

ORIGINAL

Decision No. 77268

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Concord Chamber of Commerce,)

Complainant,)

vs.)

Pacific Telephone and Tele-)
graph Company,)

Defendant.)

Case No. 8969
Filed September 23, 1969

Dan Loken and Frank G. Marble, for
Concord Chamber of Commerce, com-
plainant.

Robert E. Michalski, for The Pacific
Telephone and Telegraph Company,
defendant.

O P I N I O N

Complainant seeks an order of the Commission reducing yellow page advertising rates of defendant. Public hearing was held before Examiner Robert Barnett at Concord on February 9 and 10, 1970.

Complainant presented nine witnesses who testified that recent rate increases in yellow page directory advertising were too high and came too fast. Witnesses testified that in many instances the rate increases represented a one hundred percent increase over the preceding year's rates. They said that even if these rates were justified they should have been spread over a

four or five year period in order that businessmen could more easily absorb the increases. Because of the sudden increase in rates many businessmen were forced to reduce their advertising in the yellow pages. This reduction placed those advertisers in an unfavorable competitive position with businesses that could afford the increases and with businesses that, for various reasons, had no need to advertise in the yellow pages, and, therefore, were not affected by the rate increases.

The rates in question were placed in effect a little more than a year ago. In a recent case comparable to this case we considered similar arguments and rejected them. In that case (Antioch Downtown Merchants, Donald F. Phillips v. Pacific Telephone Company, Decision No. 76440 dated November 18, 1969 in Case No. 8920) we said:

"In Decision No. 74919, 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.",

and we concluded that:

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

Pacific's rates for classified directory advertising have long been fixed on the basis of a formula uniformly applied throughout the state. From time to time the formula has been changed. However, it has always been applied statewide and it has always had the essential characteristic of relating individual directory advertising rates to the circulation of that directory. This reflects a value-of-service approach to directory rate making as contrasted to the cost-of-service basis of fixing rates for most other utility services. In addition it recognizes the fact that most, if not all, other advertising media base rates on circulation or exposure.

Because of the foregoing policies, our conclusion in this case is the same as in Antioch. Complainant is not without recourse. The Pacific Telephone and Telegraph Company has recently filed an application requesting an increase in intrastate rates of \$195 million (Application No. 51774, filed March 17, 1970). The Commission has instituted an order of investigation concerning all of Pacific's intrastate rates including yellow page directory advertising rates (Case No. 9044, dated April 7, 1970). At the hearing on Pacific's application and the Commission investigation yellow page directory rates will again be an issue and evidence will be taken from all interested parties concerning the level of those rates. Complainant is invited to attend and present evidence.

Findings and Conclusion

We find that complainant has 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.8969 is dismissed.

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

Dated at San Francisco, California, this 22nd day of MAY, '1970.

William J. Lyons, Jr.
President
Augusta
J. P. Moran
Vernon L. Stinson
Commissioners

Commissioner Thomas Moran, being necessarily absent, did not participate in the disposition of this proceeding.