

Decision No. 80629

ORIGINAL

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) (Supplemental Application) (Filed March 1, 1972)
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O P I N I O N

In their supplemental application filed March 1, 1972, General Telephone Company of California (General) and The Pacific Telephone and Telegraph Company (Pacific) request that this Commission authorize the continued issuance of separate Los Angeles Southern Section Directories, thus making the split of the directory permanent. The results of a market survey conducted in the Southern Directory serving area indicating the existing "classified advertising market areas" and "community of interest areas" as well as possible arrangements based on the results of the survey are attached to the application as Exhibits A to D.

History of Application

On August 8, 1966, applicants requested authority to split the then-existing single Los Angeles Southern Section alphabetical directory into four smaller alphabetical directories. No changes were sought in the six classified sections then being published for the Southern area.

After five days of hearing during which several cities actively participated, this Commission, in Decision No. 72130, dated March 7, 1967 authorized the split of the Los Angeles Southern alphabetical directory on a two-year trial basis.

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 in compliance with Gardena city's expressed request, and to exclude some listings from the Compton area classified directory.

After three days of hearings, this Commission, in Decision No. 75324, dated February 18, 1969, authorized the transfer of the Gardena area classified listings, but on the remaining subjects found as follows:

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

Based on the above finding Decision No. 75324 authorized the issuance of the four separate alphabetical directories for a further two years, 1969 and 1970, and ordered in Ordering Paragraph 4 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 April 30, 1970 applicants petitioned for modification of Decision No. 75324, to relieve them from compliance with Ordering Paragraph 4. They further requested authority to deliver both the Long Beach and the Mid-Cities alphabetical directories to their Bellflower subscribers.

After hearing on September 24, 1970, this Commission, in Decision No. 78388 dated March 2, 1971 reaffirmed Ordering Paragraph 4 of Decision 75324 and authorized applicants to issue the separate alphabetical directories in 1971. The decision also found that delivery of additional alphabetical directories to Bellflower subscribers is reasonable, but requires no Commission approval.

On December 31, 1971 applicants filed their Supplemental Application which is the subject of this present order.

#### Discussion

During the initial hearings in 1966 the application was strongly contested by representatives of several communities. By subsequent petitions applicants reviewed and modified their proposals, one by one, eliminating the objectionable issues. However, they failed to demonstrate that their proposals were the best solutions to satisfy the public's need. Recognizing certain shortcomings of the presentations, this Commission, in Decision No. 75324, Ordering Paragraph 4, outlined the requirements of a satisfactory application. In compliance therewith, applicants now present a detailed study and summation identifying the subscribers' respective market areas and communities of interest.

The area served by the Los Angeles Southern Directory covers 300 square miles, includes about 55 incorporated cities and in mid-1971 had 569,000 residence telephone accounts, served within 10 exchanges by 30 central offices. For the purpose of the survey, this area was divided into 30 micro-units. Each micro-unit represented an area served by one central office.

From the table in front of page 23 in Exhibit A it is apparent that subscribers of each micro-unit, will obtain about half of all services and products to be obtained in the Southern Directory area, within their own micro-unit.

The average percentage of shopping within groups ("clusters") of micro-units is measured and referred to as "Shopping Interest Factor" (SI). The study also measures the "Average Interaction" (AI) or the community of interest amongst micro-units, to shop in each other's area.

Review of the study indicates that highest SI factor could be achieved by large groupings, possibly one directory for the whole southern area. On the other hand, the highest AI factor would result from practically one directory per each one or two micro-units, or a total of 15-30 books. Obviously, fragmentation to 15-30 books would be unreasonably limiting coverage and dissatisfy the public. Concentrating the listing in one or two books would result in a directory with unnecessary bulk and result in increased advertising costs to the customers.

The corresponding SI and AI factors for three-to nine-book arrangements shown on pages 40-41 of Exhibit A are as follows:

<u>Number of Directories</u>	<u>Average SI Factor</u>	<u>Average AI Factor</u>
3	93.1	4.5
4	89.1	5.4
5	84.4	6.3
6	83.2	6.6
7	78.7	7.3
8	78.0	7.6
9	77.2	7.9

The same figures for the present six directories (Page 1, Exhibit C) are:

6	80.2	6.4
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Consistent with our previous conclusion that too few or too many directories are undesirable because of high cost or insufficient coverage, we can limit our review to the middle of the above tabulations. The 5, 6 or 7 directory version appears to be reasonably acceptable. This number of directories would include an average 78.76 to 84.4% of all services and products needed by their user. The community of interest is also reasonably high, 6.3 to 7.3. Significantly, the factors of the present 6 directory classified arrangement, SI 80.2 and AI 6.4, are in the middle of that most desirable range.

While the above rationale is solid for classified directories, serving shopping needs, it is essential to recognize that social calling habits, served by the alphabetical directories, are different. The volume of social calls declines rapidly with distance. Therefore, the most desirable alphabetical directory would be one containing all listings within a given radius around the using subscriber as center. A reasonable compromise is that recommended by applicants providing a large group of subscribers and listing their phone numbers, plus those of subscribers living in a reasonable corridor around those in the center. The six alphabetical directories were designed to cover each marketing area and the corridors around them resulting in optimal coverage with least bulk. To satisfy the City of Bellflower's needs a seventh alphabetical directory was designed on the same base. The recommended alphabetical directories are depicted in Exhibit D of the application, but the present directory printing methods do not avail themselves for such customized printing. Such will be however, readily possible with the mechanized printing process to be installed during 1973. Applicants request that the present split be made permanent, until mechanized printing will enable the provision of more customized directories.

As set forth in a memorandum report, hereby received as Exhibit No. S-1, the Commission staff supports the application.

Beyond the resulting more convenient and useful size to the subscribers, the split of the directory saves approximately two-thirds of the paper required to publish the Southern Directory in one volume. The saving amounts to some 1 billion pages or 1,500 tons of paper annually. If new paper is used, an average 17 trees have to be processed to provide one ton of paper. Therefore, the waste of such additional paper would cost approximately 25,000 trees annually. Such a waste could not be justified in today's ecology-conscious society.

The staff also contends that mechanization of directories being already under way today, the applicants should be ordered to produce the "customized" directories no later than for the 1974 issue, as recommended in Exhibit D.

The staff further recommends that this supplemental application be handled ex parte.

#### Findings and Conclusions

We find that:

1. Applicants in their supplemental application and attached exhibits fully complied with Ordering Paragraph 4 of Decision No. 75324.
2. The application is consistent with the requirements of Ordering Paragraph 7 of Decision No. 74914.
3. Most major objections concerning the division of the Los Angeles Southern Section Directory have been solved in the previous modifications, and the last serious objection concerning the listings for Bellflower subscribers will be solved by the future "customized" directories.
4. The division of Los Angeles Southern Section Directory temporarily authorized since 1967 has been accepted by the using public.
5. Returning to a single Southern Directory would result in bulky, inconvenient service to the subscribers, and would result in the waste of approximately 1,500 tons of paper annually.

6. The present six classified directories for the Los Angeles Southern Section having been accepted for over 10 years, and being as satisfactory as the best alternatives, should be made permanent.

7. The present four alphabetical directories in the Los Angeles Southern Section are acceptable until 1974 or such earlier date, when they will be replaced by the "customized" directories.

8. The modified seven "customized" directories, recommended in applicants' Exhibit D will best serve the public and should be provided as soon as directory "mechanization" will permit, but no later than for the 1974 issues of the Los Angeles Southern Section Directories.

9. The above changes will not affect the directory advertising costs to the subscribers.

10. Decision without further hearing in this supplemental application is in the public interest.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company and General Telephone Company of California are authorized to provide the present six classified directory groupings permanently in their Los Angeles Southern Section Directories.

2. Applicants are authorized to publish the present four alphabetical sections, to be bound with the proper classified directories in Los Angeles Southern Area for 1972, and if mechanization of the alphabetical directory is not completed by then, in 1973.

3. Applicants shall publish the seven "customized" alphabetical directories as described in Exhibit D for the Los Angeles Southern Directory Area (one each corresponding to the classified sections, and one modified for Bellflower area subscribers) as soon as mechanization permits, but not later than for the 1974 directory issue.

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

Dated at Los Angeles, California, this 17<sup>th</sup> day of OCTOBER, 1972.

Vernon L. Steyer  
President  
W. J. [unclear]  
[unclear]  
[unclear]  
[unclear]  
Commissioners