

ORIGINAL

Decision No. 76440

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ANTIOCH DOWNTOWN MERCHANTS
DONALD F. PHILLIPS,

Complainant,

vs.

PACIFIC TELEPHONE COMPANY,

Defendant

Case No. 8920
(Filed May 28, 1969)

Donald F. Phillips and E.V. Green, for
complainant.
Robert E. Michalski, for defendant.

O P I N I O N

Complainants, Antioch Downtown Merchants Assoc., Inc.^{1/}
and Donald F. Phillips seek an order of the Commission correcting
four wrongs allegedly perpetrated by defendant, The Pacific
Telephone and Telegraph Company.^{2/}

Public hearing was held before Examiner Catey at Antioch
on September 3, 1969. The matter was submitted on that date,
subject to the receipt of a late-filed exhibit and subject to the
receipt of concurrent briefs by October 3, 1969. The exhibit and
briefs have been received.

1/ Sometimes erroneously referred to in this proceeding as
"Antioch Downtown Merchants".

2/ Sometimes erroneously referred to in this proceeding as
"Pacific Telephone Company".

Testimony on behalf of complainants was presented by five of defendant's business telephone subscribers in the Antioch area. Testimony on behalf of defendant was presented by defendant's assistant vice-president in charge of directory operations.

Complainants and Defendant

Complainant Antioch Downtown Merchants Assoc., Inc., is a nonprofit corporation whose members have business establishments in Antioch. Complainant Phillips is a member of the association but some of the signatories to the complaint are not. The presiding Examiner correctly ruled that this does not invalidate the complaint. The individuals who appeared for complainant are presumed to be authorized spokesmen.

Defendant is a public utility telephone corporation serving a large portion of the state, including Antioch.

Rates for Classified Advertising

Complainants allege that defendant's rates for advertising in the "yellow pages" of its directory are excessively high and, in many cases, more than double the rate charged prior to the recent rate increase authorized by this Commission. As evidence that the rates are excessive, subscribers testified that yellow page advertising in the current Contra Costa County directory, which includes the Antioch exchange, comprises only 704 pages as compared with 928 pages in the previous directory. The subscribers attribute this reduction in advertising to the recent rate increase. Various subscribers also gave specific examples of well over 100 percent increases in monthly charges for yellow page advertising since the new rates were authorized. Some of these subscribers reduced the size of, or eliminated, their advertisements.

Defendant's witness cited the voluminous testimony on the subject of directory advertising rates which had been presented in Application No. 49142, the proceeding in which the present rates were established. He pointed out that the percentage increase was high because the directory advertising rates had not been revised since 1952. He also testified that the present rates are equal to or lower than those generally prevailing elsewhere in California and throughout the nation.

In Decision No. 74917, dated November 6, 1968, in Application No. 49142 and related proceedings, we determined what portion of defendant's total revenue requirement should be provided by directory advertising revenue. We further prescribed the higher level of advertising rates which is necessary to produce that revenue. We found that the increase was justified and that the new rates were fair and reasonable. After so recently having given careful consideration to the extensive evidence presented on this subject in Application No. 49142, it is extremely unlikely that conditions could now have changed so markedly as to make the previous findings invalid. No change in the present rates is warranted by the record in the current proceeding.

In addition to objections to the advertising rate increase, some subscribers objected to the manner in which they were informed of the new rates. One subscriber contended that he should have been advised by letter rather than by the directory advertising salesman. Another stated that she was not informed at all of the increase at the time she signed the contract for advertising in the current directory. Defendant's witness testified that, because of the varying impact of the rate increase on different subscribers, it was decided that personal contact and analysis of each directory advertising subscriber's situation were preferable

to a form letter. He further testified that directory advertising salesmen had been given specific instructions to explain the rate increase to subscribers and that, in his opinion, these instructions had generally been followed. He conceded that there could have been isolated instances of failure to follow instructions. We note that the contracts which the customers sign set forth the amounts to be paid but that the subscriber who complained of lack of notice of the increase testified that she had not read the portion relating to price in the contract before signing it. It does not appear that defendant's instructions to its salesmen need revision but that care should be taken to see that those instructions are followed.

Size of Classified Directory

Complainants allege that, because of the number of exchanges included in the directory applicable to Antioch, local businesses are required to pay for advertising in areas from which there is little or no chance of benefit to the advertisers. Defendant pointed out that, under the formula prescribed by the Commission, only the number of telephones within the largest exchange included in the directory, plus 45 percent of the telephones in that directory outside that exchange, are counted in determining directory advertising charges.

Defendant's witness stated that he is willing to discuss with complainants a possible future split of the present directory. We must point out to the parties, however, that there are many factors to consider in either splitting or combining directories. The directories provide a service to the subscribers as a whole, which service could be impaired if the directories cover so limited

an area as to require frequent reference to more than one directory. Conversely, too large an area of coverage can result in a directory so large as to be unwieldy. The present directory, which covers all of Contra Costa County except for the extreme western end, does not appear to be abnormally large.

Space in Classified Directory

Complainants allege that defendant's efforts to sell yellow page advertising encourage businesses to vie with one another for the largest advertising space, thus discriminating against small businesses which cannot afford huge advertising budgets. Defendant's witness testified that a limit is placed upon the size of advertisement which may be placed by a subscriber. Complainants suggest in their brief that each business telephone be listed in the yellow pages under an appropriate category, with no larger advertisements permitted. This does not appear practicable.

Delays in Installing Equipment

Complainants allege that defendant often requires new subscribers to wait several days before action is taken and that the subscriber must wait on a standby basis for the installer to appear. No testimony was presented by anyone who had experienced difficulty as a new subscriber.

A subscriber testified that, upon moving his business establishment to a new location, defendant took four days to effect the transfer. He admitted, however, that he had been unable to give defendant advance notice of his moving and that the installation was fairly complex, including seven telephones. Later, when this same subscriber gave three days' notice in his request to move a single phone from a downstairs office to his new upstairs office, defendant took five days to effect the move.

Although the hearing was held in Antioch to make it convenient for subscribers to testify, only the one subscriber presented any evidence even indirectly relating to this phase of the complaint. The delays cited appear to be at least partly due to somewhat short notice on the part of the subscriber.

Finding and Conclusion

We find that complainants have not presented any evidence justifying action against defendant. We conclude that the complaint should be dismissed.

O R D E R

IT IS ORDERED that Case No. 8920 is dismissed.

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

Dated at San Francisco, California, this 18th day of NOVEMBER, 1969.

William J. Sproul, Jr.
President

August

[Signature]

Yvonne L. Sturgeon
Commissioners

Commissioner J. P. Vukasin, Jr., being necessarily absent, did not participate in the disposition of this proceeding.