

ORIGINAL

Decision No. 78388

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;
Petitions filed August 29,
1968, September 4, 1968,
October 31, 1969 and
April 30, 1970.)

Robert E. Michalski, for The Pacific Telephone and Telegraph Company, petitioner.
A. M. Hart and Donald J. Duckett, for General Telephone Company of California, petitioner.
Alex Googooian, City Attorney, for City of Bellflower; Louis Possner, for the City of Long Beach; 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.
Harry R. Peacock, for City of Gardena; R. W. Russell, by K. D. Walbert, for City of Los Angeles; and Lloyd de Llamas, for the City of Torrance, interested parties.
Andrew Tokmakoff, for the Commission staff.

O P I N I O N

The request on April 30, 1970 of General Telephone Company of California and The Pacific Telephone and Telegraph Company that the Commission approve revision of the Bellflower-Long Beach directory service, and to continue to study objective standards for directory design was heard before Examiner Coffey in Long Beach on September 24, 1970. The matter was submitted on October 22, 1970.

Applicants presented the testimony of two witnesses and four exhibits in support of their request. Representatives of the Cities of Long Beach, Bellflower, Los Angeles and Gardena and the Commission staff participated in the proceeding. No public witness appeared, notice of hearing having been sent only to appearances.

History of Proceeding

On August 8, 1966, applicants requested authority to issue four alphabetical directories in lieu of the then existing single alphabetical directory for the Southern Section of the Los Angeles Extended Area telephone directory. No changes were sought in the six classified sections then being published for the Southern area.

Representatives of the Cities of Gardena, Bellflower, Long Beach, and Wilmington Chamber of Commerce and from the Carson-Dominguez area vigorously protested the 1966 proposal of applicants.

After five days of hearing this Commission, in Decision No. 72130, dated March 7, 1967, found it appropriate to afford applicants further opportunity to study its exchange structure and directory design before finally approving applicants' directory proposals. After indicating that applicants had not demonstrated that their proposals best served the public convenience and interest, the Commission permitted applicants, for the directories published in October 1967 and 1968, to divide the single alphabetical section into four parts. The order required the alphabetical directory to revert to a single section for the October 1969 issue unless the Commission ordered otherwise.

Since the residents of Gardena had vigorously protested the proposed inclusion of the Gardena classified directory listings with those from the City of Compton, having a community of interest with the Redondo-Lomita-Torrance-San Pedro area, the Commission required applicants to list residents of Gardena in the alphabetical section for the so-called South Bay¹ and the Compton-Downey areas.

¹ The South Bay area directory encompasses the communities of Redondo Beach, Torrance, Lomita and San Pedro in addition to Gardena.

Applicants were further required to study the feasibility and desirability of moving the Gardena classified listings from the Compton classified section to the Torrance-Lomita-San Pedro classified section.

On August 29, 1968, applicants requested that the division of the Southern Section of the Los Angeles Extended Area telephone directories be made permanent. On September 4, 1968, Pacific requested authorization to include Gardena area classified listings in the Torrance-Lomita-San Pedro area classified directory; and to exclude said listings from the Compton area classified directory.

After three days of hearing, this Commission, in Decision No. 75324, dated February 18, 1969, made the following findings:

1. Exhibits Nos. 101 and 116 do not convincingly demonstrate the best directory division for the Southern area of Los Angeles County.
2. Exhibits Nos. 101 and 116 demonstrate that the larger the area served by a directory, the larger will be the number of calls placed with listings available in the directory. No data is available in this record to indicate what constitutes an acceptable ratio of calls with local directory listings to total calls.
3. Exhibit No. 102 does not convincingly demonstrate that directory changes have had minor effect on the level of information service traffic loads.
4. Exhibit No. 103 clearly indicates that applicants' directory proposals may be unfavorably received by many subscribers.
5. The large variation in requests for secondary directories from Pacific and General shown in Exhibit No. 104, respectively 16.33 percent and 1.35 percent of primary directories, is not consistent with the variations between applicants' information service traffic loads shown in Exhibit No. 102.
6. Exhibit No. 105 shows that actual revenues from foreign directory listings exceeded those estimated by applicants in Exhibit 16 of this proceeding by approximately 107 percent.

7. If applicants apply the survey procedures delineated in Exhibit No. 115 they can accurately determine the community of interest areas and classified advertising market areas.
8. It is reasonable to include alphabetic and classified directory listings from the Gardena area in directories for the South Bay area and exclude said listings from directories for Mid-Cities area.
9. This record does not contain information sufficient to determine if applicants' proposals best serve the directory needs and convenience of subscribers.
10. It is reasonable to permit applicants to continue to issue the present four alphabetic areas for the Southern Section of the Los Angeles Extended Area directories in 1969 and 1970 to afford applicants time for needed further studies.

Decision No. 75324 permitted Pacific to exclude Gardena classified listing from the Compton (Mid-Cities) directory and to include Gardena listings in the Torrance-Lomita-San Pedro classified directory and authorized applicants to publish and issue four alphabetic sections of the Southern Section directory only in the years 1969 and 1970. Without Commission authorization to the contrary being obtained applicants were required to 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 1970.

Ordering paragraph 4 of Decision No. 75324 required as follows:

4. Applicants shall conduct a study of the Southern Section of the Los Angeles Extended Area designed to determine what classified advertising market areas the community of interest areas exist therein. Based on procedures similar to those set forth in Exhibit No. 115 of this proceeding and other appropriate data, applicants shall submit to this Commission their recommendation and reasonable alternates thereto for realignment of alphabetical and classified directories in said area, with sufficient supporting data so that the Commission may make a determination of which of the various reasonable directory configurations best serve the need and convenience of

calling subscribers. The Commission shall also be informed of the revenue and cost effects of alternate proposals. Presentation of this required material shall be made in writing on or before January 1, 1970 or at such time as applicants request further authorization relating to realignment of said directories.

On October 31, 1969, applicants requested an extension of time to January 1, 1971 within which to comply with the provisions of the foregoing ordering paragraph. Decision No. 76495, dated December 2, 1969, granted the requested extension of time.

Applicants state that the petition for extension was based on new facts developed as a result of two years' experience in offering directory service in the Southern Section of the Los Angeles Extended Area, and petitioners desired to continue consideration of theretofore unexplored use of various directory production possibilities, to research and validate these potentials by utilizing updated internal and external data, and to discuss directory design with interested parties. Petitioners proposed to report to this Commission on or prior to May 1, 1970 the results of such studies and discussions and to either file a new directory design proposal or, if unsuccessful, to proceed promptly to make the study ordered by Decision No. 75324.

Applicants allege herein that further studies and discussions prove the existence of a high degree of calling from the Bellflower community to certain communities in the greater Long Beach area and the necessity to provide wider scope alphabetical listings to reflect this calling pattern, that such studies and discussions have further convinced petitioners of the necessity for objective design criteria which will adequately reflect communities of interest in all other areas.

Applicants propose as the solution to the Bellflower-Long Beach directory service a revised directory design as follows:

1. General will deliver the Long Beach alphabetical directory to its subscribers in the community of Bellflower along with the 1970 and 1971 Mid-Cities Directory;
2. For subsequent years and coincident with General's capacity for mechanization, General will list all of the Long Beach area, except Alamitos, in the Mid-Cities Directory delivered in the community of Bellflower;
3. The solution arrived at results in each subscriber receiving in the directory delivered to him alphabetical and classified listings for at least 85 percent of the calls within his current free calling area.

Applicants allege that the proposals as to the Bellflower and Long Beach communities have been discussed with and are endorsed by the representatives of the City of Bellflower and the City of Long Beach who have previously appeared in these proceedings.

Applicants specifically requested in the current petition that the Commission:

1. Authorize applicants to implement the proposed solution to the Long Beach-Bellflower problem arrived at by applicants' study and discussion with interested parties and endorsed by interested parties, and
2. Permit applicants to continue to study the matter of objective standards for directory design in relation to new mechanization capabilities and to file petitioners' applications for implementing such objective from time to time as to specific directories when such implementation becomes feasible.

Applicants' counsel stated that it was the intent of the petition requesting an extension of time on October 31, 1969, to ask for relief from the procedure required by ordering paragraph 4 of Decision No. 75324 due to two new factors, namely mechanization and the agreement relative to Bellflower. It is applicant's position that the survey and techniques requested in ordering paragraph 4 are no longer necessary because of internal data and the new capabilities resulting from directory mechanization and because of the solution of serving the needs of Bellflower.

The City of Long Beach stated that it has no objection to applicant's proposal as a temporary measure, but that a final order should not be issued herein since the basic problem of determining how to design a telephone directory for maximum usage has not been resolved, since no design criteria has been presented herein. Long Beach urges that no other directory splits be permitted by applicants until applicants demonstrate that they can develop criteria. Long Beach would explore the whole question of directory economics since it appears from applicants' Exhibit No. 21 in this proceeding that in the Southern Area the alphabetical listing is the source of only 5% of the numbers called by residential subscribers, and would obtain true public reaction to various proposals after criteria have been established.

The City of Bellflower agrees with applicants' proposed solution herein only as an interim measure. Bellflower expected that out of these proceedings would come criteria by which not only the Southern Directory, but various other directories could be divided and pointed out that this record does not contain any testimony that the promises and assertions of applicants' initial presentation have come true. Bellflower would have alternate

recommendations considered in this proceeding, such as the Southern Directory being split into two parts rather than four, or having the directory correspond to the subscriber's free calling area. Bellflower objects to the termination of this proceeding.

The City of Gardena has obtained in this proceeding the directory coverage it desires and does not wish any change therein.

The staff representative stated he had no objection to the proposed Bellflower adjustment and that the staff does not want a single directory for the whole Southern Area.

Discussion

During the initial hearings in October 1966 public opposition to applicants' proposals in the form of voluminous petitions, chartered bus loads of protestants and testimony and exhibits clearly indicated that the desires, need and convenience of the public had not adequately been anticipated by applicants despite two surveys of public opinion regarding an initial and a revised division of the Southern Section directory area, and many contacts by applicants' local representatives with community leaders and various internal considerations. As a result of strong protests at the initial hearings, applicants, between hearings, reviewed their proposals, based largely on the calling pattern of exchange areas, and considered the calling pattern of central office areas.

Pacific has had three independent directory surveys made for this proceeding. In each instance after deciding upon a tentative directory arrangement by undisclosed considerations, an independent survey research organization was engaged to determine whether applicants' tentative arrangements would be acceptable to the residence and business telephone subscribers in an area.

In each instance the basic purpose of the survey was to determine either public acceptance or lack of objection to a definite proposal. Obviously this has been an unsuccessful methodology. Exhibit No. 115 reports on the results of the last directory realignment proposal which was largely rejected by the public surveyed and for which Pacific subsequently has not requested authorization. However, Pacific's Exhibit No. 115 demonstrates the basic tool which can be utilized to clearly delineate communities of interest by interview surveys.

Since applicants' methods and procedures had not been effective generally in adequately defining and reflecting local communities of interest, the Commission has twice limited the period of authorization of the division of the Southern Section directory, anticipating the applicants could, and would, develop definitive criteria and standards for the division of telephone directories and methods and procedures of delineating areas of community interest.

In an effort to be specific, the Commission in Decision No. 75324 pointed out in Finding No. 7 that applicants had developed survey procedures, as demonstrated by their Exhibit No. 115, by which can be accurately determined the community of interest and classified advertising market areas. To implement the finding and to motivate applicants, the Commission included ordering paragraph 4 in Decision No. 75324 which would have produced data so that the Commission could make its own determination of the directory configuration which would best serve the needs and convenience of calling subscribers.

Applicants substantially request herein the authorization of the 4-way directory division as it presently exists and that it be permitted "to study the matter of objective standards for directory design in relation to new mechanization capabilities." From the description of the mechanization process contained in this record we are unable to see any way that mechanism affects the basic problems we are considering here, the need of standards and the need to determine subscriber community of interest and marketing areas. It may be true that mechanism will result in such flexibility that directories can be tailored and custom-fitted to the needs of communities with ease. However, it appears that the immediateness of mechanism of directory compilation with the use of computers makes more necessary the prompt solution of the problems herein being considered.

Applicants also request that they be permitted to file the results of their studies of standards at such time as they may file applications for specific directories. Applicants have proposed to increase the number of Los Angeles extended area alphabetical directories from the five that existed in 1966 to 17 and the number of classified directories from 23 to 28. The division of one of these alphabetical directories is herein being considered. In Decision No. 74917, dated November 6, 1968, the Commission found the proposal for splitting directories to be fair and reasonable and authorized Pacific "to proceed with its long-term program to split the alphabetical and classified directories in the Los Angeles Extended Area substantially as set forth in Exhibit 29 ... and shall coordinate the same with those of General Telephone Company of California." In Decision No. 75324, the Commission commented on this authorization as follows:

"The Commission is aware that during the development of the program conditions will change and new considerations will arise. The authorization granted by Decision No. 74917 should not be interpreted as conclusive and final. Each new directory division will be authorized only after a convincing showing that proposed directories meet the requirements of public convenience and necessity. As in the proposal herein being considered, the Commission expects the proposals set forth in Exhibit No. 108 (Exhibit No. 29) to be modified as appropriate at the time of actual issue of divided directories."

In giving such authorization, the Commission was hopeful that standards and procedures requested in this proceeding would be produced and approved so that the remaining directory divisions could be implemented with a minimum of controversy and the maximum satisfaction of public needs. Such have not been forthcoming. Such statements of standards as have been made by applicants' witnesses are appropriate only as general statements without establishment of any specific values.

It appears from this proceeding that applicants do not wish to objectively determine what directory service is desired by its subscribers. In response to the examiner's request for guidance to that part of this record which indicates "any further evaluation of what the public desires other than they have not protested and they, perhaps, haven't asked for as many directories as they have in the past", a representative of General replied, "What they (the public) want may not always be good for the public."

Unfortunately in this proceeding, the Commission has not been afforded the data on which a determination could be made of what the public wants. It follows that a determination could not be made by the Commission of what is "good for the public" since neither the public nor the Commission has been presented with alternatives to applicant's proposals. The situation here, in essence, is that of taking the directory format proposed by applicants without choice.

Findings and Conclusion

We find that:

1. 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.

2. Applicants have not complied with ordering paragraph No. 4 of Decision No. 75324.

3. This record does not contain information sufficient to determine if applicants' proposals best serve the directory needs and convenience of subscribers.

4. It is reasonable for General to deliver the Long Beach alphabetical directories to its subscribers in the community of Bellflower along with the 1971 Mid-Cities Directory. Such delivery does not require Commission authorization.

5. It is reasonable to permit applicants to continue the present four alphabetical directories for the Southern Section of the Los Angeles Extended Area in 1971 pending compliance with ordering paragraph No. 4 of Decision No. 75324.

We conclude that authority granted applicants to publish and issue four alphabetical sections of the Southern directory should be extended to the year 1971, as hereafter ordered.

O R D E R

IT IS ORDERED that:


1. The Pacific Telephone and Telegraph Company and the General Telephone Company may continue to publish and issue in 1971 four alphabetical sections for the Southern Section of the

Los Angeles Extended Area directories. Without Commission authorization to the contrary being obtained, applicants shall revert to, publish and issue a single alphabetical section for the Southern Section of the Los Angeles Extended Area directories for issue subsequent to October 1971.


2. The time of compliance with ordering paragraph No. 4 of Decision No. 75324 is extended to January 1, 1972.

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


Dated at San Francisco, California, this 2nd day of MARCH, 1971.



Chairman



Yuan L. Stinson



Commissioners

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