

be submitted to a representative of the Telephone Company for acceptance or rejection. Advertising which has been requested on orders but rejected by the representative of the Telephone Company shall not appear in the directory.

#### 9. BILLING AND COLLECTING PROCEDURE.

Orders for Directory Advertising shall be entered into in the name of the Telephone Company. The Directory Company shall furnish the Telephone Company with billing information, in a form as agreed upon by and between the parties at least twenty (20) days prior to the date telephone directories are scheduled for delivery from the printer to the Telephone Company. The Directory Company shall also furnish the Telephone Company with a copy of each advertising order. The Telephone Company is responsible and assumes all costs for the preparation and mailing of bills and the collection thereof, except for advertising which is sold on a system-wide basis. The Directory Company is responsible and assumes all costs for the preparation and mailing of bills and the collection thereof for advertising which is sold on a system-wide basis.

#### 10. ADVERTISING PROCEDURE.

Advertising rates shall be as mutually agreed upon by the parties hereto. The Directory Company agrees not to sell advertising which is contrary to the provisions of the Telephone Company's rates, rules and regulations; or its policies, or that may be adverse to the maintenance of proper public relations.

#### 11. BASIS OF SETTLEMENT.

The Directory Company shall receive seventy-two and one-half (72½%) of directory advertising billing applicable to each month, less one-half (½%) per station per month for each company-owned and switched station in service, as of the end of the previous month, as full compensation for publishing, printing, and selling advertising in telephone directories.

1. In Paragraph 1, GENERAL, of the said contract it is understood in the event advertising is placed in telephone directories upon which an advertising agency commission is allowed, or if a selling commission is paid to the American Telephone and Telegraph Company, or its associated companies, for Trade Mark, Trade Name or similar services, it is mutually understood and agreed that the term "directory advertising billing", as used herein, shall be the net billing after the payment of such commissions. It is understood that instead of the arrangement stated the contract will be effective as to all directory advertising.

#### 12. SUBSTITUTION OF CONTRACT.

It is mutually understood and agreed that this contract is substituted for and takes the place of a contract made and entered into on the 8th day of July, 1936, between the same parties or their respective predecessors, published or to be established on the books of the Telephone Company.

3. With reference to Paragraph 10, ADVERTISING PROCEDURE, of said contract, it is understood that all rates for directory advertising shall be in accordance with the filed rates of the Telephone Company if such rates are filed with a Regulatory Body.
4. Referring to Paragraph 11, BASIS OF SETTLEMENT, of said contract, it is understood that the percentage (72½%) of directory revenues to be paid to the Directory Company by the Telephone Company contemplates uncollectible accounts and amounts abated to advertisers because of adjustments in billing (other than caused by the printer) totaling 3-1/3% of the gross amount billed to advertisers. The percentage payment to the Directory Company shall be subject to change from time to time as experienced losses may differ from this percentage of 3-1/3%, the full intent being that over a period of time the Directory Company shall receive 75 per cent of the amount collected for directory advertising and the Telephone Company shall receive 25 per cent. The change in percentage shall be negotiated at any time through a review of experienced losses by the two parties to this agreement. (This paragraph has reference only to the percentage portion of the "Basis of Settlement" and it is understood that the Telephone Company retains an additional amount equivalent to one half cent (½¢) per station per month for each company owned and switched station in service as of the end of the previous month.)
5. It is agreed that allowances made to customers by reason of printer's errors either in the alphabetical or classified section will be charged back to the Directory Company by the Telephone Company in total.

Upon acceptance by the Directory Company, the above agreements are to be considered as a part of Telephone Directory Publishing Contract dated August 19, 1940 referred to above, to the same extent as would be the case if these agreements had been included in said contract.

Yours truly

ASSOCIATED TELEPHONE COMPANY, LTD.

(Signed) C. F. Mason  
President

(Signed) Harlan W. Holmwood  
Secretary

(SEAL)

ACCEPTED:

GENERAL TELEPHONE DIRECTORY COMPANY

(Signed) Frank Davies  
President

(Signed) E. M. Hiestand  
Secretary

CLOSING SHEET

SPECIAL STUDY

NO. S- 390

Authorized: July 20, 1943

Division: T & T

Closed: January, 1945.

Subject:

Contents:

1. Originating Letter
2. All Correspondence
3. All Original Data Furnished by Utilities (See Division Files  
for Work Papers)
4. Original Copy of Reports
5. Memoranda (For Com. Conf. Memoranda prior to 1-1-41 see  
President's Sum. File in Basement, Rm. 4, P.U.  
Dept. Files)
6. Public Statements
7. Transcripts
8. Closing Letter.

Bound Reports:

Conclusion:

CALIFORNIA RAILROAD COMMISSION

INTER-OFFICE CORRESPONDENCE

SAN FRANCISCO, California,  
December 15, 1944,  
File No. S-390.

*Close File*

Subject: Telephone Directory Contract between the  
Associated Telephone Company, Ltd., and  
General Telephone Directory Company.

Mr. E. F. McNaughton, Director,  
Public Utilities Department.

In my memorandum of September 19, 1944 on this subject, it was my recommendation that Study S-390 be closed with the understanding that after a year's experience with the new contract, the company should furnish the Commission with data as to the effect of the new contract on the company's revenues and expenses.

Under date of November 20, 1944, the company addressed a letter to the Commission stating that settlements under the new contract for the twelve-month period ending October 31, 1944 resulted in an estimated advantage to the telephone company over the old contract of \$11,355.80. The following tabulation of telephone directory revenues and expenses for the twelve-month periods ending October 31, 1943 and October 31, 1944 indicates that revenues have increased 44.2%, expenses have increased 27.8%, and that the revenue per average company station has increased from 40¢ to 56¢.

Acct. No.	Title	12 Months	12 Months	Increase	
		to <u>10-31-43</u>	to <u>10-31-44</u>	Amount or Number	Per Cent
523	Directory Advertising and Sales Revenue	\$ 71,240.34	\$102,701.48	\$31,461.14	44.2%
649	Directory Expense	<u>19,563.52</u>	<u>25,009.11</u>	<u>5,445.59</u>	27.8
	Net Directory Rev.	51,676.82	77,692.37	26,015.55	50.3
	Avg. Company Stations	175,428	181,968	6,540	3.7
	Directory Rev. per Avg. Co. Station	\$ .40	\$ .56	\$ .16	
	Directory Exp. per Avg. Co. Station	<u>.11</u>	<u>.13</u>	<u>.02</u>	
	Net Directory Revenue per Avg. Co. Station	.29	.43	.14	

Mr. E. F. McNaughton

-2-

December 15, 1944.

A review of the company's twelve months' operating experience under the new directory contract indicates that settlements to the telephone company under the new contract are more favorable than under the old contract.

It is recommended that Study S-390 be closed.

*Walter B. Wessells*

Walter B. Wessells,  
Telephone and Telegraph Engineer.

WWD:MM

# ASSOCIATED TELEPHONE COMPANY, LTD.

1314 SEVENTH STREET  
SANTA MONICA, CALIFORNIA

RECD. R. R. COMM.  
1944 NOV 21 PM 4:15  
FILE NO. S-390

November 20, 1944

Mr. E. F. McNaughton, Director  
Public Utilities Department  
Railroad Commission, State of Calif.  
Civic Center  
San Francisco, 2, California

Dear Mr. McNaughton

File No. S-390

Supplementing our letter of October 23, 1944 with reference to results of operating under the directory contract executed November 1, 1943, the following is presented in accordance with the request contained in your letter of November 22, 1943, File No. S-390.

	12 Months To 10/31/43	12 Months To 10/31/44	<i>Increases Am't</i>
Amount in Account 523, Directory Advertising and Sales Revenue	\$ 71,240.34	\$102,701.48	<i>31,461.14</i>
Amount in Account 649, Directory Expense	19,563.52	25,009.11	<i>5,445.59</i>
Average Number of Stations in Service During Period	175,428	181,968	<i>6,540 37</i>

We have applied the settlement provisions of the old contract to the results of operations for the twelve month period ending October 31, 1944 and have arrived at an estimated advantage to the Telephone Company in the new contract over the old of \$11,355.80.

With respect to the increased amounts in Account 649, Directory Expense, we believe they arise from causes apart from the new contract which contained no functional changes as compared to the contract previously in force.

If any additional information is required we shall be glad to hear from you.

Yours very truly,

*F. E. Norris*  
F. E. NORRIS  
Vice President

CALIFORNIA RAILROAD COMMISSION

INTER-OFFICE CORRESPONDENCE

SAN FRANCISCO

September 19, 1944.

File No. S-390.

Subject: Telephone Directory Contract Between the  
Associated Telephone Company, Ltd. and  
General Telephone Directory Company.

Mr. E. F. McNaughton, Director,  
Public Utilities Department.

On July 9, 1943, Mr. Mason left in your office a copy of a memorandum covering a proposed contract between his company and the General Telephone Company. This contract was reviewed by the Commission's staff under Study S-390.

As a result of conferences and correspondence between representatives of the company and the Commission, the company forwarded to the Commission on January 25, 1944 a contract made between Associated Telephone Company, Ltd. and General Telephone Directory Company. This contract embodies the suggestions made in your letter of November 22, 1943 addressed to Mr. F. E. Norris, Vice-President of the company as follows:

- (1) The form of the contract is modified to incorporate therein the changes which were proposed to be set out in a supplemental letter.
- (2) Sections 3 and 8 of the agreement have been modified to show that directories will be issued in accordance with the tariff schedules on file with the Railroad Commission.
- (3) Section 9 of the agreement has been revised to show that the Directory Company acts as agent for the Telephone Company.

Accordingly, it is recommended that Study S-370 be closed with the understanding that after a year's experience with the new contract, the company should furnish the Commission with data as to the effect of the new contract on the company's revenues and expenses as requested in your letter.

*Walter B. Wessells*

Walter B. Wessells,  
Tel. and Tel. Engineer.

For Commission Conference  
Tuesday, February 8, 1944.

San Francisco, California,  
February 3, 1944.

File No. S-390.

Subject: Telephone Directory Contract between  
Associated Telephone Company, Ltd. and  
General Telephone Directory Company.

TO THE COMMISSION:

On January 25, 1944, Associated Telephone Company, Ltd. filed with the Commission a copy of a "Telephone Directory Publishing Contract" which it had made with the General Telephone Directory Company on November 1, 1943.

Telephone Directory Company is a corporation formed for the purpose of publishing telephone directories for the various telephone companies, for which the General Telephone Corporation is the holding company, and such other independent telephone companies as desire its services. It is affiliated with the General Corporation and the held companies. Associated Company for some years employed the Tel-Ad Company (predecessor to General Telephone Directory Company) to publish its directories. The Commission's staff questioned some phases of the Tel-Ad contract and opened a study of the matter under File No. S-390. Discussions of the then current contract were had at various times following which Associated Company submitted its exposition of its views on the advisability of having a separate organization handle the issuance of its telephone directories. The Commission's staff desired that the contract be so modified that it would show clearly that the issuance and distribution of the directories, the rates for directory advertising service, and the collection of the charges for directory advertising is the responsibility of Associated Telephone Company, Ltd.

It should be understood, that the revenue received by the Telephone Company from directory advertising is credited to Miscellaneous Revenues Account 523 and, therefore, has an effect upon the revenues necessary to be received from the more general classes of service, such as residence and business service. The staff has reviewed the directory revenue of the Associated Company and the Bell System companies in California and has found that the directory advertising revenue per station of the Associated Company is slightly less than that of the Bell System companies. This appears to be due to the fact that the Bell companies serve in the larger communities where the value of the advertising is comparatively greater, the rates of charge therefor are greater, and consequently the revenues are much greater. It is indicated that Associated Company will receive increased revenue under the new contract. This contract involves no increases in charges


*Never sent before Commission - Taken off  
calendar by EFM*



to directory advertisers or changes in directory advertising rates.

After a final review of this matter, suggestions of modifications of the current contract were directed to the Telephone Company. The contract has been modified in accordance with our suggestions.

As we are of the opinion that the present contract is more favorable to the Telephone Company than the Tel-Ad contract, all staff suggestions have been incorporated in the contract, and we have no reason to disapprove the operation of the contract, it is recommended that the Commission offer no objection to the current agreement entered into by the Associated Telephone Company, Ltd. and the General Telephone Directory Company.

  
ARTHUR B. FRY,  
Telephone and Telegraph Engineer.

ABF:VJ

Mr. M. J. [unclear]

This was read and [unclear] all suggestions  
made in your letter and in the rider attached to it all  
contracts [unclear] have been made.  
J. [unclear] 1-27-44

Pls  
Mr. [unclear]  
Memo to [unclear]

ONE SEVENTY-THREE NORTH ANITA AVENUE  
LOS ANGELES 24, CALIFORNIA

REC'D. R. R. COMM.

1944 JAN 25 PM 4:03

FILE NO. S-390

January 21, 1944

S-390

Mr. E. F. McNaughton  
Director Public Utilities Department  
Railroad Commission of California  
State Building - Civic Center  
San Francisco, California

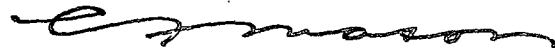
Dear Mr. McNaughton:

I have just executed a contract with the General Telephone Directory Company, a copy of which I am enclosing for your information. You will note that we have incorporated the changes suggested by you in your letter of November 22nd to Mr. Norris - also I have incorporated in the new contracts the contents of the rider which was attached to the old contract.

In explanation of the delay in clearing up this matter, possibly Mr. Clark has told you that on December 24th I had to undergo an operation for removal of gall bladder and am now at home convalescing and at the same time catching up on the office accumulation.

With kindest regards.

Sincerely yours,



C. F. MASON  
~~President~~

Attachment

TELEPHONE DIRECTORY PUBLISHING CONTRACT

1944 JAN 25 PM 4:30

FILE NO. ....

This contract, made in duplicate this first day of November, 1943, by and between ASSOCIATED TELEPHONE COMPANY, LTD., a corporation, organized and existing under and by virtue of the laws of the State of California, party of the first part, hereinafter called the "Telephone Company" and GENERAL TELEPHONE DIRECTORY COMPANY, a corporation, organized and existing under and by virtue of the laws of the State of Delaware, party of the second part, hereinafter called the "Directory Company",

WITNESSETH:

In consideration of the sum of \$1.00, paid by each party to the other, and for other good and valuable consideration, the receipt of which is hereby acknowledged by each party, the respective parties hereto do mutually covenant and agree as follows:

1. GENERAL

The Directory Company will sell all advertising for the Telephone Company's telephone directories and will do, or cause to be done, all of the printing of such directories in accordance with the terms hereinafter set forth. The Telephone Company itself will not do, nor will it permit anyone else to do the work or perform the services which the Directory Company is to perform hereunder.

This contract shall, at all times, be subject to such changes or modifications as the Railroad Commission of the State of California may from time to time direct in the exercise of its jurisdiction. This contract shall also be subject to cancellation, change or modification on order of or because of changed conditions resulting from future orders of any other regulatory body. For the purposes hereof, informal agreements entered into between the Telephone Company and any regulatory body or its representatives

shall have the same effect as formal orders issued by said regulatory body.

2. DURATION OF AGREEMENT

This contract is effective on all telephone directories published on and after November 1, 1943 and shall continue in force until the 31st day of October, 1944 and thereafter for terms of one year each unless ninety days' written notice be previously given by either party to the other of an intention to terminate the same at the end of any such period.

3. DIRECTORY SCHEDULE

Telephone directories will be published at the intervals and on the dates specified by the Telephone Company. In the event either party wishes to change directory publishing dates from those specified in the directory schedule, such action shall be accomplished by negotiation by and between the parties in accordance with the directory schedule filed with the California Railroad Commission.

4. PUBLISHING SPECIFICATIONS

The design and content of telephone directories shall be determined by the Telephone Company.

✓ 5. NUMBER OF TELEPHONE DIRECTORIES

The Telephone Company shall specify the number of telephone directories required for each issue on standard forms provided for that purpose by the Directory Company before the closing date of each directory issue.

✓ 6. DIRECTORY LISTING PROCEDURE

The Telephone Company shall furnish the Directory Company with the alphabetical listings and classified listings, in a form as mutually agreed upon. The Telephone Company agrees to make no changes in

directory copy after the closing date specified in the Directory Schedule, except to correct errors in standing listing matter.

The Telephone Company agrees to maintain a card file of all business accounts in each exchange for the use of the Directory Company.

7. PUBLISHING PROCEDURE

The Directory Company shall secure bids and make all contracts incident to printing telephone directories, but the specific firm to whom the contract is awarded and the text, form, and terms of such contracts shall meet with the approval of the Telephone Company.

The Directory Company shall supervise the printing and publishing of telephone directories and shall pay all printing and publishing bills. The Directory Company shall arrange for directories to be shipped to each exchange by the printer on the date provided in the Directory Schedule and the Directory Company shall pay such shipping charges.

The Telephone Company shall proof read listing matter, handle the delivery of directories to subscribers and shall pay the costs thereof, and shall pay the added cost of special directories, such as directories used for Information Directories, and irregularly scheduled directories issued incident to plant cut-overs, or other special conditions.

The Telephone Company shall have telephone directories copyrighted in its name when considered necessary by either of the parties.

8. CREDIT PROCEDURE

The Telephone Company shall post the credit status of each business account on a card in the file mentioned in Paragraph 6. The amount of directory advertising sold by representatives of the Directory Company will be consistent with the credit status of the advertiser.

Each advertising order taken by representatives of the Directory Company shall be submitted to the Telephone Company for acceptance or rejection. Advertising which has been requested on orders but rejected by the representative of the Telephone Company in accordance with tariff schedules on file with the California Railroad Commission shall not appear in the directory.

9. BILLING AND COLLECTING PROCEDURE

Orders for Directory Advertising shall be entered into in the name of the Telephone Company. The Directory Company shall furnish the Telephone Company with billing information, in a form as agreed upon by and between the parties at least twenty (20) days prior to the date telephone directories are scheduled for delivery from the printer to the Telephone Company. The Directory Company shall also furnish the Telephone Company with a copy of each advertising order. The Telephone Company is responsible and assumes all costs for the preparation and mailing of bills and the collection thereof, except for advertising which is sold on a system-wide basis. The Directory Company is responsible and assumes all costs for the preparation and mailing of bills and the collection thereof for advertising which is sold by it on a system-wide basis as agent for the Telephone Company.

10. ADVERTISING PROCEDURE

Advertising rates shall be those officially filed by the Telephone Company with the California Railroad Commission pursuant to the requirements of General Order No. 96 of said commission. The Directory Company agrees not to sell advertising which is contrary to the provisions of the Telephone Company's rates, rules and regulations; or its policies, or that may be adverse to the maintenance of proper public relations.

11. BASIS OF SETTLEMENT

The Directory Company shall be paid 65 per cent of directory adver-

tising billing applicable to each month as full compensation for the services it is to perform hereunder. In the event advertising is placed in telephone directories upon which an advertising agency commission is allowed or if a selling commission is paid to the American Telephone and Telegraph Company, or its associated companies, for Trade Mark, Trade Name and other similar services, it is mutually understood and agreed that the term "directory advertising billing", as used herein, shall be the net billing after the payment of such commissions. It is further understood and agreed that the 65 per cent of directory revenues to be paid to the Directory Company by the Telephone Company contemplates uncollectible accounts and amounts abated to advertisers because of adjustments in billing (other than caused by the printer), totaling  $3\frac{1}{3}$  per cent of the gross amounts billed to advertisers. The percentage payment to the Directory Company shall be subject to change from time to time as experienced losses may differ from this percentage of  $3\frac{1}{3}$  per cent, the full intent being that over a period of time the Directory Company shall be paid approximately  $67\frac{1}{2}$  per cent of the amount collected for directory advertising. The change in percentage shall be negotiated at any time through a review of experienced losses by the two parties to this agreement. It is further understood and agreed that allowances made by the Telephone Company to customers by reason of printer's errors, either in the alphabetical or classified section of any directory, will be charged back to the Directory Company by the Telephone Company in total.

12. SUBSTITUTION OF CONTRACT

It is mutually understood and agreed that this contract is substituted for and takes the place of a contract made and entered into on the 19th day of August, 1940, between the same parties.



IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in duplicate by their respective representatives thereunto duly authorized the day and year first above written, each party hereto acknowledging receipt of a signed copy.

ATTEST:

ASSOCIATED TELEPHONE COMPANY, LTD.

*Richard*  
Secretary and Treasurer

By *Emerson*  
President

ATTEST:

GENERAL TELEPHONE DIRECTORY COMPANY

*David L. Lilly*  
Secretary-Treasurer

By *Frank Davis*  
President

# ASSOCIATED TELEPHONE COMPANY, LTD.

1314 SEVENTH STREET  
SANTA MONICA, CALIFORNIA

October 26, 1943

*J. E. Norris* ✓

Mr. E. F. McNaughton  
Director Public Utilities Department  
Railroad Commission State of California  
California State Building, Civic Center  
San Francisco, California

Dear Mr. McNaughton

There is attached a copy of the Telephone Directory  
Publishing Contract which we discussed by telephone on  
October 26th. I shall look forward to seeing you Thursday  
October 28th in connection with this contract.

Sincerely,

*F. E. Norris*  
F. E. NORRIS  
Vice President

Attachment  
AIR MAIL  
SPECIAL DELIVERY

TELEPHONE DIRECTORY PUBLISHING CONTRACT

THIS CONTRACT, MADE IN DUPLICATE THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 19 \_\_\_\_, BY AND BETWEEN ASSOCIATED TELEPHONE COMPANY, LTD., A CORPORATION, ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF CALIFORNIA, PARTY OF THE FIRST PART, HEREINAFTER CALLED THE "TELEPHONE COMPANY" AND GENERAL TELEPHONE DIRECTORY COMPANY, A CORPORATION, ORGANIZED AND EXISTING UNDER AND BY VIRTUE OF THE LAWS OF THE STATE OF DELAWARE, PARTY OF THE SECOND PART, HEREINAFTER CALLED THE "DIRECTORY COMPANY",

WITNESSETH:

IN CONSIDERATION OF THE SUM OF ONE DOLLAR (\$1.00), PAID BY EACH PARTY TO THE OTHER, AND FOR OTHER GOOD AND VALUABLE CONSIDERATIONS, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE RESPECTIVE PARTIES HERETO DO MUTUALLY COVENANT AND AGREE AS FOLLOWS:

1. GENERAL.

THE TELEPHONE COMPANY GRANTS AND CONVEYS TO THE DIRECTORY COMPANY THE EXCLUSIVE RIGHT TO PUBLISH, PRINT, AND SELL ADVERTISING IN THE TELEPHONE DIRECTORIES OF THE TELEPHONE COMPANY UNDER THE COVENANTS, TERMS, AND CONDITIONS HEREIN SPECIFIED. THE DIRECTORY COMPANY HEREBY COVENANTS AND AGREES TO PUBLISH, PRINT, AND SELL ADVERTISING IN THE TELEPHONE DIRECTORIES OF THE TELEPHONE COMPANY AND TO FURNISH SUCH DIRECTORIES TO THE TELEPHONE COMPANY UNDER THE COVENANTS, TERMS, AND CONDITIONS HEREIN SPECIFIED.

IT IS FURTHER MUTUALLY UNDERSTOOD AND AGREED THAT ANY OR ALL COVENANTS, TERMS, AND CONDITIONS OF THIS CONTRACT ARE SUBJECT TO CANCELLATION OR CHANGE ON ORDER OF ANY REGULATORY BODY OR BECAUSE OF CHANGED CONDITIONS RESULTING FROM FUTURE ORDERS OF ANY REGULATORY BODY.

2. DURATION OF AGREEMENT.

THIS CONTRACT IS EFFECTIVE ON ALL TELEPHONE DIRECTORIES PUBLISHED ON AND AFTER \_\_\_\_\_, AND SHALL CONTINUE IN FORCE UNTIL THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 19 \_\_\_\_, AND THEREAFTER FOR TERMS OF ONE YEAR EACH, UNLESS NINETY (90) DAYS WRITTEN NOTICE BE PREVIOUSLY GIVEN BY EITHER PARTY TO THE OTHER OF AN INTENTION TO TERMINATE THE SAME AT THE END OF ANY SUCH PERIOD.

3. DIRECTORY SCHEDULE.

TELEPHONE DIRECTORIES WILL BE PUBLISHED AT THE INTERVALS AND ON THE DATES SPECIFIED IN A DIRECTORY SCHEDULE WHICH IS AGREED UPON BY AND BETWEEN THE PARTIES EACH CALENDAR YEAR IN ADVANCE. IN THE EVENT EITHER PARTY WISHES TO CHANGE DIRECTORY PUBLISHING DATES FROM THAT SPECIFIED IN THE DIRECTORY SCHEDULE, SUCH ACTION SHALL BE ACCOMPLISHED BY NEGOTIATION BY AND BETWEEN THE PARTIES.

4. PUBLISHING SPECIFICATIONS.

THE DESIGN AND CONTENT OF TELEPHONE DIRECTORIES SHALL BE AS MUTUALLY AGREED UPON FROM TIME TO TIME BY AND BETWEEN THE PARTIES.

5. NUMBER OF TELEPHONE DIRECTORIES.

THE TELEPHONE COMPANY SHALL SPECIFY THE NUMBER OF TELEPHONE DIRECTORIES REQUIRED FOR EACH ISSUE ON STANDARD FORMS PROVIDED FOR THAT PURPOSE BY THE DIRECTORY COMPANY BEFORE THE CLOSING DATE OF EACH DIRECTORY ISSUE.

6. DIRECTORY LISTING PROCEDURE.

THE TELEPHONE COMPANY SHALL FURNISH THE DIRECTORY COMPANY WITH THE ALPHABETICAL LISTINGS AND CLASSIFIED LISTINGS, IN A FORM AS MUTUALLY AGREED UPON. THE TELEPHONE COMPANY AGREES TO MAKE NO CHANGES IN DIRECTORY COPY AFTER THE CLOSING DATE SPECIFIED IN THE DIRECTORY SCHEDULE, EXCEPT TO CORRECT ERRORS IN STANDING LISTING MATTER. THE TELEPHONE COMPANY AGREES TO MAINTAIN A CARD FILE OF ALL BUSINESS ACCOUNTS IN EACH EXCHANGE FOR THE USE OF THE DIRECTORY COMPANY.

7. PUBLISHING PROCEDURE.

THE DIRECTORY COMPANY SHALL SECURE BIDS AND MAKE ALL CONTRACTS INCIDENT TO PRINTING TELEPHONE DIRECTORIES, BUT THE SPECIFIC FIRM TO WHOM THE CONTRACT IS AWARDED AND THE TEXT, FORM, AND TERMS OF SUCH CONTRACTS SHALL MEET WITH THE APPROVAL OF THE TELEPHONE COMPANY. THE DIRECTORY COMPANY SHALL SUPERVISE THE PRINTING AND PUBLISHING OF TELEPHONE DIRECTORIES AND SHALL PAY ALL PRINTING AND PUBLISHING BILLS. THE DIRECTORY COMPANY SHALL ARRANGE FOR DIRECTORIES TO BE SHIPPED TO EACH EXCHANGE BY THE PRINTER ON THE DATE PROVIDED IN THE DIRECTORY SCHEDULE AND THE DIRECTORY COMPANY SHALL PAY SUCH SHIPPING CHARGES.

THE TELEPHONE COMPANY SHALL PROOF READ LISTING MATTER, HANDLE THE DELIVERY OF DIRECTORIES TO SUBSCRIBERS AND SHALL PAY THE COSTS THEREOF, AND SHALL PAY THE ADDED COST OF SPECIAL DIRECTORIES, SUCH AS DIRECTORIES USED FOR INFORMATION DIRECTORIES, AND IRREGULARLY SCHEDULED DIRECTORIES ISSUED INCIDENT TO PLANT CUT-OVERS, OR OTHER SPECIAL CONDITIONS.

THE TELEPHONE COMPANY SHALL HAVE TELEPHONE DIRECTORIES COPYRIGHTED IN ITS NAME WHEN CONSIDERED NECESSARY BY EITHER OF THE PARTIES.

8. CREDIT PROCEDURE.

THE TELEPHONE COMPANY SHALL POST THE CREDIT STATUS OF EACH BUSINESS ACCOUNT ON A CARD IN THE FILE MENTIONED IN PARAGRAPH 6. THE AMOUNT OF DIRECTORY ADVERTISING SOLD BY REPRESENTATIVES OF THE DIRECTORY COMPANY WILL BE CONSISTENT WITH THE CREDIT STATUS OF THE ADVERTISER. EACH ADVERTISING ORDER TAKEN BY REPRESENTATIVES OF THE DIRECTORY COMPANY SHALL BE SUBMITTED TO A REPRESENTATIVE OF THE TELEPHONE COMPANY FOR ACCEPTANCE OR REJECTION. ADVERTISING WHICH HAS BEEN REQUESTED ON ORDERS BUT REJECTED BY THE REPRESENTATIVE OF THE TELEPHONE COMPANY SHALL NOT APPEAR IN THE DIRECTORY.

9. BILLING AND COLLECTING PROCEDURE.

ORDERS FOR DIRECTORY ADVERTISING SHALL BE ENTERED INTO IN THE NAME OF THE TELEPHONE COMPANY. THE DIRECTORY COMPANY SHALL FURNISH THE TELEPHONE COMPANY WITH BILLING INFORMATION, IN A FORM AS AGREED UPON BY AND BETWEEN THE PARTIES AT LEAST TWENTY (20) DAYS PRIOR TO THE DATE TELEPHONE DIRECTORIES ARE SCHEDULED FOR DELIVERY FROM THE PRINTER TO THE TELEPHONE COMPANY. THE DIRECTORY COMPANY SHALL ALSO FURNISH THE TELEPHONE COMPANY WITH A COPY OF EACH ADVERTISING ORDER. THE TELEPHONE COMPANY IS RESPONSIBLE AND ASSUMES ALL COSTS FOR THE PREPARATION AND MAILING OF BILLS AND THE COLLECTION THEREOF, EXCEPT FOR ADVERTISING WHICH IS SOLD ON A SYSTEM-WIDE BASIS. THE DIRECTORY COMPANY IS RESPONSIBLE AND ASSUMES ALL COSTS FOR THE PREPARATION AND MAILING OF BILLS AND THE COLLECTION THEREOF FOR ADVERTISING WHICH IS SOLD ON A SYSTEM-WIDE BASIS.

10. ADVERTISING PROCEDURE.

ADVERTISING RATES SHALL BE AS MUTUALLY AGREED UPON BY THE PARTIES HERETO, THE DIRECTORY COMPANY AGREES NOT TO SELL ADVERTISING WHICH IS CONTRARY TO THE PROVISIONS OF THE TELEPHONE COMPANY'S RATES, RULES AND REGULATIONS; OR ITS POLICIES, OR THAT MAY BE ADVERSE TO THE MAINTENANCE OF PROPER PUBLIC RELATIONS.

11. BASIS OF SETTLEMENT.

THE DIRECTORY COMPANY SHALL RECEIVE SIXTY-FIVE (65%) OF DIRECTORY ADVERTISING BILLING APPLICABLE TO EACH MONTH AS FULL COMPENSATION FOR PUBLISHING, PRINTING, AND SELLING ADVERTISING IN TELEPHONE DIRECTORIES.

IN THE EVENT ADVERTISING IS PLACED IN TELEPHONE DIRECTORIES UPON WHICH AN ADVERTISING AGENCY COMMISSION IS ALLOWED, OR IF A SELLING COMMISSION IS PAID TO THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY, OR ITS ASSOCIATED COMPANIES, FOR TRADE MARK, TRADE NAME OR SIMILAR SERVICES, IT IS MUTUALLY UNDERSTOOD AND AGREED THAT THE TERM "DIRECTORY ADVERTISING BILLING", AS USED HEREIN, SHALL BE THE NET BILLING AFTER THE PAYMENT OF SUCH COMMISSIONS.

12. SUBSTITUTION OF CONTRACT.

IT IS MUTUALLY UNDERSTOOD AND AGREED THAT THIS CONTRACT IS SUBSTITUTED FOR AND TAKES THE PLACE OF A CONTRACT MADE AND ENTERED INTO ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 19\_\_\_\_, BETWEEN THE SAME PARTIES OR THEIR RESPECTIVE PREDECESSORS.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE CAUSED THESE PRESENTS TO BE EXECUTED IN DUPLICATE BY THEIR RESPECTIVE REPRESENTATIVES THEREUNTO DULY AUTHORIZED THE DAY AND YEAR FIRST ABOVE WRITTEN, EACH PARTY HERETO ACKNOWLEDGING RECEIPT OF A SIGNED COPY.

ATTEST:

ASSOCIATED TELEPHONE COMPANY, LTD.

\_\_\_\_\_  
SECRETARY-TREASURER

By \_\_\_\_\_  
PRESIDENT

ATTEST:

GENERAL TELEPHONE DIRECTORY COMPANY

\_\_\_\_\_  
SECRETARY-TREASURER

By \_\_\_\_\_  
PRESIDENT

# ASSOCIATED TELEPHONE COMPANY, LTD.

1314 SEVENTH STREET

SANTA MONICA, CALIFORNIA

General Telephone Directory Company  
Press-Telegram Building  
Long Beach, California

Gentlemen

In connection with telephone directory publishing contract dated \_\_\_\_\_ it appears desirable to clarify and modify certain of the terms and conditions of said contract as follows:

1. In Paragraph 1, GENERAL, of the said contract it is understood that with reference to "Orders of Regulatory Bodies" the word "Orders" shall also include any agreements entered into by the Telephone Company with any Regulatory Body on an informal basis.
2. Contract referred to above states that, "This contract is effective on all telephone directories published on and after \_\_\_\_\_." It is understood that instead of the arrangement as stated the contract will be effective as to all directory revenues for the month of \_\_\_\_\_, and subsequently. It is agreed that all uncollectibles and adjustments (other than caused by the printer) arising from bills covering the period prior to \_\_\_\_\_, shall be borne by the Telephone Company, and charged against the reserve for uncollectible accounts already established or to be established on the books of the Telephone Company.
3. With reference to Paragraph 10, ADVERTISING PROCEDURE, of said contract, it is understood that all rates for directory advertising shall be in accordance with the filed rates of the Telephone Company if such rates are filed with a Regulatory Body.
4. Referring to Paragraph 11, BASIS OF SETTLEMENT, of said contract, it is understood that the percentage (65%) of directory revenues to be paid to the Directory Company by the Telephone Company contemplates uncollectible accounts and amounts abated to advertisers because of adjustments in billing (other than caused by the printer) totaling  $3\frac{1}{3}\%$  of the gross amount billed to advertisers. The percentage payment to the Directory Company shall be subject to change from time to time as experienced losses may differ from this percentage of  $3\frac{1}{3}\%$ , the full intent being that over a period of time the Directory Company shall receive  $67\frac{1}{4}\%$  per cent of the amount collected for directory advertising and the Telephone Company shall receive  $32\frac{3}{4}\%$  per cent. The change in percentage shall be negotiated at any time through a review of experienced losses by the two parties to this agreement.

General Telephone Directory Company  
Page 2.

5. It is agreed that allowances made to customers by reason of printer's errors either in the alphabetical or classified section will be charged back to the Directory Company by the Telephone Company in total.

Upon acceptance by the Directory Company, the above agreements are to be considered as a part of Telephone Directory Publishing Contract dated \_\_\_\_\_ referred to above, to the same extent as would be the case if these agreements had been included in said contract.

Yours truly

ASSOCIATED TELEPHONE COMPANY, LTD.

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

ACCEPTED:

GENERAL TELEPHONE DIRECTORY COMPANY

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

TELEPHONE DIRECTORY REVENUES AND EXPENSES

SOUTHERN CALIFORNIA TELEPHONE COMPANY,  
THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, NO. CALIF.  
ASSOCIATED TELEPHONE COMPANY, LTD.

1937 - 1942

	Ac. 523	Ac. 649	Net		Dir.Rev:	Dir.Exp:	Net
	Dir.Adv. &	Directory	Directory	Av. Co.:	Per	Per	Rev.Per:
	Sales Rev.	Expense	Revenue	Stations:	Station:	Station:	Station:
	\$	\$	\$	\$	\$	\$	\$

So. Cal. Tel. Co.

(Source: Mthly Rpts.)

1937	1,109,442.53	939,205.19	170,237.34	643,237	1.72	1.46	.26
1938	1,330,913.59	1,029,851.74	301,061.85	685,550	1.94	1.50	.44
1939	1,493,049.51	1,109,725.13	383,324.38	721,948	2.07	1.54	.53
1940	1,656,787.77	1,217,537.20	439,250.57	766,173	2.16	1.59	.57
1941	1,841,906.94	1,358,295.07	483,611.87	825,309	2.23	1.64	.59
1942	<u>1,893,729.67</u>	<u>1,360,513.32</u>	<u>533,216.35</u>	<u>891,337</u>	2.12	1.52	.60
Total-	9,325,830.01	7,015,127.65	2,310,702.36	4,533,554	2.06	1.55	.51
Avg.	\$1,554,305	1,169,188	385,117	755,592	2.06	1.55	.51

The Pac. Tel. & Tel. Co., No. Calif.

1937	912,340.57	691,600.00	220,740.57	684,818	1.33	1.01	.32
1938	994,795.14	698,000.00	296,795.14	720,206	1.38	.97	.41
1939	1,079,601.07	766,800.00	312,801.07	752,837	1.43	1.02	.41
1940	1,157,573.29	832,500.00	325,073.29	789,019	1.47	1.06	.41
1941	1,220,869.38	886,000.00	334,869.38	834,825	1.46	1.06	.40
1942	<u>1,202,290.82</u>	<u>910,900.00</u>	<u>291,390.82</u>	<u>884,801</u>	1.36	1.03	.33
Total	\$6,567,470.27	4,785,800.00	1,781,670.27	4,666,506	1.41	1.03	.38
Avg.	1,094,578	797,633	296,945	777,751	1.41	1.03	.38

Assoc. Tel. Co. Ltd.\* (Excl. San Joaquin

(Source: Mthly Rpts.) Assoc. Co.)

1937	45,671.09	15,238.27	30,432.82	91,063	.50	.17	.33
1938	52,903.12	12,494.26	40,408.86	99,150	.53	.12	.41
1939	55,688.43	15,535.07	40,153.36	107,328	.51	.14	.37
1940	70,349.53	17,163.10	53,186.43	125,904	.56	.14	.42
1941	70,556.96	18,038.59	52,518.37	148,364	.47	.12	.35
1942	<u>74,568.96</u>	<u>16,168.64</u>	<u>58,400.32</u>	<u>163,540</u>	.46	.10	.36
Total	369,738.09	94,637.93	275,100.16	735,349	.50	.13	.37
Avg.	61,623	15,773	45,850	122,558	.50	.13	.37

\* Revenues and Expenses of Associated Co. Ltd. are not gross figures, but are only the Telephone Company's portion.



CALIFORNIA RAILROAD COMMISSION  
INTER-OFFICE CORRESPONDENCE

SAN FRANCISCO

July 20, 1943.

File No. S-390

Subject: Review of Telephone Directory  
Practices of Associated Tele-  
phone Company, Ltd.

Mr. A. B. Fry,  
Telephone and Telegraph Engineer.

The above study has been established to cover a review of the Associated Telephone Company directory practices.

I am attaching a copy of a memorandum left by Mr. C. F. Mason at my office on July 9th covering their views on the subject.

At a convenient time after you have read the memorandum, I should like to discuss the matter with you.

*E. F. McNaughton*  
E. F. McNaughton, Director,  
Public Utilities Department.

Attachment.  
EFM:CAO

POL records  
372512705

SECRETARY OF STATE, KEVIN SHELLEY  
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