

Mr. Coleman P.26
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ORIGINAL

Decision No. 72130

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of the General Telephone Company of California and The Pacific Telephone and Telegraph Company for authority to make certain changes in the present Los Angeles Southern Section Telephone Directories.

Application No. 48693
(Filed August 8, 1966)

Arthur T. George and Pillsbury, Madison & Sutro, by George Eckhardt and Richard Odgers, for The Pacific Telephone and Telegraph Company, applicant.
A. M. Hart and A. R. Snyder, Jr., for General Telephone Company of California, applicant.
Henry E. Jordan, for Bureau of Franchises & Public Utilities of the City of Long Beach; Louis Possner, for Bureau of Franchises & Public Utilities of the City of Long Beach; Walter N. Anderson, for City of Gardena; Alexander Googoolian, for the City of Bellflower; Graham A. Ritchie, for City of Hawaiian Gardens; Toshiro Hiraide, for Gardena Chamber of Commerce and Gardena Citizens Group; and Douglas Goldie, for Wilmington Chamber of Commerce; protestants.
R. W. Russell, by K. D. Walpert, for City of Los Angeles, and Lloyd de Llamas, for City of Torrance, interested parties.
Andrew Tokmakoff, for Commission staff.

O P I N I O N

General

This request of the General Telephone Company of California (General) and The Pacific Telephone and Telegraph Company (Pacific) for authority to issue four alphabetical sections for the Southern Section of the Los Angeles extended area telephone directories, in lieu of the present single alphabetical section, and to place in effect rates related to alphabetical telephone directory advertising, was heard before Examiner Coffey in Los Angeles on October 19, 20, 21 and on December 1 and 2, 1966, and submitted on December 30, 1966, upon the receipt of transcript.

Los Angeles Extended Area Telephone Directories

The following are the telephone directories presently issued to subscribers in the Los Angeles Extended Area by the applicants:

<u>Directory</u>	<u>Arrangement</u>
L. A. Central	Separate alphabetical and classified sections. <u>a/</u>
L. A. Northeastern	Common alphabetical section bound with appropriate classified section as follows: a. Whittier exchange <u>b/</u> b. Covina exchange <u>b/</u> c. Monrovia exchange <u>b/</u> d. Sierra Madre exchange <u>b/</u> e. Pasadena exchange <u>a/</u> f. Alhambra exchange <u>a/</u> g. Montebello exchange <u>a/</u>
L. A. Western	Common alphabetical section bound with an appropriate classified section as follows: a. Beverly Hills exchange <u>a/</u> b. Culver City exchange <u>a/</u> c. West L. A. exchange <u>b/</u> d. Malibu exchange <u>b/</u> e. Santa Monica exchange <u>b/</u>
L. A. Northwestern	Common alphabetical section for all exchanges except Sunland <u>c/</u> bound with appropriate classified section as follows: a. North Hollywood, Van Nuys, Reseda and Canoga Park exchanges <u>a/</u> b. Glendale, Cresenta and Burbank exchanges <u>a/</u> c. San Fernando exchange <u>b/</u>
L. A. Southern	Common alphabetical section bound with an appropriate classified section as follows: a. El Segundo, Hawthorne, and Inglewood exchanges <u>a/</u> b. Lomita, San Pedro and Torrance exchanges <u>a/</u> c. Redondo Beach exchange <u>b/</u> d. Long Beach exchange <u>b/</u> e. Compton exchange <u>a/</u> f. Downey exchange <u>b/</u>

a/ Served by Pacific

b/ Served by General

c/ Sunland alphabetical listings are included in one common alphabetical section delivered to all except Sunland subscribers. Sunland subscribers receive a combined alphabetical and classified directory covering only the Sunland exchange.

In addition to the foregoing 24 directories normally issued to subscribers, separate alphabetical directories are printed and distributed in response to subscriber requests.

Los Angeles Southern Telephone Directory Area

The Los Angeles Southern Directory area encompasses about 270 square miles and 55 communities in Southern Los Angeles County. The area has a population of about 2,000,000 and is furnished telephone service through ten telephone exchanges, three of which are operated by General (Redondo Beach, Downey and Long Beach) and seven of which are operated by Pacific (Inglewood, El Segundo, Hawthorne, Torrance, Lomita, San Pedro and Compton). Of the approximately 970,000 telephones in the ten exchanges, 52 percent are served by General and the remainder by Pacific.

Present Southern Section Telephone Directories

Since 1947, six telephone directories have been published in the Los Angeles Southern Directory area, each of which has its own cover, information pages and classified section, bound with an alphabetical section which is common to the six directories. The six directories are published for the Long Beach exchange; the Redondo Beach exchange; the Torrance, Lomita and San Pedro exchanges; the Inglewood, El Segundo and Hawthorne exchanges; the Compton exchange; and the Downey exchange, respectively.

Proposed Southern Section Telephone Directories

Applicants propose to continue publishing six telephone directories in the Los Angeles Southern Directory area, but seek authority to divide the present single alphabetical section into four separate sections, and to bind an appropriate alphabetical section with each of the six separate classified sections. Separate alphabetical sections will be published for the Long Beach exchange

area, the Inglewood-Hawthorne-El Segundo exchange areas, the Compton-Downey exchange areas, and the Redondo-Torrance-Lomita-San Pedro exchange areas.

No changes are sought in the six classified sections presently being published, and thus the proposal will have no effect upon rates or charges for classified telephone directory advertising. Under applicants' proposal, those customers who desire to be listed in an alphabetical section other than that in which their primary alphabetical listing appears, will subscribe to additional listings at charges of 35 cents to 75 cents per month.

Applicants have also proposed to list subscribers who reside in a community which is bisected by an alphabetical section boundary in two alphabetical sections in order to assure that listings for each community appear in their entirety in at least one alphabetical section. Upon request, subscribers in the Southern Directory area will be furnished other directories without charge.

Witnesses for applicants testified substantially as follows:

The area served by the six Southern Directories has experienced rapid growth since the six-directory plan was initiated. In 1947 the common alphabetical section contained 143,630 listings, whereas in 1965 the number of listings had grown to over 526,000 - an increase of 266 percent. Applicants estimate that if the present directory format were retained there would be a requirement for 758,000 listings in the common alphabetical section by 1975.

Applicants anticipate that the expected growth in telephone directory listings will be paralleled by a growth in the physical bulk of applicants' six telephone directories. These directories, which now range from about 1,700 to about 2,000 pages and which weigh

from 4-1/2 to 5 pounds, will by 1975 have reached 2,500 pages or more and some will weigh almost 7 pounds.

The witnesses testified that the publication of four alphabetical sections instead of one section will effect a marked reduction in the number of alphabetical directory pages which must be furnished to applicants' subscribers in the Southern Directory area - a reduction of from 1,224 pages in the present section to 472 pages or less in the proposed directories (Exhibits 3 and 12). This reduction - which will amount to almost a billion pages in total - will effect a saving of approximately \$168,000 per year in paper, printing and bindery costs.

The Need for a Change in Directory Service

Applicants stated the need for a change in directory service as follows:

The existing telephone directory plan was initiated almost 20 years ago. Since that time the evidence demonstrates a burgeoning population in the Southern Directory area, and the development of numerous self-sufficient communities with their own economic, social and governmental activities, their own interests, and their own telephone number service requirements.

The development of a large number of self-sufficient communities in the Southern Directory area has eliminated the average subscriber's requirement for a directory with broad geographic coverage. For example, today's average Inglewood subscriber has little, if any, requirement for telephone numbers in Seal Beach, and the average Redondo Beach subscriber has no interest in Dairy Valley. As the requirement for an area-wide directory has diminished, the Southern alphabetical section has grown steadily

larger. Thus in 1947 the Southern alphabetical section was a volume of only 544 pages. By 1965 it had grown to 1,224 pages and by 1975 it will have reached almost 1,700 pages.

An alphabetical section with 1,200 pages, over 525,000 listings, and covering 270 square miles cannot provide satisfactory directory service and inhibits use of the directory for telephone subscribers whose calling is substantially limited to their local community, and who need only a small fraction of the listings in the directory. Moreover, as General's principal witness testified, both companies have many requests from subscribers outside the Southern Directory area for alphabetical directories for specific cities, such as Long Beach or Inglewood. Today such a requirement cannot be met except by furnishing the entire Southern alphabetical section, most of which is unwanted and goes unused.

The Development of the Four-Directory Plan

As the Southern alphabetical section grew larger and less easy to use and as the number of self-sufficient communities multiplied, witnesses testified that applicants began to give consideration to methods by which their six jointly published directories could be reduced to more usable size without depriving the average subscriber of needed listings. Applicants' criterion was that each customer in the Southern Directory area should be provided with a more manageable directory which contained most of the listings he required and a minimum of unneeded listings.

Applicants first conducted traffic studies which were designed to measure the flow of telephone traffic from each of the ten exchanges in the Southern Directory area to each of the other exchanges in the area. These traffic studies showed that the substantial majority of the subscribers' directory listing

requirements in the Southern Directory area could be met with a much smaller alphabetical section. For example, Exhibit 13 shows that approximately 75 percent of the calls which originate in the Compton exchange and terminate in the Southern Directory area terminate in either the Compton exchange or in the adjoining Downey exchange. Likewise, almost 95 percent of the calls originating in General's Downey exchange terminate in either the Downey exchange or the adjoining Compton exchange.

Applicants then designed a tentative directory arrangement which, based upon data then available, seemed to afford a reasonable solution to the problem of increased directory size and concomitant decreased directory usefulness. Although the tentative arrangement, like the final proposal, called for four alphabetical directory sections, unlike the final proposal it also contemplated moving the boundaries of classified directory sections in order that entire cities might be included within a single directory.

The Initial Survey

After deciding upon a tentative directory arrangement, applicants engaged Field Research Corporation, an independent survey research organization, to determine whether applicants' tentative arrangement would be acceptable to the residence and business telephone subscribers in the directory area. The questionnaire design, sampling techniques, selection of interviewers, analysis of results, and preparation of findings were left entirely in the hands of Field Research Corporation, alleged to be the largest independent consumer opinion and research organization in California.

The initial survey, which involved over 3,600 personal interviews, was conducted in March and April of 1965.

Applicants submitted the findings of their initial survey as Exhibit 20, and made available to the Commission and the parties the detailed work papers which formed the foundation for the Field Research conclusions (Exhibits 21 and 22). The initial survey showed substantial resistance on the part of business subscribers to changes in the boundaries of classified sections - this despite the fact that several cities in the area are divided by classified directory boundaries. However, the survey showed widespread acceptance of applicants' proposal to create four alphabetical sections in lieu of the present single section.

The initial survey results, which are summarized in Tables 10 and 11 of Exhibit 20, show that 65 percent of residence subscribers in the Southern Directory area favored four alphabetical sections or were neutral. The corresponding figure for business subscribers was 55 percent. Based upon the results of the initial survey, applicants concluded that although no changes should be made in the Southern classified sections, the creation of four alphabetical sections would enjoy wide public acceptance.

In order to eliminate one of the most frequently voiced objections to the alphabetical plan, the bisection of certain communities by exchanges (and hence by directory boundaries), applicants redesigned the four alphabetical sections so that all listings for each community in the Southern Directory area would be included in their entirety in at least one of the proposed alphabetical sections.

The Second Survey

After redesign of their proposal applicants directed Field Research Corporation to make another survey to determine the acceptability of the revised proposal which left classified boundaries unchanged, utilized dual listing to eliminate the

bisection of communities, and provided for initial distribution of secondary directories in selected areas.

The Inglewood, Hawthorne and El Segundo exchanges (the Airport area) were chosen for the new survey because that area had demonstrated the highest level of resistance to the initial alphabetical directory proposal - although even in the Airport area 56 percent of the residence subscribers and 49 percent of the business subscribers were in favor of or neutral to the initial proposal.

The second survey, which required an additional 550 personal interviews, was conducted in July 1965, and used the basic sample design and interview format which had been used in the initial area-wide survey. Witnesses testified that the results of the second survey confirmed applicants' expectation that dual listing, retention of classified boundaries, and initial distribution of secondary directories would result in a marked increase in the acceptability of the four alphabetical sections. This increase in acceptance of the new alphabetical directory plan is shown by the results of the first and second airport area surveys as follows:

Residential Customers (Exh. 20, p. 26)

	<u>2d Survey</u>	<u>1st Survey</u>
Like	67%	41%
Neutral	15%	15%
Dislike	18%	43%

Business Customers (Exh. 20, p. 26)

Like	41%	35%
Neutral	20%	14%
Dislike	40%	51%

The public acceptance level for applicants' redesigned directory plan is indicated by the following:

	<u>Acceptable</u>	<u>Unacceptable</u>	<u>Neutral</u>
Residence (Exh. 22, p. 5)	83%	12%	4%
Business (Exh. 22, p. 13)	57%	35%	8%

Benefits of Proposed Telephone Directories

Applicants maintain that substantial benefits will result from the proposed telephone directories as follows:

The proposed separate alphabetical sections will contain most of the listings which are required by the average subscriber while at the same time reducing the number of alphabetical listings in any given alphabetical section by as much as 80% with corresponding reductions in directory thickness and weight. The publication of four alphabetical sections in the Southern Directory area will also permit a reduction in the time required for directory publication. This in turn will enable applicants to furnish customers with telephone directories which will be more up to date at publication than are the current Los Angeles Southern Directories.

Other benefits which will be derived from publication of four alphabetical sections instead of the present single section include sharply reduced search time (Exh. 5); better over-all scheduling of work activities associated with directory publication; expedited directory revision to reflect the telephone number changes which often accompany central office rearrangements; and the ability to provide secondary directories which will more closely reflect customers' requirements.

The elimination of unnecessary bulk will make it possible for the two companies to save about \$168,000 per year in directory

expense - expense which is now incurred in the distribution of almost one billion unneeded pages.

Favorable Reactions

General and Pacific informed all Southern Directory area subscribers of the proposed change in the Southern Directory. In April 1966 the Companies mailed almost one-half million bill inserts in which the directory plan was described and comments and questions were solicited. As a result of the inserts the Companies received a total of 161 comments from subscribers, the majority of which comments were favorable.

Applicants introduced into evidence all letters and resolutions which they had received from local governments, civic groups and individual business and residence subscribers with respect to the alphabetical directory plan (Exhibits 8 and 19). The preponderance of these letters and resolutions favored the proposed revision of the Southern Alphabetical Section.

Finally, in addition to the written evidence of support, at the hearings the proposed directory plan received the support of the Cities of Los Angeles, Torrance and Lomita, the Chambers of Commerce of Compton, San Pedro and Westchester, and individual subscribers, as well as the Commission staff.

Protestants

During the five days of hearing, protests were received from the City of Gardena and a number of Gardena residents, most of whom were real estate agents and brokers, the Cities of Bellflower and Long Beach, the Wilmington area of the City of Los Angeles and the Carson-Dominguez area of the County of Los Angeles.

Gardena

In the initial hearings in October 1966 the City of Gardena, which is in Pacific's Compton exchange, objected to the proposed directory plan on the ground that Gardena's interests were associated with those communities which were scheduled for inclusion in the so-called South Bay alphabetical section (served by the Redondo, Lomita, Torrance and San Pedro exchanges), rather than with the City of Compton. However, the City of Gardena did not object to the over-all proposal to divide the present alphabetical section into smaller directories.

Applicants' Exhibit 13 indicates that a total of 64.2 percent of telephone calls originating in the Compton exchange terminate within the exchange, and that 9.2 percent of the calls originating in the Compton exchange terminate in the South Bay area. Of the calls originating in the South Bay area, the exhibit indicates that 8.5 percent terminate in the Compton exchange.

During the interval between the October and December hearings, Pacific re-examined the proposal as it related to the City of Gardena.

A study made by Pacific of telephone calls originating in the City of Gardena during a one-month period revealed the following:

50.8 percent of the calls originated and terminated in the Gardena central office area.

10.2 percent of the calls terminated in the Compton-Downey area.

2.2 percent of the calls terminated in the Long Beach area.

22.2 percent of the calls terminated in the proposed South Bay area.

14.6 percent of the calls terminated in the proposed Airport area.

Re-examination of the survey which was conducted by Field Research Corporation in 1965, as to the business and residential subscribers within the corporate limits of the City of Gardena, as distinguished from the survey within the entire Southern Exchange area, revealed the following:

Business response:	Like:	16%
	Neutral:	21%
	Dislike:	63%
Residential response:	Like:	27%
	Neutral:	19%
	Dislike:	54%

In light of the evidence adduced in October, Pacific concluded that there were a number of indications that suggested a community of interest between Gardena and the proposed South Bay alphabetical directory area.

In the hearings of December 1 and 2, Pacific's witness testified that an interim solution to the problem presented by Gardena would be to list residents of Gardena in both the South Bay alphabetical section and the Compton-Downey alphabetical section. Pacific also committed itself to study, and report to the Commission, the possibility and desirability of moving Gardena classified listings from the Compton classified section to the Torrance-Lomita-San Pedro classified section in October 1968.

From the closing statements it appears that the City of Gardena concurs in the foregoing interim solution and would withdraw its protest if the Commission should so order.

Bellflower

The City of Bellflower, which is located in General's Downey exchange, took the position that:

1. The application should be denied as it is predicated on incorrect surveys and erroneous assumptions as to calling patterns within present telephone exchanges.

2. The proposed division of the Southern Alphabetical section ignores present community and area identification and common interests.

3. Granting this application would result in increased costs to business subscribers and a diminution of service as to all subscribers.

4. This proposal is a "piece-meal" approach as to the basic proposal of applicants to divide the Los Angeles County area into twenty alphabetical directories.

5. By reason of the present state of the record, the applicants have failed to provide the Commission with sufficient data or information to enable the Commission to grant the application.

6. A more acceptable and intelligent division of the Southern alphabetical directory would appear to be a division of the Southern alphabetical directory into two directories using the Harbor Freeway as a north-south dividing line.

Bellflower maintained that this proposal of applicants is an initial step in a proposed division of Los Angeles County into about twenty alphabetical directories; that the entire County of Los Angeles should be studied to determine what final division should be made; and that a substantially lesser number of directories could solve the directory problem in the Los Angeles County area.

Bellflower argued that the surveys could not be relied on as indicating any general approval because neutral and favorable responses were combined to be compared with the unfavorable responses, because interviewers were not advised of the additional costs of

alphabetical listing for those subscribers desiring to retain the area of alphabetical listing presently enjoyed, and because resurveys of public officials after Bellflower objected to the initial survey resulted in significant changes in previously indicated approvals.

Bellflower in its brief recounts as follows:

"In the Applicants' presentation they stated in substance that the proposed division was based upon calling patterns indicated for each exchange; however, subsequently when an analysis was made of the calling patterns of the Downey exchange on the basis of the principal offices within the Exchange it was found that within the Bellflower principal office (see exhibit #37, late filed) that 22.8% of all the calls from the Bellflower principal office terminated in the Long Beach exchange area. This fact should be compared with their Exhibit 13 which indicates that in the Downey exchange, of which Bellflower is a part, only 1.5% of the calls terminate in the Long Beach exchange. Yet, the area generally within the Long Beach exchange would be included in a different directory if the proposal is granted. In fact, the real basic problem of the Applicants' presentation is that they were apparently basing decisions on erroneous assumptions.

"It appears odd that in the case of the Cities of Bellflower and Downey, the Long Beach area would be separated in the new directories although the Long Beach area is generally a toll free call from these cities, whereas the area placed in the western half of the proposed division as to these cities are toll calls. Thus, it appears that in the past both the telephone companies and the Commission have recognized the identity, on a north-south axis, of this entire area by the provision for toll free numbers within this entire area.

"What is evident to those of us who have lived and resided in the area is the fact that the calling patterns and community identification within these areas do not follow telephone exchange boundaries. It is clear, that before any decision is made, that a complete analysis of exchange boundaries and calling patterns from each of the individual offices must be made before any intelligent division of the alphabetical sections could ever be made or proposed."

Bellflower argues that the proposal would be a reduction in service since a large directory for names and addresses would be reduced in size.

Pacific estimates that its annual revenue increase from foreign directory listings will be \$22,000 based upon 1,570 such listings requested by 911 customers. General likewise estimates an increase of \$16,692, based upon 930 customers requesting 1,444 listings. General's estimated increase is about 0.5 percent of its present directory revenue.

Applicants reason that the survey results could not have been adversely affected by omission of information on the cost of additional listings since the number of businessmen desiring such listings is small, less than 2 percent of business accounts. On the contrary, such reference would have generated distorted results since it would have been interpreted as a proposed increase in rates.

Applicants testified that the combination of neutral and favorable response in the surveys was not designed to find out how many subscribers would "buy" the new alphabetical directory sections or how many subscribers would vote for the proposal. The survey was designed to determine how many subscribers would find creation of four alphabetical sections in lieu of the present single alphabetical section an acceptable directory arrangement. This being so, it was appropriate that those subscribers who indicated a neutral response, be included with those who were actively favorable.

Relative to Bellflower's objections to applicants' showing of the Downey exchange calling pattern (Exhibit 13) as not being representative of the true communication interests of Bellflower residents, applicants maintain that Exhibit 37 demonstrates that 84.8 percent of Bellflower's directory requirements will be satisfied by applicants' proposed Compton-Downey alphabetical section (which dually lists that portion of Lakewood accounting for 8.7 percent of

Bellflower's calls into the Long Beach exchange). The balance of Bellflower's directory requirements in the Long Beach exchange, 14.1 percent, would be satisfied by furnishing Long Beach directories to the customers who require them. Exhibit 37 shows that Bellflower's calls into the southern areas covered by the two other proposed alphabetical sections are not significant.

Long Beach The City of Long Beach, which is served by General, contends that the proposed plan, unless modified, will place a large number of business subscribers at a disadvantage since there will be less non-business subscriber exposure to the listings of business concerns, in contrast with other Los Angeles directories. It is argued that the exposure will be reduced and at the same time business concerns will be assessed an additional charge if they choose to attempt to equal the present exposure by listing in all four proposed directories. Long Beach objected that dual listing of subscribers would result in discrimination between business subscribers, since business subscribers outside of areas qualifying for dual listing would for the same service be required to pay more than a business subscriber within the dual listing area.

The City of Long Beach proposes that:

1. The over-all boundaries of the present Southern Directory be preserved.
2. The applicants be permitted to issue the four alphabetical sections as proposed, but that each bear the separate titles "Southern Directory". For example:

(a) Southern Directory
El Segundo
Hawthorne
Inglewood

(b) Southern Directory

Lomita
Redondo Beach
San Pedro
Torrance

(c) Southern Directory

Long Beach

(d) Southern Directory

Compton
Downey

3. That all business subscribers in the Southern Directory Area be listed in all alphabetical sections at no additional cost.

4. That any business subscriber outside of the Southern Area wishing a listing in the Southern Area be given the option of a listing in any one of the alphabetical sections or limiting his listing to any of the four sections at the same cost.

5. That the above proposals remain in effect until at least one year after all of the directories in the Los Angeles Extended Area are in a form which the applicants believe to be final for the next ten years (excluding minor changes), then the business listing tariffs could be re-examined for recommended changes.

6. That, in general, the applicants follow the above outlined procedure in dividing the other four Los Angeles Extended Area directories into smaller ones.

Wilmington

The Wilmington Chamber of Commerce protested the proposed plan as not being in the best interests of the Wilmington business community and private telephone subscribers.

Carson-Dominquez

Representatives of business and homeowner groups in the Carson-Dominquez unincorporated area protested the application

because the proposed directory boundary would bisect the area which they desire to incorporate.

Staff Position

The staff examined work papers, reviewed portions of the boundary areas, and discussed the proposal with the concerned city and company officials.

The staff opinion is that the proposed directory plan is in the public interest. It recommends the application be granted. The staff recommended that applicants study the effects of the plan and provide the results to the Commission.

Rates

No change in the rates per month for additional and bold-type alphabetical listings is proposed. The following are the rates for these services:

Additional Listings

	<u>Rate per month</u>	
	<u>Business</u>	<u>Residence</u>
Primary directory:		
General	\$.75	\$.40
Pacific	.75	.35
Foreign directory:		
General	.75	.75
Pacific	.75	.35

Bold-type Listings

(Primary and Foreign Directory*)

<u>Directory</u>	<u>Rate per month</u>	
	<u>General Subscriber</u>	<u>Pacific Subscriber</u>
1. El Segundo, Hawthorne and Inglewood exchanges	\$2.75	\$2.75
2. Lomita, Redondo Beach, San Pedro and Torrance exchanges	1.75	2.75
3. Long Beach exchange	2.15	2.15
4. Compton and Downey exchanges	1.85	3.25

* Alphabetical additional charge required with each bold-type listing in foreign directories.

The effect of the proposed plan may be seen from the following examples:

Long Beach business and residence customers are presently charged \$.75 and \$.40 per month, respectively, for additional listings in the Southern Section Directory. Under the new directory plan, if the same circulation is desired, the applicable rates for additional listings would result in charges of \$2.25 per month for Long Beach business and residence customers.

Presently, the Long Beach customer pays \$2.15 per month for bold-type listing in the Southern Section Directory. Under the new directory plan, if the same circulation is desired, the rate applicable would be \$10.75 per month, an increase of \$8.60.

Findings and Conclusions

We find that:

1. As a result of the protests received at these hearings, applicants have reviewed their surveys and basic assumptions which relate to the existing exchange structure.
2. This record discloses that the calling patterns based upon exchanges in several instances differed substantially from those based on central offices.
3. The differences of Finding No. 2 above are of such nature as to be indicative of communities of interest substantially different from those indicated by the present exchange structure in the Southern area.
4. An exchange area is primarily for the purpose of defining the rates that will be charged for service by a utility which holds itself out to render service within said area.
5. Since the establishment of exchange areas herein being considered, the Southern area of Los Angeles County has become much more densely populated and the orientation of communities of interest may have substantially changed.

6. Present exchange areas may no longer reasonably encompass or represent communities whose interests are sufficiently similar to justify common rate and directory treatment.

7. It is appropriate that all concerned applicants be afforded an opportunity to study this exchange structure and directory design in the Southern section of the Los Angeles extended area before applicants' directory proposals are finally approved.

8. This record is deficient inasmuch as applicants have not supplied basic information as to the desired purpose, functions and specifications of telephone directories. Such information, together with data on how the proposal meets such objective standards, is basic to sound decisions on directory proposals.

9. Applicants' proposal will reduce directory costs and directory size.

10. Applicants' proposal will increase directory advertising costs to some subscribers.

11. Granting this application for two years would not be adverse to the public interest and would afford time for needed further studies.

12. The rates described in revised Exhibit F of the application are just and reasonable.

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

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company and the General Telephone Company of California may for the directories

published in October, 1967 and October, 1968 discontinue the publication and issuance of a single alphabetical section for the Southern section of the Los Angeles extended area directories. Without Commission authorization to the contrary, obtained, applicants shall revert to, publish and issue a single alphabetical section for the Southern section of the Los Angeles extended area directories for issues subsequent to October, 1968.

2. On and after the effective date of this order, The Pacific Telephone and Telegraph Company and the General Telephone Company of California may publish and issue in October, 1967 and October, 1968, four alphabetical sections for the Southern section of the Los Angeles extended area directories as set forth in their application, but with the residents of Gardena listed in both the alphabetical sections for the South Bay area and the Compton-Downey area.

3. The Pacific Telephone and Telegraph Company and the General Telephone Company of California are authorized to file and make effective the rates and charges applicable to alphabetical telephone directory advertising as set forth in revised Exhibit F attached to the application, 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. 96-A.


4. The Pacific Telephone and Telegraph Company shall conduct a study of the possibility and desirability of moving the Gardena classified listings from the Compton classified section to the Torrance-Lomita-San Pedro classified section in the October 1968

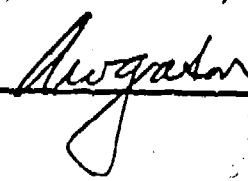
A. 48693 ab

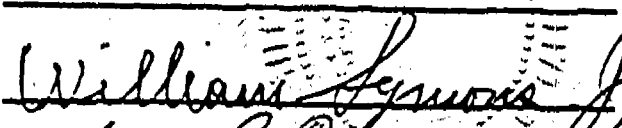
directory. The results of this study, including recommendations, shall be filed with the Commission not later than November 15, 1967.


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

Dated at San Francisco, California, this 7th day of MARCH, 1967.



President


Attorney General


William J. Ferraro


Fred P. Worsley
Commissioners

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