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ORIGINAL

Decision No. 90831 SEP 25 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to rearrange the present Contra Costa County Central and Livermore - Pleasanton Directories by moving the communities of Dublin and San Ramon from the Contra Costa County Central Directory to the Livermore - Pleasanton Directory. Both White and Yellow Pages Directories will be affected by this proposal.

Application No. 58789  
(Filed April 6, 1979)

O P I N I O N

By application dated April 6, 1979, The Pacific Telephone and Telegraph Company (Pacific) is requesting authority to rearrange the alphabetical and classified sections of its present Contra Costa County-Central and Livermore-Pleasanton directories by moving the communities of Dublin and San Ramon from the Contra Costa County-Central directory to the Livermore-Pleasanton directory.

Pacific's Proposal

As detailed in the application, Pacific's present Contra Costa County-Central yellow pages cover the communities of Alamo, Avon, Canyon, Clayton, Concord, Danville, Dublin, Lafayette, Martinez, Moraga, Pacheco, Pleasant Hill, Rheem, San Ramon, St. Mary's College and Walnut Creek. Pacific's present Contra Costa County-Central white pages cover these communities plus the communities in its Contra Costa County-East directory area. Pacific's Livermore-Pleasanton white and yellow page directory covers the communities of Livermore, Pleasanton and Sunol.

Pacific's application proposes to move Dublin and San Ramon from the Contra Costa County-Central directory to the Livermore-Pleasanton directory. The proposal provides for directory boundaries

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to be established along exchange/central office lines, with the separation between San Ramon and Danville at approximately Norris Canyon Road. Exhibit A to the application shows the present and proposed directory area boundaries.

Dublin and San Ramon telephone subscribers are presently listed in both the Contra Costa County-Central and Livermore-Pleasanton white pages. Dublin and San Ramon business subscribers receive their free service listings in both sets of yellow pages. Under this proposal, subscribers would continue to be listed in both sets of white pages, but business subscribers would receive their free service listings in only the future Livermore-Pleasanton yellow pages. Dublin and San Ramon subscribers would thenceforth be delivered the Livermore-Pleasanton directory instead of the Contra Costa County-Central directory.

In support of its proposal Pacific cites a high residential growth rate in the southern Contra Costa and eastern Alameda County areas, accelerated by the completion of Interstate Highways 580 and 680, and a concomitant growth in local businesses that provide goods and services to the population. More specifically, Dublin has grown to be a more important local retail shopping area in recent years, while San Ramon and Pleasanton have experienced substantial residential subdivision development. Pacific expects continued growth in both business and residence telephone service.

As additional support, Pacific conducted a shopping habits study of where residence and business customers in Dublin, Pleasanton, Livermore, San Ramon, Danville and Sunol shop. This study entailed analyzing 31,096 shopping experiences taken from a total of 1,024 personal in-depth interviews and was used as the basis for determining appropriate directory configurations. Residence and business shopping matrices from the study, Exhibits B and C to the application, respectively, show where potential directory users live and where they shop.

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Pacific's application details the number of telephones and network access lines in the existing and proposed directory areas. Under present tariffs, the 1978 issues of the Contra Costa County-Central and Livermore-Pleasanton directories are in rate groups 18 and 12, respectively; moving San Ramon and Dublin as proposed would have increased the rates for the Livermore-Pleasanton directory to rate group 13 and would have left the Contra Costa County-Central rates unchanged. Under the tariffs proposed by Pacific in Application No. 57465 and now before the Commission, this change would have moved the Livermore-Pleasanton directory from rate group 24 to rate group 26, and the Contra Costa County-Central directory from rate group 39 to rate group 38. Exhibits D and E to the application show for the 1978 issues the advertising rates for the current and proposed directory configurations under both the present and A-57465 proposed tariff schedules.

The application shows that revenues for the 1978 issues resulting from the proposed change would have increased by \$6,243 (0.1%) under current tariffs. Similarly, this rearrangement, together with the rate increase proposed in Pacific's Application No. 57465, would have caused an increase in revenues of \$619,465 (10.8%) for the 1978 issues.

Pacific believes that this proposed directory rearrangement will better serve the residents of Dublin and San Ramon, and that the new scope of the directories and the resulting advertising charges will meet the approval of advertisers who use these directories.

#### Discussion

In the ideal case, every telephone subscriber would receive in his directory advertisements and listings for only those areas he or she is likely to shop or call. In reality it is not possible to achieve this ideal; directories are standardized for large areas based on exchange boundaries, city or county lines, or other

criteria. In an attempt to make classified directory boundaries suit the shopping habits of users more closely, Pacific has instituted a series of shopping habits studies. In each study an independent firm surveys a representative sample of subscribers in a selected area to determine (1) the areas in which customers most frequently shop, (2) the areas in which customers most frequently call businesses and other residences, and (3) the foreign directories most often requested by residence customers. The results of the study are used to suggest and evaluate possible directory reconfigurations that might lead to more rational directory area boundaries, i.e., customers receiving yellow pages more closely aligned with their shopping habits and advertisers reaching a larger percentage of potential buyers.

Exhibits B and C to the application are the matrices developed by the shopping habits study of the southern Contra Costa and eastern Alameda County areas. Exhibit B shows where Dublin, Pleasanton, Livermore, San Ramon, Danville and Sunol residents do their shopping, and Exhibit C shows the same for businesses' shopping.

An examination of Exhibit B leads us to a number of observations. It is evident that Dublin is an important shopping area: 69.1% of Dublin residents' shopping is in Dublin; 28.1% of Pleasanton residents' shopping is in Dublin; 39.5% of San Ramon residents' shopping is in Dublin; 10.6% of Sunol residents' shopping is in Dublin; 7.5% of Livermore residents' shopping is in Dublin; and 5.4% of Danville residents' shopping is in Dublin. No data are given regarding what percentage of shopping by residents of communities north of Danville, such as Walnut Creek and Concord, is done in Dublin, but it would be reasonable to assume that it would be less than the 5.4% done by the much closer Danville residents. It appears that shoppers from San Ramon and the communities of Pleasanton, Sunol, and Livermore south of Dublin have greater need for Dublin directory advertising than do shoppers from Danville and the communities north

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of it. Similarly, Dublin businesses need to reach San Ramon and the communities to the south with their directory advertising more than they do Danville and northerly communities.

Exhibit B also shows that San Ramon is relatively less important as a shopping area; only 21.5% of San Ramon residents' shopping is done in San Ramon and no other area depends on San Ramon for as much as 5% of its residents' shopping. Thus from the San Ramon advertisers' standpoint, there is little to indicate which direction, north or south, their advertising should preferably go. It is clear, however, that Danville residents shop predominantly northward: 10.6% of their shopping is done in Dublin, San Ramon, and communities in the Livermore-Pleasanton directory; 49.8% is done in Danville; and 30.1% is done in Walnut Creek and other communities to the north in the Contra Costa County-Central directory area. This and the fact that 39.5% of San Ramon residents' shopping is done in Dublin indicate that San Ramon is heavily dependent on Dublin for shopping and that the two should be kept in the same book.

While the percentages in Exhibit C, the business shopping habits matrix, are not identical to those in Exhibit B, they show a similar pattern. From the foregoing, we conclude that Pacific's proposal to move Dublin and San Ramon from the Contra Costa County-Central directory to the Livermore-Pleasanton directory will better serve the needs of advertisers and potential directory users than does the present arrangement.

There is one pattern, however, in the shopping habits matrices which does not seem to comport with Pacific's proposal; 21.8% of San Ramon and 9.2% of Dublin residents' shopping is done in areas which would be in Pacific's revised Contra Costa County-Central directory. Similarly, 33.8% of San Ramon and 11.8% of Dublin businesses' shopping is done in that proposed directory area.

These figures indicate that, while the proposed new directories will be an improvement, there still will be a need for many Dublin and San Ramon subscribers to continue to receive Contra Costa County-Central classified listings. To meet this need, we will order that Livermore-Pleasanton directories delivered to subscribers in Dublin and San Ramon include a postage paid, return addressed postcard providing for request and delivery, at no charge, of the subsequent Contra Costa County-Central directory.

There will no doubt be some advertisers and some shoppers for whom the present directory arrangement more closely parallels their needs than would the proposed rearrangement; however, the shopping habits study matrix shows that they are at most a small minority and that the proposed rearrangement would be an improvement for most advertisers and shoppers.

For those shoppers who do need a greater area of yellow page coverage, Pacific's present directory distribution practices allow them to request and receive free of charge directories for their adjacent areas of interest. Our order requiring Pacific to provide postage paid, return addressed postcards to Dublin and San Ramon subscribers will further assist those most directly affected. For the minority of Contra Costa County-Central businesses which must reach Dublin and San Ramon, there remains the option of subscribing to advertising in the revised Livermore-Pleasanton directory.

As shown in Exhibit D to the application, moving Dublin and San Ramon as proposed would have had no effect on advertising rates in the 1978 issue of the Contra Costa County-Central directory; advertising rates in the Livermore-Pleasanton directory would have increased slightly along with the increased coverage; and advertising rates for Dublin and San Ramon advertisers would have decreased very substantially.

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Pacific's application requests authority to make the proposed changes effective with publication of the August 1980 Livermore-Pleasanton directory and the November 1980 Contra Costa County-Central directory. By Commission Resolution No. T-9979 (February 27, 1979), Pacific was granted authority to revise the in-service lives and publication dates of a number of its directories. The August 1979 edition of the Contra Costa County-Central directory will remain in service for 15 months, the next issue being published for November 1980. The October 1979 edition of the Livermore-Pleasanton directory will have an in-service life of 10 months, being next issued in August 1980. Thus it is apparent that Dublin and San Ramon businesses which advertise in the August 1979 through October 1980 Contra Costa County-Central directory will need to renew their advertising in the August 1980 Livermore-Pleasanton directory to have continuous coverage in their local area. Consequently, they will of necessity have advertising in both books during August, September and October 1980. Although some of these advertisers undoubtedly are targeting their ads at a wider area and would continue to receive value from the 1979 Contra Costa County-Central book, a great many are local advertisers and the value of their advertising in the 1979 Contra Costa County-Central directory will be greatly diminished by its supersedure by the new Livermore-Pleasanton directory. It would be unreasonable to charge them for the period during which their local advertising is superseded by the revised directory.

We will require Pacific to waive remaining directory advertising charges for Dublin and San Ramon local advertisers for the months during which their advertising is superseded by the new directory. This procedure is consistent with the treatment given in similar circumstances to San Mateo and Palo Alto subscribers in Decision No. 89734 (December 12, 1978).

In connection with this proposal, we believe there is one additional point that warrants discussion. We are informed that in all of its directory operations Pacific carries what it refers to as "till-forbid" accounts. These are advertisers who, for one reason or another, have advised Pacific that they desire to have their directory advertising automatically extended from issue to issue without the necessity of being recontacted annually to renew their contracts. Exhibit D to the application shows that some rates might not change despite a decrease in directory coverage. Thus it might be possible for some till-forbid advertisers to be unaware that their directory advertising coverage has been reduced, simply because their monthly advertising charges remain unchanged. We believe it would be reasonable to direct Pacific to recontact all advertisers in directories affected by rearrangements, including those previously on a till-forbid basis. Advertisers should be fully informed of coverage changes at the time their orders are placed, and we will so order.

In filing advice letters for directory advertising rate group changes, we require all telephone utilities to follow the guidelines of Commission Resolution No. T-9668. Since this decision will authorize revised directories, we will require Pacific to follow those guidelines in this instance also.

Public Letters

Dudley A. Robnett, M.D.

. Dudley A. Robnett of Walnut Creek wrote to oppose the proposed rearrangement, saying that Dublin and San Ramon are much more closely attached to the Contra Costa County-Central area than to the Livermore-Pleasanton area.

As we pointed out in our discussion above, Pacific's shopping habits matrices, Exhibits B and C to the application, show that there is a much greater shopping community of interest between Dublin and San Ramon and the communities to the south than the communities to the



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north. It may be that Dr. Robnett feels that Dublin and San Ramon are more closely tied to Contra Costa in other ways; others may disagree. Our intent here is to arrange the directories for both areas in such a way as to make them convenient and usable as possible by providing needed listings and advertisements. We believe that the configuration proposed by Pacific will best achieve that intent.

E. J. Carey

E. J. Carey of Lafayette wrote to oppose Pacific's proposal, saying that at least San Ramon should remain in the Contra Costa County-Central directory. No reasons were given.

We will not repeat the reasoning we previously cited for believing that Dublin and San Ramon should be moved together as Pacific proposes except to note that the 39.5% of San Ramon residents' shopping that is done in Dublin argues heavily against any suggestion of moving Dublin without San Ramon.

Paul S. Burton

Paul S. Burton of Burton Co. Realtors in Concord wrote to urge that Pacific not be allowed to make the proposed changes. Mr. Burton indicates that his company does a large portion of its business in the San Ramon area and the removal of his advertising to that area would be a financial loss.

We believe that the 2.6% and 4.7%, respectively, of Dublin and San Ramon residents' shopping done in Concord indicate that most Concord businesses will not suffer greatly by the decrease in coverage. We did note in our discussions, however, that there will no doubt be some advertisers for whom the present directory arrangement more closely parallels their needs than would the proposed rearrangement. Mr. Burton's firm is apparently one of that minority of advertisers. Our order that Pacific include postcards to facilitate Dublin and San Ramon subscribers ordering the Contra Costa County-Central

directory will greatly ameliorate the effects on businesses such as Mr. Burton's by providing a directory containing his ads to those who want them. We also noted that Contra Costa County-Central businesses retain the option of subscribing to advertising in the Livermore-Pleasanton directory if they find reaching communities in that directory area to be essential to the conduct of their businesses.

R. Walt Prowell, D.D.S.

R. Walt Prowell of Pittsburg wrote that he finds inequities in the current boundary between the Contra Costa County-Central and Contra Costa County-East yellow pages. He opposes any rearrangement of the Contra Costa County-East, West, or Central directories without a full Commission investigation into the current boundaries.

We have not undertaken fully to investigate the boundaries of all three of the Contra Costa County yellow page directories as Dr. Prowell suggests, nor do we feel such an investigation would be relevant or necessary to the resolution of the issue at hand. What we have done is to determine that Pacific's proposal to move Dublin and San Ramon from the Contra Costa County-Central to the Livermore-Pleasanton directory would improve the directories involved. Dr. Prowell makes no argument to the contrary.

Charles Kring

Charles Kring of Management Recruiters in Danville urged denial of the application, giving a number of reasons which can be summarized as follows: (1) Interstate 680 from Concord to Dublin is a single marketplace, the Alameda/Contra Costa County line being an appropriate boundary, and there is little market unity between Dublin and San Ramon and the Livermore-Pleasanton area; (2) businesses, especially small and new businesses, could not afford to buy advertising in a second directory which would reach a population that does little business in their area; and (3) many businesses have purchased advertising in the Contra Costa County-Central directory without being informed that it would not cover Dublin and San Ramon.

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As we have previously discussed, we cannot agree that the Dublin and San Ramon area is a single marketplace with the communities to the north. The shopping habits matrices, Exhibits B and C to the application, show clearly that there are pronounced shopping preferences that tie these two communities more closely to the Livermore-Pleasanton directory area. We find no justification for arbitrarily maintaining the directory boundary along the Alameda/Contra Costa County line when that line does not represent a natural demarcation between shopping areas.

Mr. Kring's second point refers to Contra Costa businesses which need to reach Dublin and San Ramon customers but will have to pay for advertising which would also go to eastern Alameda County subscribers. There will no doubt be some businesses for which this is the case. However, we must point out that such a situation exists now. That is, Dublin and San Ramon businesses must buy advertising in the Livermore-Pleasanton directory to reach the customers who shop in their area, in addition to buying advertising in their Contra Costa County-Central directory to reach customers in their own area.

Contrary to Mr. Kring's third point, the value of advertising in Pacific's present directories will not be diminished because the changes we will authorize herein will be effective prospectively. Our order will also require Pacific to fully inform all advertisers in both future directories of coverage changes at the time their advertising orders are placed.

Norman T. R. Heathorn

Norman T. R. Heathorn of San Ramon wrote to oppose the application. Mr. Heathorn states that his free calling area extends to communities in the Contra Costa County area and not to Livermore and Pleasanton. Also, it would be difficult for people seeking his number to know to look in an Alameda County directory when he lives in Contra Costa County.

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Although Mr. Heathorn's address is St. George Road in the San Ramon postal area, it is in the main district area of Pacific's Danville exchange and thus he will be included in the revised Contra Costa County-Central directory area, not the Livermore-Pleasanton directory area as he indicates. The free calling boundary and the proposed directory boundary are the same in this area and in no instance would San Ramon subscribers who do not have free calling to Livermore and Pleasanton be moved into that directory area.

Additionally, Mr. Heathorn is dual listed into the white pages of both present directories and will continue to be so in the future under Pacific's proposal. Callers seeking his number will find it in both books.

Roberta Jessing

Roberta Jessing of Pleasanton wrote to support the changes Pacific proposes. She states that Dublin and San Ramon are an integral part of the Livermore-Amador Valley which includes Livermore and Pleasanton. She believes that the difficulties in having two separate directories which are not distributed to the entire community cannot be overstated.

Public Hearings

Pacific has given notice of the proposed directory rearrangement to all subscribers in the affected area by bill inserts and to all advertisers in the directories by mail, and has published notices in local newspapers. Only six protests and one supporting letter have been received from the thousands of subscribers notified. We have addressed the merits of each protest. None of the protests presented contentions or made offers of proof which would, if they were developed at public hearings, alter the outcome of the decision reached herein.

Under the circumstances, we conclude that a public hearing is not necessary.

### Findings

1. Pacific conducted a study to determine the shopping habits of users and thus the advertising coverage needs of advertisers in the southern Contra Costa and eastern Alameda County areas. This study indicates that the Contra Costa County-Central and Livermore-Pleasanton directories as presently constituted do not reflect the shopping habits of users or the coverage needs of most advertisers. Rearrangement of the directory areas as proposed would result in directories which more closely match the shopping needs of users and the advertising needs of businesses than do the present directories.

2. Many Dublin and San Ramon subscribers need to receive Contra Costa County-Central classified listings. A postage paid, return addressed postcard in their local directory allowing them to order the Contra Costa County-Central directory free of charge would satisfy that need.

3. The proposed changes would have had no effect on the rate group of the 1978 Contra Costa County-Central directory under Pacific's present tariff structure. The proposed changes would have raised rates for advertisers in the 1978 Livermore-Pleasanton directory from rate group 12 to rate group 13, and reduced local advertising rates for Dublin and San Ramon advertisers from rate group 18 to rate group 13. These rate groups may have changed by the time the rearrangement authorized herein becomes effective.

### Conclusions

1. Pacific should be authorized to rearrange the present Contra Costa County-Central and Livermore-Pleasanton directories as requested in the application. The provisions of Commission Resolution No. T-9668 should apply as though the authorized changes were circulation group changes which would result in increased rates.

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2. Revised Livermore-Pleasanton directories delivered to subscribers in Dublin and San Ramon should include a postage paid, return addressed postcard providing for request and delivery, at no charge, of the Contra Costa County-Central directory.

3. Pacific should be required to waive remaining directory advertising charges for Dublin and San Ramon local advertisers for the months that their Contra Costa County-Central directory is superseded by the revised Livermore-Pleasanton directory.

4. Pacific should be required to fully inform all advertisers affected by directory rearrangements, including till-forbid advertisers, of coverage changes at the time their advertising orders are placed.

5. A public hearing is not necessary.

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is authorized to rearrange the existing Contra Costa County-Central and Livermore-Pleasanton directories by moving yellow page listings for the communities of Dublin and San Ramon from the Contra Costa County-Central directory to the Livermore-Pleasanton directory. Pacific is authorized to file and make effective in accordance with General Order No. 96-A revisions to its alphabetical and classified directory advertising tariffs to reflect these changes. The provisions of Commission Resolution No. T-9668 shall apply as though the authorized changes were circulation group changes which would result in increased rates.

2. Pacific shall provide in the revised Livermore-Pleasanton directories delivered to Dublin and San Ramon subscribers postage paid, return addressed postcards providing for request and delivery, at no charge, of the subsequent Contra Costa County-Central directory.

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3. Pacific shall waive remaining directory advertising charges for Dublin and San Ramon local advertisers for the months that their Contra Costa County-Central directory is superseded by the revised Livermore-Pleasanton directory.

4. Pacific shall fully inform all present and future advertisers affected by directory rearrangements of coverage changes at the time their advertising orders are placed.

This proceeding is closed.

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

Dated SEP 25 1979, at San Francisco, California.

John E. Guyon  
President  
Thomas L. Stiggene  
Arthur D. Givale  
Charles T. Daniels  
Edward M. Smith  
Commissioners