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December 6, 2013

Burl W. Haar Executive Secretary Minnesota Public Utilities Commission 121 7th Place East, Suite 350 St. Paul, Minnesota 55101-2147

#### RE: Comments of Dex Media, Docket No. P999/R-13-459

Dear Dr. Haar:

Attached are the Comments of Dex Media in the following matter:

Possible Amendment to Rules Concerning White Pages Directory Publication and Distribution.

Sincerely,

Jugoy a Lidnigson

Gregory A. Ludvigsen

Attach

## BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger Phyllis A. Reha David C. Boyd J. Dennis O'Brien Betsy Wergin Chair Commissioner Commissioner Commissioner

# AFFIDAVIT OF SERVICE

STATE OF MINNESOTA ) ) ss COUNTY OF RAMSEY )

I, Gregory A. Ludvigsen, hereby certify that I have this day, filed a true and correct copy of the following document on the Minnesota Public Utilities Commission web site at St. Paul, Minnesota.

Dex Media East, Inc.

# Comments of Dex Media, Docket No. P999/R-13-459

Dated this 6<sup>th</sup> day of December, 2013

Jugoy a. Lidnigson

Gregory A. Ludvigsen

#### BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger Nancy Lange David C. Boyd J. Dennis O'Brien Betsy Wergin Chair Commissioner Commissioner Commissioner

In the Matter of Possible Amendments to Rules Concerning White Pages Directory Publication and Distribution

DOCKET NO. P-999/13-459

## <u>COMMENTS OF DEX MEDIA IN SUPPORT OF AMENDMENTS TO RULES</u> <u>RE: WHITE PAGES DIRECTORY PUBLICATION AND DISTRIBUTION</u>

## I. <u>INTRODUCTION</u>

Dex Media East, Inc. (hereinafter "Dex Media")<sup>1</sup> welcomes this opportunity to comment in response to the Commission's notice and Request for Comments published October 14, 2013 ("Request"). Dex Media appreciates the Commission's initiative and willingness to modernize its directory rules in light of the massive changes in how consumers use—or in the case of residential white pages, do not use—directories and the numerous alternatives to traditional printed telephone directories for looking up residential numbers.

While the working draft proposed amended rules ("Working Draft") suffers from a small handful of unintended and untoward consequences, they are an excellent start toward realigning the Commission's existing rules with the rapidly evolving public

<sup>&</sup>lt;sup>1</sup> Since it filed the petition that led to the opening of this docket in January, 2013, Dex Media's parent, Dex One Corporation, concluded its merger with Super Media, Inc. The combined entity is now known as Dex Media, Inc., and is the largest publisher of printed telephone directories in the U.S. Dex Media East, Inc. remains the operating subsidiary responsible for publishing directories in Minnesota.

interest. With a few minor changes, the Working Draft could be workable and would be a vast improvement over the current directory rules. However, the Request notes that the Commission is likely to consider, "eliminating the requirement that local service providers deliver printed directories," and the public interest would certainly support an even more deregulatory approach.<sup>2</sup> Over 30 states have never regulated directories or allow upon request delivery under rule changes or waivers.<sup>3</sup> No reports of material problems have arisen in any of those states.

In these comments, Dex Media will first provide background from its many decades of experience and its current position as the largest publisher of printed telephone directories in the U.S. Next, Dex Media will address the Commission's questions in the Request. Finally, Dex Media will discuss specific proposed changes to the Working Draft that would be necessary for the amended rules to be practical and workable for local service providers and directory publishers.

## II. <u>BACKGROUND RE DEX, CHANGING USAGE OF RESIDENTIAL</u> <u>WHITE PAGES, RESPONSE OF OTHER STATES, AND EXPERIENCE</u> <u>WITH UPON-REQUEST DELIVERY.</u>

#### A. <u>Background and Experience of Dex Media.</u>

Dex Media and its predecessors and affiliates have been in the business of publishing telephone directories since 1886. Dex Media and affiliate companies are successors to the publishing arms of a number of local exchange companies ("LECs"),

<sup>&</sup>lt;sup>2</sup> For example, Dex Media fully supports the comments of Frontier Communications of Minnesota, Inc. ( "Frontier").

<sup>&</sup>lt;sup>3</sup> Including: Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Indiana, Kansas, Maryland, Michigan, Massachusetts, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin.

including CenturyLink and Frontier in Minnesota. Through a series of sales, larger ILECs in the U.S. have sold their directory publishing businesses to independent publishers such as Dex Media. Dex Media publishes directories for incumbent LECs in 43 states and the District of Columbia, serving approximately 850 markets with over 1,700 directories published.

In addition, as consumers have come to rely more on the Internet and less on print media for name searches, Dex Media has supported evolving consumer needs by offering digital platforms such as DexKnows.com and Dex Mobile. Dex Media also publishes its print directories in a digital format at www.DexPages.com. This site provides those who prefer the traditional layout of print white and yellow pages a way to access any of Dex Media's directories from the convenience of their computers or smartphones, with the added benefit of keyword search and live links to online business profiles and websites.

In Minnesota, Dex Media acquired the publishing business of Qwest which is now part of CenturyLink, the nation's third largest provider of telecommunications services behind AT&T and Verizon. Pursuant to a contract between Dex Media and CenturyLink, Dex Media publishes the "official" directories for the CenturyLink telephone operating companies in Minnesota and several other legacy Qwest states. Dex Media also has competition from independent directory publishers and from increased consumer reliance on the Internet and mobile devices. Fortunately, yellow pages and business white pages continue to be an important advertising medium for small businesses and are still important resources for the majority of households. However, the tradition of universal distribution of residential white pages – a low-usage, low-utility product – especially in metropolitan markets is no longer in the public interest and needs to be changed.

## B. <u>Background Regarding Telephone Directories and Technological</u> <u>Changes and Usage Trends, Supporting a Need for Changes in the</u> <u>Commission's Directory Rules.</u>

For most of the more than 125 years that Dex Media has been publishing telephone directories, changes were evolutionary; *i.e.*, very small and slow-paced. In the last decade, changes have been truly revolutionary. The impact of these changes on the utility and use of residential white pages has been particularly profound. Thus, while over 60% of households make beneficial and valuable use of yellow pages today, Dex Media estimates that far less than 5% of households make any beneficial use of residential white pages.

There are several powerful and accelerating trends that have reduced both the use and usefulness of residential white pages. First, more and more consumers are choosing to drop their landline at home in favor of other telecommunications platforms, such as cell phones and voice over Internet protocol (VoIP). For example, according to federal government statistics, approximately 38% of U.S. households have no landline phone whatsoever and rely exclusively on cell phones. *Wireless Substitution: Early Release of Estimates From the National Health Interview Survey*, July–December 2012, Centers for Disease Control and Prevention (rel. June 20, 2013).<sup>4</sup> Cell phone numbers ordinarily do not appear in residential white pages directories.

Second, while many households still have a landline, nearly every household has a cell phone. Indeed, there are more cell phones in the U.S. than people. Those same cell

<sup>&</sup>lt;sup>4</sup> Available at: <u>http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201306.pdf</u>.

phones can store large volumes of phone numbers, serving as a substitute for print residential white pages directories. Even the most basic voice-only cell phones have this capability, not just smartphones. Many people automatically pick up their cell phone even when a landline is nearby because the call can be so easily completed with a touch of an icon or the called party's picture, or simply saying the name to be dialed. Also, with caller ID, cell phones and some landline phones have large capacities to store called and calling numbers, leading consumers to just redial numbers in their phones' saved numbers and call history records.

Third, consumers looking for residential telephone numbers can now find them easily on the Internet. For example, Dex Media publishes replicas of its traditional print directories (including residential white pages) on DexPages.com. Users of DexPages.com can view and "flip through" the online replicas of print directories as well as run searches by name or category and even download directories to their computers, tablets, and other devices. In addition, consumers can search for residential listings on DexKnows.com and Dex Mobile (available for download at DexKnows.com/Mobile). All of these websites and applications are available for download and use at no charge to users.

The overall result of technological change and increased privacy concerns is a much less complete set of listings for residential white pages than in years past. This fact, coupled with the rise of alternative means to look up numbers, has led to a steep decline in usage of printed residential white pages. In its waiver request at the New York Public Service Commission, Verizon cited a Gallup study showing that only 11% of households used stand-alone residential white pages in 2008. A similar 2005 study put

the number at 25%, illustrating just how rapidly usage of residential white pages has evaporated.

The numbers and trends in the Gallup surveys are bolstered by the experience of directory publishers, which have moved to upon-request delivery in other states. AT&T, which has been the most aggressive publisher in switching to upon-request delivery, has experienced extremely low request rates – sometimes less than one percent – for residential white pages in markets where it has moved to upon-request delivery. The request rates in upon-request markets reflect that despite the low usage numbers people report, the Gallup surveys are probably overstating the use of residential white pages.

These national trends are closely followed in Minnesota as well. CenturyLink's wired residential connections in Minnesota dropped from 1,517,252 lines in 2005 to just 978,548 in 2010 (the last year the FCC reported this data separately for CenturyLink in Minnesota), a drop of 36%.<sup>5</sup> Many of these residences switched to VoIP lines. By the end of 2013 (the most recent FCC report), there were 432,000 non-ILEC residential VoIP lines in Minnesota, compared to 904,000 *total ILEC* (CenturyLink and all other ILECs) residential access lines.<sup>6</sup> Dex Media typically does not receive VoIP phone numbers for publication, meaning that in many markets in Minnesota, over 45% of households that still have a hard-wired telephone are no longer listed in the residential white pages.

But the changes do not stop with the radical shifts in *types of wireline* providers, as ever growing numbers of Minnesota households are "cord-cutters," meaning they have dropped wireline service altogether. At the end of December 2012, Minnesota had

<sup>&</sup>lt;sup>5</sup> "Selected RBOC Local Telephone Data," as of 12/31/10 and 12/31/05, found at: <u>http://transition.fcc.gov/wcb/iatd/comp.html</u>.

<sup>&</sup>lt;sup>6</sup> "Local Telephone Competition, 11/13 Release, as of 12/31/12," Table 10, Residential End-User Switched Access Lines and VoIP Subscriptions by State as of December 31, 2012, found at: <u>http://transition.fcc.gov/wcb/iatd/comp.html</u>.

5,154,000 mobile telephony subscribers, nearly one for every person in the state.<sup>7</sup> And by 2011, 32.3% of Minnesota residents reported they lived in "*wireless only*" households.<sup>8</sup> Another 19% reported they were in "wireless mostly" households. In comparison, only 6.8% and 13% reported they were landline only or landline mostly, respectively.<sup>9</sup> Dex Media and other directory publishers receive almost none of the wireless listings.

With 32% of the cord-cutter households and over 45% of the wireline residences being VoIP and unlisted today, it is no wonder that many people have stopped using residential white pages. To begin with, the odds of *connecting with a person* by starting with a residential white pages lookup are *substantially less than 50/50* today in many markets.

## C. <u>The Industry's Response to Steeply Declining Residential White Pages</u> <u>Usage Trends Has Been to Switch from "Saturation" to "Upon-</u> <u>Request" Delivery.</u>

Starting about four years ago, LECs and directory publishers began to change how they distributed residential white pages. They began to discontinue traditional "saturation delivery," in which each and every household in a market was given a residential white pages directory. Instead, they started implementing "upon-request"

<sup>8</sup>"Wireless Substitution: State-level Estimates From the National Health Interview Survey, 2010–2011," at 7 (Oct. 12, 2012), <u>http://www.cdc.gov/nchs/data/nhsr/nhsr061.pdf</u>; "Wireless Substitution: State-level Estimates From the National Health Interview Survey, January 2007-June 2010,"

<sup>&</sup>lt;sup>7</sup> *Compare, id.*, Table 18, Mobile Telephone Facilities-based Carriers and Mobile Telephony Subscribers and <u>http://quickfacts.census.gov/qfd/states/27000.html</u>.

<sup>&</sup>lt;u>http://www.cdc.gov/nchs/data/nhsr/nhsr039.pdf</u>. (Apr. 20, 2011). 2011 is the most current state-level data published by the CDC. Nationally, the cord cutting trends have been very consistent and even accelerated slightly for the last few years. In the CDC report issued this June, national wireless only households increased from 34% at the end of 2011 to 38.2% at the end of 2012.

<sup>&</sup>lt;u>http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201306.pdf</u>. If Minnesota data from 2011 is extrapolated based on national trends, then close to 40% of Minnesota households may have "cut the cord" by the end of 2013.

<sup>&</sup>lt;sup>9</sup> The Landline numbers include VoIP as well as ILEC access lines.

delivery of the residential white pages, in which only households who requested them were provided copies. Typical request methods are online or by calling a toll-free number. As with traditional saturation delivery, the upon-request directories were and are provided and delivered free of charge to the consumer.

Dex Media began to implement upon-request delivery earlier last year, giving it the advantage of learning from the earlier adopters. The industry now has experience with upon-request delivery over multiple years, in roughly 100 markets across the nation. As discussed below, the switch to upon-request delivery has been universally successful; a win-win for the consumers, environment, and publishers.

## D. <u>The Public Is Sensitive to the Environmental Impacts of Unused</u> Directories and Other States Have Responded With Relaxed Regulation.

The public's environmental sensitivities toward print telephone directories have increased significantly in recent years. Although Dex Media's directories are fully recyclable and are produced with recycled and waste wood content, many consumers are increasingly concerned about receiving a hefty book every year that they may not use or want. The directory industry has faced legislative or regulatory pressure in many states and cities, including Minnesota, to limit the distribution of printed directories. While yellow pages and *business* white pages continue to be an important advertising medium for small businesses and relied upon by the majority of consumers, the number of users of *residential* white pages – a low-usage, low-utility product – has become almost negligible. Accordingly, 95% or more of consumers are likely to be concerned or

irritated by receiving a book they do not need or value and will not use even once before they discard it.

In response to the powerful and undisputed technological changes and usage trends discussed above, many states that have directory rules have relaxed or repealed their white pages directory delivery requirements. Some states have or had a rule that required delivery of a residential white pages directory to each telephone subscriber roughly annually; *i.e.*, saturation delivery. Some states do not have a regulation or statute that requires the annual delivery of white pages telephone directories to all landline subscribers. And in recent years, several states that required saturation delivery have repealed or relaxed the requirement to deliver print directories, including California, Colorado, Connecticut, D.C., Delaware, Florida, Georgia, Idaho, Indiana, Maryland, Massachusetts, Michigan, Nebraska, New Jersey, New York, New Mexico, North Carolina, Ohio, Oklahoma, Texas, and Washington. Typically, the trend has been to move from saturation delivery to upon-request delivery for white pages—also called "opt-in."

Many other states in recent years have allowed waivers from state regulations that require the delivery of print residential white pages directories to all customers. AT&T has pursued and received approval of waiver requests from public utilities commissions in many states, including Wisconsin (Docket No. 6720-GF-108), Missouri (Docket No. IE-2009-0357), Ohio (Docket No. 09-0042-TP-WVR), Kentucky (Docket No. 2009-00480), Florida (Docket No. 090082-TL), North Carolina (Docket No. P-55, Sub 1767), Kansas (Docket No. 11-SWBT-270-MIS), and Alabama (Docket No. 15957). Likewise, Verizon has pursued waiver requests in several states, including California (Resolution T-17302), New York (Case No. 10-C-0215), Virginia (Case No. PUC 2010-00046), and New Jersey (Docket No. TO10040255). This Commission granted a three-year waiver to Frontier in 2012.<sup>10</sup>

Louisiana recently modified its rule to permit upon-request delivery of white pages. Order No. R-31825, *In re: Possible Amendment to Section 501 A (c) and (e) of the White Page Directory Distribution Requirement,* (LA PSC, rel. June 20, 2012). And just this week, on December 4, 2013, the Colorado PUC voted to modify its saturation delivery rules to permit delivery of residential white pages upon request. (Col. PUC Docket No. 12R-1248T).<sup>11</sup>

The directory publishing industry has moved move aggressively in the last four years toward upon-request delivery for residential white pages where there are no state regulations requiring saturation delivery or where waivers or rule changes have been obtained. AT&T has moved to upon-request delivery for residential white pages in over 60 markets across at least 13 states, including Wisconsin (Milwaukee, Madison, Green Bay, Racine, Kenosha, Waukesha), Ohio (Columbus, Cleveland, Dayton, Akron), Indiana (Indianapolis, Evansville), Missouri (Kansas City, St. Louis), Oklahoma (Tulsa, Oklahoma City), Michigan (Grand Rapids), Kentucky (Louisville), North Carolina (Charlotte, Raleigh, Greensboro, Winston-Salem), South Carolina (Columbia, Charleston, and Greenville), Florida (Miami, Orlando, Jacksonville, Pensacola,

<sup>&</sup>lt;sup>10</sup> Order Granting Variance With Restrictions, *In the Matter of a Petition of Frontier Communications of Minnesota, Inc., et al., for a Variance of Rule 7810.2900 Regarding the Distribution of Telephone Directories, Dkt. No. P-405,407/AM-12-140 (Minn. PUC, issued July 27, 2012).* 

<sup>&</sup>lt;sup>11</sup> The final order has not been issued as of this writing. The Recommended Decision, which was adopted by the Commissioners with only very minor changes, can be found here: <u>https://www.dora.state.co.us/pls/efi/EFI Search UI.Show Decision?p dec=19233&p session id=</u>.

Gainesville, Daytona), Texas (Austin, Ft. Worth, San Antonio, Dallas, Houston), Georgia (Atlanta), Tennessee (Chattanooga, Memphis), and Alabama (Mobile). *See* AT&T's November 9, 2011 filing with the Alabama Public Service Commission (Docket No. 15957) and AT&T's online replicas of its print directories at www.realpageslive.com. In those AT&T markets, demand for residential white pages has been very low, with request rates of less than five percent in most markets and less than one percent for many markets.

Dex Media's predecessor SuperMedia, as the official publisher for Verizon, has made similar changes to residential white pages directories in recent years. SuperMedia has moved or will move to upon-request delivery for residential white pages for some directories in California, Connecticut, the District of Columbia, Delaware, Florida, Idaho, Massachusetts, Maryland, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia.

Dex Media's other predecessor, Dex One, also has experience with moving to upon-request for residential white pages. Last year, Dex One moved to full upon-request delivery in numerous markets in Arizona, Florida, Nevada, Oregon Utah markets. And in 2013, Dex One has moved to upon-request for residential white pages in the Seattle metro market and two regional areas in Washington state, as well as in Omaha, Nebraska. The request rates in these markets have generally been less than one percent.

After four years of experience in 100 markets and several publishers, it is clear the change has been largely welcomed, with very few complaints and no organized opposition from consumers or consumer groups. Demand for residential white pages in upon-request markets has been very low, now generally under one percent; down from two to five percent a few years ago. In AT&T markets where upon-request has been in place for more than a year, requests dropped by an additional 38% from year one to year two and by 51% from year two to year three.

# III. DISCUSSION OF QUESTIONS AND CONSIDERATIONS IN REQUEST.

# A. <u>Dex Media Responses to Commission Questions.</u>

The Commission posed the following questions to Commenters:

- 1. Should the Commission establish by rule whether electronically published directories should be accessible to the public or to a limited class of persons such as customers? If so, what should the Commission require? The working draft leaves this determination to each local service provider.
- 2. Should the Commission establish by rule the "default" format of directories (that is, the format of directories provided to customers who do not notify their local service provider of their preference)? If so, what should the Commission require? The working draft leaves the format determination to each local service provider for customers that do not specify a preferred format.
- 3. Should the Commission's rule distinguish between Business and Residential customers, either by requiring different default directory formats or by permitting local service providers to provide Business and Residential listings in different formats? The working draft leaves the default format determinations to each local service provider, and allows local service providers to publish some listings electronically, and others in print, if a customer does not specify a preferred format.

Dex Media responds to each question, in turn.

1. <u>The Commission should not establish rules on electronically published</u> <u>directories.</u>

While Dex Media could support the Working Draft with a few changes as

discussed below, overall the approach of the Working Draft is not favored. The Internet

has successfully evolved into a vibrant, robust, invaluable, and ubiquitous tool in almost a

complete absence of regulation. Directories and search engines are a big part of the many success stories of the public Internet. While the major search engines, such as Google, Bing, and Yahoo! focus on business listings, there are also a number of websites that provide free access to residential white pages listings, including DexKnows.com DexPages.com, WhitePages.com, and YellowPages.com. The free market is working and extension of directory regulations into the Internet is not needed, even if the Commission repeals its current directory rules.

Further, regulation of the Internet raises potential jurisdictional concerns, even as to the local service providers (or LECs) over which the Commission has regulatory authority. Assuming the Commission can regulate online directories provided by LECs operating in Minnesota, it would create a disparity between the LEC-operated online directories and the many directories operated by other entities. And by its nature, the Internet is agnostic to state and national boundaries. Trying to regulate a multi-state or multi-national directory provider's website in Minnesota is simply not practical. It would also limit innovation as directory providers seek to respond to shifts in customer needs and preferences and to competition.

Dex Media understands that the Working Draft's proposed regulation of electronic directories is well-intentioned. The Working Draft essentially attempts to extend the paper regulations into the electronic world. But as is discussed below, extending traditional regulations into the online world can cause unintended problems. Moreover, the Internet is a vibrant and continuously evolving medium. Regulations are slow-moving and unable to adapt to changes that occur online daily. Hobbling the LEC- affiliated online directory publishers with regulations that cannot possibly keep pace with online developments would put them at a significant competitive disadvantage.

If the Commission must adopt some form of online directory rule, it should keep the requirements to an absolute minimum as Washington state did earlier this year. The new rule in Washington is simple, and extremely narrow and limited. And the rule was adopted in conjunction with an equally simple and straightforward switch from mandatory saturation delivery to optional upon-request delivery of print directories. The operative provisions are:

(1) Basic local exchange service includes access to directory listings comprised of the name, address, and primary telephone number for each customer that the local exchange company (LEC) serves in a local calling area unless the customer requests to exclude some or all of this information from the LEC's directory listings.

(2) A LEC must ensure that its basic local exchange service customers have access to directory listings for the customers' local calling area by making those listings available electronically via a document, data base, or link on the LEC's web site. The LEC also must distribute or arrange to distribute printed directory listings to all of the LEC's customers who request a printed directory. A LEC is not otherwise required to distribute a printed directory.

Order Amending and Adopting Rule Permanently, General Order R-570, Appendix A,

Docket UT-120451 (Wash. Util. & Transp. Comm., Apr. 16, 2013). As can be seen, the

only requirement is to provide access online to name, address, and primary telephone

number of the LEC's customers. No particular formatting or other details are specified.

It could be a PDF or an Excel file.

The request raises the question of "the privacy issues that may arise from

electronic publication of directory information...." Privacy is a very challenging issue in

the Internet age. The Washington rule quoted above merely addresses what is known as "subscriber list information." *See* 47 U.S.C. § 222(e). Under federal law LECs are required to share subscriber list information with publisher on a "nondiscriminatory and reasonable" basis. *Id.* Accordingly, subscriber list information is inherently public under federal law and can be printed or put online. But LEC customers are protected by being able to request unlisted or non-published numbers. *See id.; see also* 47 C.F.R.

## § 51.216(c)(3)(iv).

Given the extensive federal regulation and prior preemptive actions in this area, Dex Media suggests that the Commission either not adopt regulations relating to online directories or, if it does, to limit the regulations to subscriber list information, as the Washington Commission did.

## 2. <u>The Commission should establish "upon-request" or "opt-out" as the "default"</u> <u>rule for delivery of print directories, if required.</u>

The Commission's original question is, "Should the Commission establish by rule the "default" format of directories?" Since Dex Media does not favor the adoption of any regulations governing electronic directories for the reasons discussed above and below, the short answer to this question would be "no." However, that is not particularly helpful. Instead, Dex Media suggests that a more useful inquiry is to make the focus of this proceeding whether the Commission should continue to have regulatory requirements mandating print directories at all, and, if so, address the most appropriate method of distribution of print directories in light of current usage patterns. Because nearly all states that have examined the issue have either de-regulated entirely or allowed LECs and publishers to move to upon-request delivery of printed residential white pages—with overwhelming success—those approaches should be the Commission's focus.

As the Commission notes in its Request, an important consideration is "the expense, materials, effort, and environmental consequences of distributing printed directories...." Through transition to upon-request delivery of residential white pages, <sup>12</sup> and in conjunction with other industry environmental efforts, directory publishers have reduced paper usage approximately 65% in the last 5 years. As recently as 2010 Dex Media studied the potential impact of switching from saturation delivery to upon-request for residential white pages in Minnesota. Based on a 5% request rate (which is much higher than expected), there would be a reduction of over 150,000 pounds of paper distributed annually. This would further result in the equivalent savings of over 150,000 gallons of oil and a reduce CO<sub>2</sub> emissions by almost 1,500 metric tons. There is also an associated cost savings, which benefits the public indirectly as LECs and publisher can redirect their financial resources to products and services that are much more widely used by consumers.

Next, the Request raises the issue of "the effect on customers who may prefer to receive printed directories, and on customers who may prefer to receive electronic directories...." The beauty of upon-request delivery of printed residential white page is that it targets consumer preferences precisely. Consumers who prefer printed directories receive them. Thus, there is no adverse impact on consumers of moving to upon-request distribution. And it is a proven approach. The lack of any measurable consumer

<sup>&</sup>lt;sup>12</sup> Residential white pages represent about 80% of printed white pages, so reduced distribution is a significant environmental and cost saving.

backlash in over 30 states and 100 markets after four years of experience establishes this fact conclusively. Frontier has taken this approach in Minnesota since 2012, apparently with great success here as well.

#### 3. The Commission Does Not Need To Appoint An Advisory Committee.

The Commission invited comments on whether to appoint an advisory committee to comment on the possible amendments. Dex Media does not see a need for encumbering the process with an advisory committee. Dex Media expects that all affected constituencies will be well-represented in the comments already. Unless it is made more complicated than necessary, the proposed change is not a challenging one, as Frontier's experience in this state and the experience of numerous other LECs in 30 other states have shown.

## IV. <u>DEX MEDIA SUGGESTS A LIMITED NUMBER OF REVISIONS TO</u> <u>THE WORKING DRAFT.</u>

Again, Dex Media hopes the Commission will consider simply repealing its directory rules, as suggested in the Request. Or, the Commission might adopt a much simpler approach such as the Washington Commission's recent amendments or similar to this Commission's own action granting a waiver to Frontier. Nevertheless, the Working Draft could be made to work, with some fine tuning. Attached as Appendix A is a redline of suggested further revisions. Dex Media's proposed changes are all shown in red font, also with insertions underscored with a wavy line and deletions shown by double strike-through.

While further deregulation is preferable, Dex Media believes the Working Draft rule would be workable with the changes proposed in Appendix A. And with the changes it would most definitely be a vast improvement over the current rule, which mandates wasteful distribution of printed residential white pages to all households, despite minimal usage. One advantage of fine tuning the Working Draft may be a speedier implementation of the much-needed rule changes. Roughly every six months Dex Media distributes directories in either Minneapolis or St. Paul. Each distribution cycle that passes without the new rules in place represents hundreds of thousands of pounds of wasted paper, publication, and delivery of unused residential white pages. The financial and environmental savings foregone can never be recouped.

Dex Media's first suggested change merely corrects a typo ("practical") in 7810.2900 Subp. 1. Next, in 7810.2900 Subp. 3. A, Dex Media suggests deleting the requirements to display in an electronic directory: "the area included in the directory, and the date the directory information was last updated." These provisions are a carryover of the rules pertaining to traditional printed directories. But they do not translate successfully to an online world. In the case of DexKnows.com, the "area covered" is literally 43 states. Online directories are not carved up geographically the way printed directories must be, since the size of the online databases is not an issue as in the print world. Likewise, online directories are often continuously updated. There is no resource constraint that requires that updates be limited to annually. The traditional publication date on the cover of the phone book is not needed online. Dex Media further suggests conforming changes to Rule 7811.0600 Subpart 1. F and 7812.0600 Subpart 1. F, to provide for updates "regularly" rather than annually. And Dex Media further suggests a conforming change to 7810.2900 Subp. 1. make it clear that the requirement to publish telephone directories "regularly" applies to both printed and electronic directories.

Next, in 7810.2900 Subp. 3. B Dex Media suggests deleting the requirement to provide emergency call information "prior to each directory search." This would essentially require a "pop-up," which is unpopular with consumers and would discourage usage of the online directory. In lieu of the deleted language, it is suggested that the emergency information can be provided by "a link" in addition to "display" as in the Working Draft. As an example, Appendix B to these comments contains a screenshot, showing the cover of the St. Paul directory. A link to "911" is in the upper right-hand corner. The second screenshot in Appendix B shows the emergency page to which the link on the cover directs the user's browser. It is an effective way to make emergency information available without being intrusive.

In Subp. 3.C. Dex Media suggests changing "telephone company" to "Local Service Provider." This simply conforms the language of the rule to definitions and terminology used elsewhere in the rules applicable to LECs.

Finally in 7810.2900, Dex Media recommends deleting Subp. 3.E., which would "prohibit automated remote access ... by a search engine indexer or data aggregator." Such a provision is fraught with potential problems, both technical and jurisdictional. Most importantly, it is fundamentally inconsistent with how the Internet works. Web pages must be made accessible to search engines for people to be able to find them without undue difficulty. Commercial providers of web pages, such as DexKnows.com cannot succeed in the marketplace if their web pages are not accessible to search engines. The concern reflected by this provision of the Working Draft appears to be customer privacy. But, as noted above, LECs are required by Federal law to make subscriber list information available to all directory publishers on a non-discriminatory basis—both those affiliated with the LEC, like Dex Media, and non-affiliated publishers. Accordingly, the majority of online publishers would not be subject to this rule as they are outside the scope of the Commission's jurisdiction. Therefore, the rule would provide absolutely no privacy protection but could hobble affiliated publishers with a regulation that would make their online publications less competitive.

Next, in 7810.2950 Subp. 1, Dex Media suggests deleting "intend to." The provider's intent is not relevant, only its actions. In Subp. 1.A., Dex Media recommends revising the proposed provision to eliminate the requirement of an "initial survey." Such a requirement would be so costly that Dex Media and others might find it less expensive to simply continue saturation delivery of residential white pages. And it is ironic, to say the least, that a rule change intended to reduce paper waste would likely involve the generation of hundreds of thousands of mailings, nearly all of which would be discarded with the recipients' "junk" mail. The same problems would occur with Subp. 1.D. The high cost, wasted resources, and almost certain overwhelming lack of response can be readily predicted. Dex Media further suggests changing "annually" in Subp. 1. D, to "regularly," again to conform to the requirements elsewhere in the rules that use the term "regularly."

Dex Media has tried limited surveys in the past, in areas with demographics that indicate potential for a higher response rate than the average household. Even in such cherry-picked areas, response rates are very low, only around 5%. So the high cost and paper would be almost totally a waste of resources. Dex Media already knows from its experience and that of other publishers what consumer demand for residential white pages looks like today. Demand is close to zero—generally less than one percent. No survey is needed given knowledge of the actual demand rates in 100 markets.

In lieu of the initial survey and annual notice provisions contained in the Working Draft, Dex Media suggests more generic and flexible notice provisions in Appendix A. Dex Media has modeled its messaging to consumers on that of the LECs and publishers that preceded it in moving to upon request. Because directories are a low-involvement product for consumers, the most effective messaging is contextual; *i.e.*, on, in, and around the directories themselves. Thus, in markets where Dex Media has switched to uponrequest, it gives notices on the Yellow Pages delivery bag, on the front cover of the Yellow pages, and at several prominent locations inside the Yellow Pages. Examples of the notices are provided in Appendix C to these comments. Because Dex Media—like most other publishers—continues to deliver Yellow Pages on a saturation basis, consumers receive effective and *contextual* notice of the need and means to request the delivery of a printed residential white pages, if desired.

The type of messaging illustrated in Appendix C has been proven very effective in 100 markets, including all of the markets Dex Media has converted to upon request delivery. The flexible changes Dex Media proposes would leave the details of notice to each LEC or publisher, recognizing that each serves different markets and has different practices and circumstances.

#### **Conclusion**

For the foregoing reasons, Dex Media respectfully requests that the Commission's rules be modified to permit upon-request delivery of residential white pages, through one or more of the options discussed above.

Respectfully submitted, on behalf of the Dex Media East, Inc., this 6<sup>th</sup> day of December, 2013.

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# APPENDIX A TO COMMENTS OF DEX MEDIA

## **Minnesota Public Utilities Commission**

## **7810.0100 DEFINITIONS.**

## Subp. 11a. Complete Directory.

"Complete directory" means a directory that includes the information compiled under Rule 7810.2900, subpart 1, whether printed, electronically published, or some combination thereof. A complete directory includes, but is not limited to:

- A. printed or electronically published business and residential listings; or
- B. <u>a printed subset of exchanges in a local calling area relevant to customers in</u> <u>a particular geographic area or community of interest, and publication of the</u> <u>remainder of the local calling area either electronically or in separate printed</u> <u>volumes.</u>

## Subp. 26a. Local Service Provider.

"Local Service Provider" or "LSP" means a telephone company or telecommunications carrier providing local service in Minnesota pursuant to a certificate of authority granted by the commission. Local service provider includes both local exchange carriers and competitive local exchange carriers.

## 7810.2900 FORM AND CONTENT OF DIRECTORIES.

## Subpart 1. Basic Requirements.

Printed or electronically published **F**telephone directories shall be regularly compiled and shall contain each customer's name, telephone number, and , if practical, address, except they shall not contain public telephone numbers or telephone numbers that are unlisted at the customer's request. Upon issuance, a local service provider shall distribute to all customers served by that directory a complete directory consistent with the customer option provisions of Rule 7810.2950. Upon commission request, a local service provider shall furnish to the commission a copy of each directory issued, whether printed or electronic.

## Subp. 2. Printed Directories.

Telephone directories shall be regularly published, listing the name, address when practical, and telephone number of all customers, except public telephones and numbers unlisted at customer's request. The name of the telephone utility, the area included in the directory, the year and month of issue, shall appear on the front cover. Information pertaining to emergency calls such as for the police and fire departments shall appear conspicuously in the front part of the directory pages. The directory shall contain such instructions concerning placing local and long distance calls, calls to repair and directory assistance services, and location of telephone company business offices as may be appropriate to the area served by the directory. Upon issuance, a copy of each directory shall be distributed to all customers served by that directory and a copy of each directory shall be furnished to the commission, upon request.

Printed directories shall:

- A. <u>display on the front cover the name of the local service provider, the</u> area included in the directory, and the year and month of issue;
- B. <u>display in the front portion of the directory information pertaining to</u> <u>emergency calls, including information for police and fire departments;</u> <u>and</u>
- C. <u>contain instructions, appropriate to the area served by the directory,</u> <u>concerning placing local and long distance calls, calls to repair and</u> <u>directory assistance services, calls to local, state, and federal government</u> <u>offices, and the location of telephone company business offices;</u>

# Subp. 3. Electronically Published Directories.

Electronically published directories shall:

- A. <u>display the name of the local service provider, the area included in the</u> <u>directory, and the date the directory information was last updated;</u>
- B. <u>display or provide a link to information pertaining to emergency calls,</u> including information for police and fire departments<del>, prior to each</del> directory search;
- C. <u>contain instructions, appropriate to the area served by the directory,</u> <u>concerning placing local and long distance calls, calls to repair and</u> <u>directory assistance services, calls to local, state, and federal government</u> <u>offices, and the location of <del>telephone company</del> Local Service Provider</u> <u>business offices;</u>
- D. <u>be prominently displayed on, and accessible to customers from, the</u> <u>company's website.<del>; and,</del></u>
- E. prohibit automated remote access, including but not limited to automated remote access made by a search engine indexer or data aggregator.

# 7810.2950 DIRECTORIES: CUSTOMER OPTION.

## Subpart 1. Customer Option.

A Local Service Provider may publish printed or electronic directories, or some combination thereof. Local service providers that do not intend to electronically publish directories shall distribute a printed directory to each customer, except where an offer is made and explicitly refused by the customer. A Local Service Provider that publishes an electronic directory must deliver a printed directory if that is the customer's format preference. Local service providers shall make available a complete directory to each customer., and shall:

- A. <u>conduct an initial survey of present each existing customers</u><sup>2</sup> an opportunity to establish a directory format preference at the time of publication of a new or revised format directory<del>prior to any directory format change</del>;
- B. <u>present each new customer an opportunity to establish a directory format</u> <u>preference;</u>
- C. permit a customer to establish or change their directory format preference at any time;
- D. <u>annually regularly notify customers of how to change the directory format</u> preference on record-and-how to change it;

## Subp. 2. When No Customer Option is Specified.

Local service providers shall determine whether customers who do not state a directory format preference will receive a printed directory, have access to an electronically published directory, or a combination thereof. Local service providers shall notify customers how the complete directory will be provided, including how to access any electronically published portion.

## 7811.0600 BASIC LOCAL SERVICE REQUIREMENTS. Subpart 1. Required services.

F. one white pages <u>complete</u> directory <u>per year</u>regularly for each local calling area, which may include more than one local calling area, <u>consistent with the customer option provisions of part 7810.2950 and</u>, <u>upon a customer request and in the customer's preferred format, one</u> <u>copy of any other directory within the local calling area</u>-or except where an offer is made and explicitly refused by the customer;

## **Statutory Authority:**

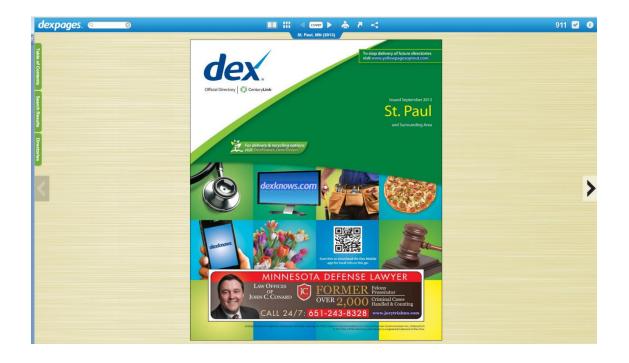
MS s <u>216A.05;</u> <u>237.10;</u> <u>237.16</u>

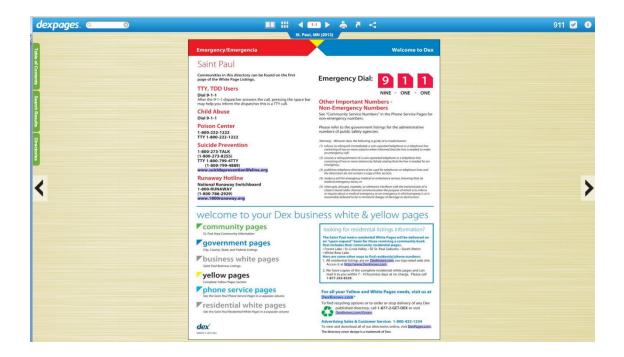
# 7812.0600 BASIC SERVICE REQUIREMENTS. Subpart 1. Required services.

F. one white pages complete directory per yearregularly for each local calling area, which may include more than one local calling area, consistent with the customer option provisions of part 7810.2950 and, upon a customer request and in the customer's preferred format, one copy of any other directory within the local calling area or except where an offer is made and explicitly refused by the customer;

**Statutory Authority:** *MS s* <u>216A.05;</u> <u>237.10;</u> <u>237.16</u>

## APPENDIX B TO COMMENTS OF DEX MEDIA

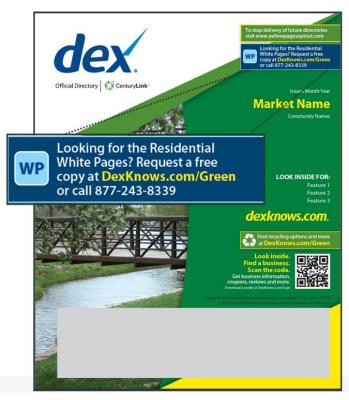




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## APPENDIX C TO COMMENTS OF DEX MEDIA







<section-header>

#### Looking for residential listings information?

Residential White Pages listings for your area will now be delivered upon request. You can access White Pages listing information in one of the following ways:

Residential listings are on DexKnows.com, access info by going to DexKnows.com and clicking on "Find a Person".
Visit DexPages.com for the electronic version of the directory.

• Request a free copy of the Residential White Pages by visiting DexKnows.com/Green or by calling 877-243-8339.