguna Beach listing was included in the present proposal. In 1965, 145 business subscribers were interviewed relating to South Orange Coast Directory proposal. The results of this survey of business subscribers are as follows:

	<u>Percent</u>
In favor of proposal	77%
Liked proposal very much	64
Expressed opposition to proposal ..	13

Pacific received only two replies with adverse comments in response to 10,000 bill inserts describing the proposed directory which it sent in 1965 to all subscribers in the South Orange Coast communities.

A traffic calling study made by applicant shows that 82.3 percent of the total calls made from Capistrano Valley would be to subscribers to be listed in the new directory. For San Clemente the comparable figure is 86.6 percent.

A residential telephone subscriber receives without charge one regular type alphabetical listing and a business subscriber receives without charge in regular type one alphabetical listing and one classified listing. For a charge, additional listings are available in alphabetical sections to residential and business subscribers.

Business subscribers may also purchase bold-type listings in alphabetical sections and various types of advertisements in the classified sections. The charges for directory advertising are based on the total number of telephones in the largest exchange served by the directory.

A comparison of the advertising charges for the Orange County Directory, based on the Santa Ana exchange, with those proposed for the South Orange Coast Directory follows:

Classified Advertising Rates
Proposed South Orange Coast Directory
Compared to Present Orange County

<u>Items of Advertising</u>	<u>Rate per Month</u>	
	<u>Present</u> <u>Orange County</u> <u>(Group 14)</u>	<u>Proposed</u> <u>South</u> <u>Orange Coast</u> <u>(Group 5)</u>
1. Display Advertisements:		
2 1/2 columns	\$56.00	\$16.00
1/2 column (or 2 1/4 columns)	28.00	8.00
1/4 column	14.00	4.00
2. Column Advertising:		
(a) Each informational listing (1 columnar inch)	6.00	2.25
(b) Custom trademark heading (2 inch)	15.50	5.50
(c) Trademark heading (1 inch)	7.75	2.75
(d) Custom trademark or trademark cross reference	2.50	1.25
(e) Custom trademark and trademark caption text	4.50	1.50
(f) Custom trademark, trademark and custom trade-name listings		
a. Bold-face type listing	1.75	1.00
b. Regular type listing75	.25
(g) Custom trade-name heading	2.75	1.25
(h) Trade-name listing		
a. Gothic type listing	2.00	1.25
b. Regular type listing75	.25
(i) Custom trade name or trade name cross reference	2.50	1.25
(j) Listings		
a. Bold-face type listing	1.75	1.00
b. Regular type listing75	.25
c. Additional line of infor- mation75	.25
3. Alphabetical Bold-type Listing	3.25	1.75

Exhibit 7 is a comparison of the use of classified advertising in the proposed South Orange Coast Directory area with existing directories for Colton, Corona, and Laguna Beach. It appears that about one-fourth the number of display and information items and about one-half the number of local advertisements per 100 business accounts are used in the proposed directory area as in the said existing areas of comparable size.

Pacific stated that the South Orange Coast Directory would be distributed without charge to subscribers in the northern portion of Orange County who think they have a requirement for Capistrano Valley and San Clemente listings. Also, the Orange County Directory would be distributed without charge in South Orange Coast Directory area to those that Pacific is of the opinion have a need.

Pacific estimated that the first issue of the South Orange Coast Directory would realize net expense savings amounting to \$20,313 and experience a net revenue loss of \$9,686. Of the \$46,765 total advertising revenue expected from the South Orange Coast Directory, \$11,293 is estimated to be from advertising outside the South Orange Coast area. Less than \$1,000 of Orange County Directory revenue will be derived from South Orange Coast businessmen.

The San Clemente Chamber of Commerce (Chamber) for 21 years has published and distributed without charge to all residents of the South Orange Coast area a directory serving the communities of San Clemente, Capistrano Beach, Dana Point, San Juan Capistrano and South Laguna. A substantial portion of the annual budget of the Chamber results from the sale of advertising in their directory to local businesses. Of the 739 advertisers in the Chamber directory, 520 were also advertisers in the Orange County Directory. Exhibit 8 indicates that Chamber advertising rates are lower than those

proposed by Pacific for the South Orange Coast area. A survey by the Chamber of 230 of its advertisers indicates that 226 advertisers believe that the Chamber Directory provides an adequate service and that three did not so believe. Of these advertisers, 215 were of the opinion that the Chamber Directory did not need duplication and eight were of the opinion that there was such a need.

Members of the San Clemente Chamber of Commerce opposed the request of Pacific inasmuch as the proposed South Orange Coast Directory would directly parallel a directory produced by the Chamber, the proposed directory would affect the success of the Chamber's directory, and the Chamber would be deprived of a large portion of its operating revenue.

Three businessmen protested the proposed directory since it would increase their advertising expenses. Three other businessmen testified in effect that they would welcome or wanted more local coverage and that they would advertise in both local directories. A housewife indicated that many residents feared the loss of the Chamber's directory and its many unique features.

The staff interviewed a number of business and residence subscribers in the Capistrano Valley and San Clemente exchanges. The report of the interviews, Exhibit 11, indicates that over 96 percent of those interviewed never, or very seldom, used the Orange County alphabetical listing for local numbers and that about 93 percent used only the Chamber's directory for local calls. The Orange County alphabetical section was never, or very seldom, used for numbers outside of the toll free area by 58 percent of those interviewed and the Orange County classified section was never, or very seldom, used for all county numbers by 69 percent of those interviewed.

The following tabulation indicates the results of the preference for a local directory as found in the staff interviews:

Summary of 81 Personal Interviews
(30 in Capistrano Valley; 51 in San Clemente)
August and September 1966

Exchange	Prefer Proposed		Prefer Present		No Preference	
	Number	Percent	Number	Percent	Number	Percent
Capistrano Valley	22	73.3	6	20.0	2	6.7
San Clemente	26	51.0 ^(a)	12	23.5 ^(a)	13	25.5 ^(a)
Total	48	59.3	18	22.2	15	18.5

- (a) Drastic shift in percentages for San Clemente as compared with Capistrano Valley apparently reflected more widespread concern that issuance of a Telephone Company Local Directory would force a withdrawal of the present San Clemente Chamber of Commerce Directory. Such concern was much more frequently and strongly expressed in San Clemente than in the Capistrano Valley. Also reasons given for preference of present county-wide directory over proposed local directory (or reason for no preference) in San Clemente was more frequently: "We want to keep our present San Clemente local book" or "Our present San Clemente local book meets our needs very well for local numbers."

The staff also conducted interviews in Laguna Beach to determine the acceptability of the local telephone directory established in November 1964. Of those interviewed, 62 percent preferred local directory and 31 percent preferred the previous countywide directory. Most of the needs of a classified directory were met by the local directory for 59 percent of those interviewed, 34 percent having requested an Orange County classified directory. An Orange County alphabetical directory was requested by 75 percent of those interviewed.

The staff witness stated he was of the opinion that Pacific's application is sound and recommended that it be granted.

A Pacific witness testified that in many communities throughout the State telephone and city directories have coexisted for many years. Further, Pacific's witness maintained that the Chamber's directory includes many features not included in telephone directories, which insure the continued "health" (financial) and availability of the Chamber's directory, as follows:

1. Wife's first name is listed.
2. Listings for residents without telephones included.
3. Occupations may be listed, for husband and wife.
4. Multiple listings for businesses without extra charge.
5. Directories delivered to all residences and businesses in area, including those without telephones.
6. Directories delivered to new residents.
7. Advertising rates increased only as required by area growth.
8. Advertising restricted to local business.
9. Convenient and legible format.
10. Local advertising expenditures support local Chamber of Commerce functions.

We find that the granting of the application would not be adverse to the public interest and that the rates herein described are just and reasonable.

The Commission concludes that the request of Pacific should be granted as hereinafter ordered.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company may discontinue free listing of subscribers in its Capistrano Valley and San Clemente exchanges in the alphabetical and classified sections of the Orange County Directory issued on and after November 1, 1967.

2. On and after November 1, 1967, Pacific may publish and issue a combined alphabetical classified telephone directory to be entitled South Orange Coast for Pacific's Capistrano Valley and San Clemente exchanges and separate alphabetical and classified telephone directories for other Orange County telephone exchanges included in the Orange County Directory issued November 1, 1965. The South Orange Coast Directory shall include a separate alphabetical section listing subscribers in the Laguna Beach exchange of the General Telephone Company.

3. Pacific is authorized to file and make effective as of January 1, 1967, the rates and charges applicable to the sale of advertising in its classified directory set forth in revised Exhibit B filed on July 19, 1966, and attached to the application, such filings 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. 96-A.

4. Pacific shall supply without charge to any of its subscribers in its Orange County Directory area, who so request, a copy of each issue of the South Orange Coast Directory and to any of its subscribers in its South Orange Coast Directory area, who

so request, a copy of each issue of the Orange County alphabetical and classified directories.

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

Dated at San Francisco, California, this 20th day of DECEMBER, 1966.

Commissioner William M. Bennett, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner George G. Grover, being necessarily absent, did not participate in the disposition of this proceeding.

Peter E. Mitchell President

Fredrick B. Halshoff

Augustus

_____ Commissioners