



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION OF)
UNITED TELEPHONE COMPANY OF NEW JERSEY,)
INC. d/b/a CENTURY LINK AND DEX MEDIA, INC. FOR)
FULL OR PARTIAL WAIVER OF REGULATIONS)
APPLICABLE TO TELEPHONE DIRECTORY)
DELIVERY AND DIRECTORY CONTENT)
ORDER OF APPROVAL

DOCKET NO. TW16070680

Parties of Record:

Angelo J. Genova, Esq., Genova Burns Attorney for United Telephone Company, Inc. d/b/a Century Link and Dex Media, Inc.
Zsuzsanna E. Benedek, Esq., Attorney, on behalf of CenturyLink
Brooks E. Harlow Esq., Attorney, on behalf of Dex Media, Inc.
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

This matter concerns a petition by United Telephone Company of New Jersey, Inc. d/b/a CenturyLink and Dex Media, Inc. (individually, "CenturyLink", "Dex Media", and collectively, "Petitioners"), seeking rule waivers of the New Jersey Board of Public Utilities (the "Board") pertaining to the content and delivery of printed paper directories ("print directories") distributed in Century Link service area. By this order, the Board approves the rule waivers pursuant to N.J.A.C. 14:1-1.2.

BACKGROUND

On July 22, 2016, Petitioners filed a joint verified petition with the Board requesting a waiver of certain provisions of N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8 and N.J.A.C. 14:10-7.3 (collectively, the "directory rules") to digitize white pages directory content to on-line media and discontinue the publication and distribution of print directories in CenturyLink service areas.¹

¹ Petitioners also filed a motion to permit the admissions *pro hac vice* of Zsuzsanna E. Benedek, Esq., a member in good standing of the bar of the Commonwealth of Pennsylvania, on behalf of CenturyLink, and Brooks E. Harlow, Esq., a member in good standing of the bars of the States of Washington and Oregon, on behalf of Dex Media. The motion will be granted by separate order.

The Board's directory rules require regular publication and distribution of a printed paper directory, including a residential white pages listing of all customers (except unlisted numbers at customers' request and public telephones), to all service area customers. The directory rules also require directory content to include calling instructions, emergency numbers, and customer rights ("front of book information").

CenturyLink has a publishing contract with Dex Media² to fulfill its obligations under the directory rules. In accordance with the directory rules, Dex Media currently publishes and delivers print directories to CenturyLink service area customers. The directories include the white pages directory, containing an alphabetical listing of all residential and business customers with published numbers. The directories also include the content and information required by the directory rules subject to this waiver application, N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8, and N.J.A.C. 14:10-7.3. Distribution is based on an annual "saturation delivery"³ to area zip codes that overlap with the CenturyLink service areas. Dex Media thus distributes and delivers business and residential white pages print directories on a saturation basis. In another service area, Dex Media operates under a rule waiver similarly providing print directories of residential white page listings only upon request to Verizon customers.⁴

According to Petitioners, both nationally and in New Jersey, the telephone market has undergone revolutionary changes since Board adoption of its directory rules. With the widespread use of wireless phones, telephone numbers are now accessed differently than in the past. There is a proliferation of alternative sources for obtaining telephone numbers and information, such as internet directories and wireless and wireline devices. Petitioners, therefore, assert that print directories are not as valued by New Jersey consumers because 52% of households are wireless only and up to 60% of households are no longer listed in traditional white pages.⁵ Under the waiver proposal by Petitioners, customers must specifically request a paper directory during the period to transition customers from print to digital directories and print directories will ultimately be eliminated.

² Dex Media, a directory publisher for incumbent local exchange carriers ("ILECs") in nationwide markets, publishes telephone directories in digital format for on-line media and traditional print directories with white and yellow pages bound.

³ A saturation delivery is an initial delivery of a traditional print directory to all residences and businesses in the directory coverage area, even where only half of the delivery location customers are actually served by the ILEC.

⁴ The Board previously approved a waiver of its directory rules to eliminate delivery of print directories of residential white pages listings to Verizon customers except upon request. I/M/O Verizon New Jersey's Petition for Waiver of New Jersey Administrative Code Regulation 14:10-1A.5 Subsections (a) and (b) Pertaining to the Publishing and Distribution of Telephone Directories, Order of Approval, BPU Docket No. TO10040255 (September 16, 2010).

⁵ Petitioners state that today consumers can obtain voice service from ILECs, and competitive local exchange companies ("CLECs") in some areas, wireless or commercial mobile radio service ("CMRS") companies, and voice over internet protocol ("VoIP") providers over Internet networks. As such, New Jersey consumers have gained much greater access to alternatives to traditional printed directories for listings and information. Petitioners further state that any household with a device that can connect to the Internet has the ability to obtain directory information from a wide variety of sources other than print directories. Even households, Petitioners believe, without Internet access have competitive options to print directories, by using one of the toll-free information services at no cost or charge. Petitioners additionally argue that changes in telecommunications markets and consumers' migration from traditional ILEC lines to CMRS and VoIP have led to a large decline in usage of print directories because only ILEC listings are typically available for inclusion in the traditional directories—especially residential listings. Thus, petitioners argue that directories are less complete today.

Dex Media additionally states it seeks flexibility to meet changes in market demand by providing print directories only to those who still need and use them. Dex Media certifies to a precipitous drop in interest in print directories across demographic groups, however stating that rural customers tend to remain interested in print directories. As Dex Media anticipates rural interest in print directories will wane, Petitioners maintain the public interest is nonetheless best served by a directory rules waiver to allow for digital format publication consistent with the means a majority of consumers access listing information today. While Petitioners contend no customers will be harmed by the waiver because many customers do not use print directories and close to 100% of customers access telephone numbers on their wireless devices, Petitioners request the waiver apply to distribution of CenturyLink's full print directory so as to enable Petitioners to more efficiently and effectively identify the needs of customers still using print directories.

If the Board approves the waiver, Petitioners have indicated their willingness to comply with notice and reporting requirements. Dex Media proposes to continue to regularly update and distribute on-request print directories, including yellow pages, business white pages, government pages, and consumer guide pages, for provision to requesting CenturyLink customers only until saturation deliveries are phased out. Petitioners propose a 36-month phase-out period, during which time the Board will be given a 90-day advance notice of its decisions to cease distribution of print directories completely in markets where print directory requests fall below 2% of the total number of deliverable print directories. Dex Media proposes to notify the Board of any market-based decision to reduce saturation delivery and CenturyLink proposes to provide a bill message to retail customers of the option to obtain an on-request paper directory at no cost. Dex Media also proposes to continue to publish the front of book information and content required by Board rules in the digital versions of the directories and in requested paper copy directories. Dex Media proposes to notify the Board within 90 days of its decision to reduce saturation delivery in a directory coverage area, providing: (i) the decision date to reduce saturation delivery in the market; (ii) a description of the affected service area(s) referencing the directory title and area code(s); and (iii) the number of print directory requests for the affected areas (after the first year of implementation or beginning in 2017). Dex Media further proposes to notify the Board within 90 days of the sunset of the on-request print directories, providing: (i) the date on-request delivery was stopped; (ii) a description of the affected service area(s) referencing a zip code list; and (iii) the number of annual on-requests printed directory deliveries in the 12-month period immediately preceding the date that Dex Media ceased deliveries.

In addition to revising or waiving rules covering residential white pages, several states revised, deregulated, or waived rules thus allowing business and government white pages, consumer guide pages, and other listing and content requirements to be published on-line in a digitized format. Such states include Illinois, Minnesota, New York, Oregon, South Dakota, and Washington. Thus, states that once required print directories have modified or eliminated that requirement in response to technological changes and usage trends.

On August 16, 2016, the New Jersey Division of Rate Counsel ("Rate Counsel") served discovery requests to Petitioners. Staff of the Board of Public Utilities ("Staff") thereafter issued a discovery request to Petitioners. Petitioners responded to all discovery requests propounded.

By letter dated September 29, 2016, Rate Counsel filed comments that it did not oppose the waiver provided certain conditions were imposed by the Board. Rate Counsel requested that approval of the waiver be conditioned upon: (1) implementing the conditions outlined in the Joint Petition at paragraphs three and four, pp. 3-4; (2) provide the same notification of changes and directory options available to the CLECs that have interconnection agreements with

CenturyLink and advise/request that each CLEC provide notice to their end-user customers; (3) include in the proposed Bill Message/Notice language cited at paragraph 27, page 12 of the Certification and the toll-free information service telephone number provided at paragraph 28, page 13 of the Certification; (4) provide to the Board with copy to Rate Counsel at least 60 days before notification goes out to a CenturyLink affected service area market customers a sample Bill Message/Notice and the service area(s) affected; (5) provide quarterly status reports to the Board with copy to Rate Counsel, on the number of customer complaints CenturyLink or Dex Media receives, as well as the number of customer requests it receives for print or digital residential, business and government directories; (6) require CenturyLink under this docket to monitor and provide to the Board with copy to Rate Counsel, the number of 411 calls received on a quarterly basis, distinguished by customer group: business and residential; and (7) require CenturyLink to undertake expanded outreach effort for seniors and other residential customers throughout their service area to inform them of this change. Such outreach should include publication of messages in at least three publications with high senior subscription levels (i.e., New Lifestyles, AARP Magazine, Healthy Aging) as well as publication of the Customer Notice in area newspapers, and providing proof of publication to the Board and Rate Counsel.

Rate Counsel recommended that quarterly reports be filed for a minimum 2-year period following any approval to ensure a monitored, orderly transition. Rate Counsel further recommended the applicability of the rule waiver be re-visited on a going forward basis with notice to Rate Counsel and termination subject to Board approval. Rate Counsel additionally recommended the Board clarify whether the approval is a partial waiver of the rules to the extent that it would only relieve the obligation to provide "print" directory information under the strict parameters of the proposed phase-out plan, noting the post 36-month phase out period. Petitioners remain obliged to provide, at no cost to the customer, on-line digital format (i.e. USB a/k/a flash, stick or thumb drive) directories that include residential, business and government white pages, yellow pages and consumer guide pages information currently provided in print directories.

Rate Counsel additionally argues any approval of a waiver could result in a reduction in service. Rate Counsel, therefore, requests that a Board determination be made on whether to hold a public hearing or whether the public should be afforded with an opportunity for comment.

On October 5, 2016, Petitioners circulated a proposed form of agreement to the parties.

On October 17, 2016, Rate Counsel filed updated comments by way of a reply. Rate Counsel requested that CenturyLink provide written notification to the CLECs it interconnects with. Rate Counsel further requested the Board and Rate Counsel receive a copy of the actual notice to be mailed to customers and that Petitioners be required to file proof of publication. Rate Counsel recommended that CenturyLink file quarterly reports reflecting the number of customer complaints received in connection with the reduction and phase-out of print directories. Rate Counsel recommended that quarterly reporting of 411 calls be limited to local calls and monitored for a 2-year period after saturation delivery curtailment. Finally, Rate Counsel recommended notifying customers in rural parts of New Jersey by publication in 2 area newspapers at least 30 days prior to delivery curtailment.

On November 14, 2016, Petitioners and Rate Counsel reached a negotiated settlement subject to certain conditions including notice and reporting requirements.

To that end, the Board has reviewed Rate Counsel's request for public comment or public hearings and determines they are not necessary. There is no legal requirement to hold public

hearings. The Board is satisfied that the record is complete and further comments will not enhance the record. Petitioners have provided sufficient and significant information. Petitioners have responded to discovery requests propounded by Rate Counsel and Board Staff. All parties reached a negotiated settlement with Rate Counsel, the public representative for ratepayers, on significant conditions attendant to any Board approval of a waiver.

DISCUSSION AND FINDINGS

The Board is authorized to waive its rules pursuant to N.J.A.C. 14:1-1.2. N.J.A.C. 14:1-1.2(a) provides the rules shall be liberally construed to permit the Board to effectively carry out its statutory functions and to secure just and expeditious determination of issues. N.J.A.C. 14:1-1.2(b)(1) provides the Board may, for good cause shown, relax or permit deviations from these rules provided full compliance with the rule(s) would adversely affect the ratepayers, the ability of a regulated entity to continue to render safe, adequate and proper service, or the interests of the general public.

Petitioners have requested a waiver of portions of the Board's rules at N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8 and N.J.A.C. 14:10-7.3 in order to provide white pages directory content in a digital format for on-line media and to discontinue the publication and distribution of print directories. N.J.A.C. 14:10-1A.4, in part, states:

- (a) ILECs shall publish telephone directories regularly, listing the name, location and telephone number of all customers whose numbers are provided to the ILEC, except telephone service not published at customers' request and public telephones.
- (b) Upon publication, the ILEC shall distribute a copy of each directory to all customers within the service area covered by the directory, and shall furnish a copy of each directory to the Board Secretary.

Additionally, N.J.A.C. 14:3-3A.8(i) provides, in part, that notice of the partial payment allocation rules in (h) above shall be printed in the Customer Guide Section of the telephone utility's directory. And N.J.A.C. 14:10-7.3(3)(f) provides subscribers to local telephone service in the State are to be advised of these rules through inclusion in the informational consumer guide pages in the front of local telephone directories.

As stated, N.J.A.C. 14:10-1A.4 requires the publication and distribution of print directories, listing all customers (except unlisted numbers at customers' request and public telephones) and containing certain customer information and notices, to service area customers. N.J.A.C. 14:3-3A.8 and 14:10-7.3 require directory content inclusion of calling instructions, emergency numbers, and customer rights ("front of book information"). The directory rules thus subject to waiver are N.J.A.C. 14:10-1A.1, N.J.A.C. 14:3-3A.8(i) and N.J.A.C. 14:10-7.3(3)(f).

The Board agrees with the Petitioners that technological advances have dramatically changed how printed media is delivered and consumed. Moving from saturation delivery to a more targeted approach will likely result in a meaningful reduction of unused paper in the refuse stream. The Board notes that not every rural household has access to the internet, as acknowledged by Petitioners. To address this concern and to ensure that all CenturyLink customers still have reasonable access to white pages listings and other information, Petitioners have agreed to adhere to a number of enhanced notice and reporting requirement conditions.

Having reviewed the record in its entirety, the Board **HEREBY APPROVES** a waiver of its directory rules and **FINDS** the enhanced notice requirement conditions proposed by Petitioners

and Rate Counsel to be both reasonable and in the public interest. Further, to ensure that the Board can effectively monitor this transition and address any customer inquiries, the Board adopts and **FINDS** the reporting requirement conditions to be both reasonable and in the public interest.

Specifically, in order to protect the public interest during the transition to digital directories for CenturyLink as approved by this order, the Board adopts the following enhanced notice and reporting requirement conditions offered by Petitioners and Rate Counsel.

Notification Requirements

1. In a local market where saturation delivery has been curtailed, Dex Media will continue to make printed paper directories available at no charge to CenturyLink customers on an “upon request” basis for the longer of a 36-month transition period after that market is identified, or until the annual requests for a paper directory drop below 2% of the number of directories delivered to customers as part of the last saturation delivery.
2. After the Board has been notified of an upcoming decision to reduce saturation delivery in a market as proposed below, CenturyLink will:
 - a) provide a bill message advising retail customers of the option to obtain an on-request paper directory at no cost. The bill message will be substantially similar in form to the example in Appendix A to this order and will be provided to customers in an affected market in the billing cycle just prior to, during, or as close as practicable to the expected distribution timeframe for their directory;
 - b) provide a reminder notification to its CLEC customers in accordance with accepted industry standards and practices, enabling CLECs to notify their end-user customers accordingly, at least 60 days prior to the start of the expected distribution timeframe; and
 - c) within 60 days of the effective date of this order, CenturyLink will post a notice via a web-based standard messaging system used in the industry that print telephone directories will be transitioned to digital formats for certain areas, consistent with this order, and advising CLECs to notify their end-user customers accordingly. The notice will be maintained for at least 60 continuous calendar days.
3. Pursuant to its publishing contract with CenturyLink, Dex Media will continue to publish the front of book information and content, as required by the directory rules, on its websites in the digital versions of the directories and in the paper versions of the directories that will be provided on request.
4. Contemporaneous with saturation delivery reduction in an area served by CenturyLink, CenturyLink and Dex Media will undertake reasonable efforts to notify the public via mass media outlets of the changes and how affected customers may obtain a printed directory at no cost, which will include press releases to a minimum of two newspapers in New Jersey or CenturyLink’s service areas and public notices in the form of display or classified

advertisements in at least two New Jersey publications, at least one of which shall be a publication targeted to senior citizens, provided that such a publication accepts such notices for publication only in New Jersey.

5. Dex Media will provide to the Board with copy to Rate Counsel a proof of press notice publication.

The Board **FINDS** that these enhanced notice requirement conditions will serve the broader public interest as well as provide reasonable protection to CenturyLink customers with little or no access to the internet.

Reporting Requirements

To ensure that the Board can monitor the transition from paper to digital directories for CenturyLink, the Board adopts the following conditions:

1. Dex Media will notify the Board and copy Rate Counsel within 90 days of Dex Media's decision to reduce saturation delivery in a directory coverage area. The notice will include:
 - a. The date the decision to reduce saturation delivery in the market(s) was made;
 - b. A description of the affected area(s) (market(s)) that includes the directory title, and area code(s) included therein; and
2. For two years after the commencement of delivery in an area where saturation delivery is curtailed, CenturyLink and Dex Media will provide to the Board (with a copy to Rate Counsel) quarterly reports detailing the number of print and digital format/USB directory requests received.
3. Dex Media shall notify the Board and copy Rate Counsel within 90 days of the sunset of print on-request. The notice shall include:
 - a. The date upon which on-request delivery was stopped;
 - b. A description of the affected area(s) (market(s)) that includes a list of each zip code included therein; and
 - c. The number of annual requests for paper directory deliveries in the 12-month period immediately preceding the date that Dex Media ceased offering upon request deliveries.

The Board **FINDS** that the reporting requirement conditions, detailed above, will ensure the protection of the public interest during the transition.

CONCLUSION

Based on the record presented and pursuant to N.J.A.C. 14:1-1.2, the Board **FINDS** that Petitioners have shown good cause to digitize white pages directory content to on-line media and discontinue the publication and distribution of printed paper directories in CenturyLink service areas. The Board therefore **APPROVES** a partial waiver of N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8 and N.J.A.C. 14:10-7.3 subject to Petitioners' adherence to the enhanced

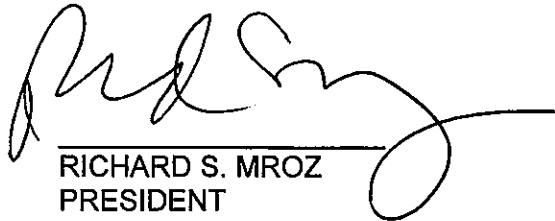
notification and reporting requirement conditions. The partial waiver is granted with respect to digitizing white pages directory content to on-line media in CenturyLink service areas. The partial waiver is granted with respect to discontinuation of the publication and distribution of print directories in CenturyLink service areas, as conditioned above. The partial waiver does not relieve Petitioners of other obligations set forth in the directory rules.

The Board may, after review of the requested information set forth above, re-visit the applicability of the rule waiver on a going forward basis.

This Order shall become effective on December 22, 2016.

DATED: 12/12/16


BOARD OF PUBLIC UTILITIES
BY:



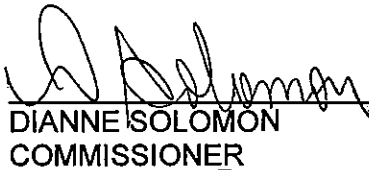
RICHARD S. MROZ
PRESIDENT



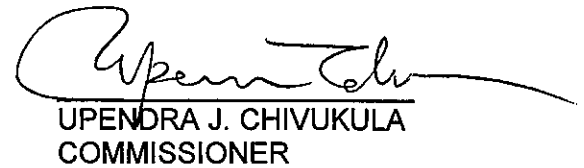
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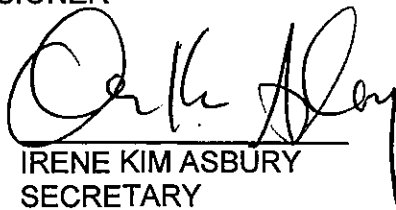
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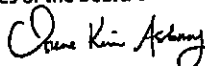
DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



APPENDIX A

Important News from CenturyLink About Your Service

Future delivery of CenturyLink print directories may be reduced in certain areas and printed directories will only be provided upon customer request. Digital versions of your directory are accessible free of charge at www.dexpages.com. You can obtain a print copy of your local directory at no charge by calling 800-888-8448. You can always let us know if you do not want a printed directory by visiting www.yellowpagesoptout.com.

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