

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

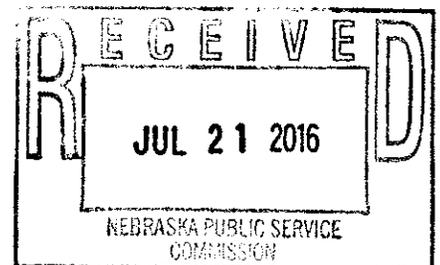
Petition of

QWEST CORPORATION DBA
CENTURYLINK QC, UNITED TELEPHONE
COMPANY OF THE WEST DBA
CENTURYLINK, AND DEX MEDIA, INC.,

For Declaratory Order or Waiver of
Commission Directory Rules

Docket No. _____

PETITION FOR DECLARATORY ORDER
OR WAIVER OF COMMISSION
DIRECTORY RULES



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I. INTRODUCTION AND BASIS FOR PETITION.

A. Petitioners.

Petitioners are Qwest Corporation, d/b/a CenturyLink, QC, United Telephone Company of the West d/b/a CenturyLink (together referred to herein as “CenturyLink” or the “CenturyLink Companies”) and Dex Media, Inc. (“Dex Media”) (collectively “Petitioners”). The CenturyLink Companies are local exchange companies (“LEC”) regulated by this Commission as exchange carriers. Dex Media is the “official” publisher of directories for the CenturyLink Companies in Nebraska pursuant to publishing contracts and must publish in accordance with the Commission’s regulations applicable to CenturyLink. Petitioners’ addresses are provided below.

B. Executive Summary.

CenturyLink and Dex Media respectfully submit this Petition for Declaratory Order or Waiver of Commission Directory Rules pursuant to Neb. Rev. Stat. § 75-118.01 (Reissue 2009), Neb. Rev. Stat. § 84.912.01 (Reissue 2008) and Neb. Admin. Code, Title 291, Chap. 1, § 019.01 *et. seq.* The Petition seeks a determination by the Nebraska Public Service Commission (the “Commission”) that Neb. Admin. Code, Title 291, Chap. 5, §§ 002.22A and 010.09; and Title 291, Chap. 10, § 006.07A (“Rules” or “Directory Rules”) should either be clarified or waived entirely or partially to permit compliance by digitally published directories, including online, rather than traditional paper printing and publication. The Rules, which originated years ago at a time when consumers had few options to obtain phone numbers or service information besides paper directories, are no longer in the public interest due to the plethora of options for customers today, both online and in print.

Today, there is a proliferation of alternative sources for obtaining telephone numbers and information. Consumers seek environmentally-sound options that minimize potential harms to the public interest. Print directories are no longer valued by all consumers and often are viewed as wasteful. Moreover, competitors' directories take full advantage of digital and online technologies. A transition to digital publication of directories is ripe for approval by the Commission and is in the public interest. By providing that the Rules can be satisfied either by digital or paper publications as described below, the Commission can quickly and simply retain the benefits of its Rules while minimizing their potential harms to the public interest in Nebraska.

C. Basis for Petition under Nebraska Laws and Rules.

This Commission was created and given broad powers by the Nebraska State Constitution:

There shall be a Public Service Commission The powers and duties of such commission shall include the regulation of rates, service and general control of common carriers as the Legislature may provide by law. But, in the absence of specific legislation, the commission shall exercise the powers and perform the duties enumerated in this provision.

Neb. Const., Art. IV, § 20. There is no specific law addressing the Rules which this Petition seeks to be clarified or waived. For the reasons discussed at length below, the Petitioners respectfully submit that a clarification or waiver is appropriate and in the public interest. If the Commission concludes it lacks the power to grant either form of relief sought, Petitioners respectfully request that it open a rulemaking to amend or repeal the Rules consistent with the relief sought herein.

Terms such as “written” and “print” have taken on an entirely new meaning that has moved beyond paper to the digital world both in common and legal parlance. In Nebraska, for example, the Legislature adopted the Digital Signatures Act more than 15 years ago. Neb. Rev. Stat. § 86-611. The Legislature embraced modernization of documents.¹ Thus, today even contracts and other legal “documents” no longer need to be in a paper format to have binding legal force and effect. *Id.* Since the Directory Rules are a creation of this Commission, it is within its power to interpret the term “print” in accordance with modern usage, *i.e.* to encompass not only paper but also digital publications.

II. DESCRIPTION OF CONTEMPLATED DIRECTORY CHANGES AND IDENTIFICATION OF POTENTIALLY RELEVANT RULES.

A. Directory Changes Contemplated by Petitioners.

As discussed in more detail below, Dex Media has steadily been transitioning from paper to online and digital directories in dozens of states, in order to keep up with consumer demand and its digital competitors. In Nebraska, the Commission authorized Dex Media to provide residential white pages online to customers in some CenturyLink markets in 2013, with print provided upon request.² Dex Media has implemented residential upon request in the Omaha market and the request rate in 2015 was just 0.78%. Since that Order and transition, technology advances and customer usage and tastes have continued to change. Dex Media must now begin

¹ “It is the intent of the Legislature to promote economic growth and the efficient operation of business and government in Nebraska through the electronic exchange of information and legally binding electronic transactions.” Neb. Rev. Stat. § 86-611(1).

² Order, *In the Matter of Dex One seeking a declaratory ruling*, Appl. No. C-4529/DR-0005 (Neb. PSC, Feb. 26, 2013) (the “Order”).

to move away from paper directories and move towards digital directories, and more broadly than just as to residential white pages.

Going forward, assuming this Petition is granted, Dex Media will begin to reduce saturation delivery of paper directories to some households and businesses in some geographic markets in the state, including some customers of CenturyLink. All subscribers will have access to the digital directory and those who request a print directory will receive one at no charge. The changes described here would be implemented only on a market-by-market basis as Dex Media determines the print directory needs in a particular market. No market will be fully digital; some quantities of paper directories will continue to be distributed.

In year one of a market to be transitioned, on or about the date that Dex Media would otherwise have conducted a saturation delivery, CenturyLink would include a bill message or insert advising its customers that paper copies of that market's affected directories are available upon a request made to Dex Media. The notice would include a toll-free number to make a request. Dex Media will continue to provide paper copies to customers on request as a transition, until the number of requests becomes so miniscule as to make the costs per book prohibitive.

Importantly, Dex Media will include in the digital directories the information required by the Commission's rules for as long as Nebraska maintains related regulatory requirements. And it will continue to include that information in the paper versions of the directories that will be provided to customers who request them.

B. Provisions of the Rules Implicated.

Petitioners respectfully seek a Declaratory Order either clarifying or, alternatively, fully or partially waiving certain Directory Rules³ which collectively require that telephone companies such as CenturyLink to provide certain “printed” information regarding NTAP, toll blocking, deposits, TTY and other access numbers, and the NSTEP program, among other things. Further, there is a requirement that: “[o]ne exchange alphabetical directory for each access line shall be made available, without charge, to all access line customers” and “revised at least annually.”⁴ The Commission has previously held that its Directory Rules do not require annual *delivery* to all access line customers, absent a request for one.⁵ But the Rules could be interpreted to require that when directories are “made available,” it must be in “print.” Before the advent of digital publishing and the proliferation of online sources for listings and other information, the Rules’ language, would have suggested to most people that paper is required. But Petitioners do not believe that the Commission has ever ruled that the Rules require paper publications, meaning that the question of the required publication media is one of first impression.

The Commission should either enter a Declaratory Order on the modern-day meaning of its Directory Rules or the requirements should be waived for the Petitioners, so that the Rule may be met by digital and online publication. To the extent directory and listing regulations retain some measure of public benefit, it readily and more efficiently can be provided by digital and online publication. Regardless of the form of relief adopted here, it should be to the extent

³ Specifically, Neb. Admin. Code, Title 291, Chap. 5, §§ 002.22A and 010.09; and Title 291, Chap. 10, § 006.07A.

⁴ Neb. Admin. Code, Title 291, Chap. 5, §§ 002.22A.

⁵ See Note 1, *supra*.

necessary to allow digital publication, the means by which nearly all consumers access directory listings and other directory information today.

III. BACKGROUND AND RELEVANT HISTORY.

Petitioners are CenturyLink, an incumbent LEC (ILEC) in the state, and Dex Media, a large directory publisher in the state. In Nebraska, Dex Media acquired the publishing business of CenturyLink's predecessor companies, Embarq and Qwest, pursuant to agreements executed in 2002 and 2003. CenturyLink does not have any financial interest in Dex Media.

Pursuant to publishing contracts, Dex Media publishes the "official" directories for the CenturyLink telephone operating companies in Nebraska. CenturyLink does not pay Dex Media for publishing telephone directories on its behalf. Rather, Dex Media bears the entire cost of publishing and distribution, using revenues from the sale of yellow pages advertisements to businesses. Yellow pages revenues have declined substantially in recent years, in large part due to the numerous alternatives that advertisers have to traditional paper directories.⁶

In 1878, just two years after Alexander Graham Bell invented his telephone, the first telephone directory in North America was published in New Haven, Connecticut. Over 100 years later, in 1996, Congress took the bold step of fully opening all telecommunications markets—including local service—in the U.S. to competition. Public Law 104-104; 110 Stat. 143 ("1996 Act"). Additionally, the 1996 Act sought to promote competition in the publishing of directories, by requiring phone companies to provide "subscriber list information" to any

⁶ For more details on Dex Media and its paper and digital publications serving Nebraska, see the Konidaris Decl., at ¶¶ 4-8, 13-14, 20-21.

directory publisher, “on a timely and unbundled basis, under nondiscriminatory and reasonable rates, terms, and conditions.” 47 U.S.C. § 222(e). The 1996 Act reserved to the states the ability to, “protect the public safety and welfare,” but only “on a competitively neutral basis.” 47 U.S.C. § 253(b).

Today, both the telephone and directory industries are vibrantly competitive, but have evolved and developed in ways that few could have predicted in 1996. In order to adapt to this new environment, Petitioners seek a Commission determination that allows them to make directories containing the listings and required information online, by clarifying or waiving the Rules to the extent necessary to transition to digital and online services.

IV. DESCRIPTION OF RELEVANT MARKETS TODAY.

The staid, simple, and limited environment for telephonic communications and information services that existed when the Commission’s Directory Rules were initially adopted, bears little resemblance to the world of today. It is well known that the number of voice connections provided by traditional landline service is now far less than the number of wireless connections, and that VoIP service is fast making inroads as well. These national trends are echoed in Nebraska.⁷ These shifts in the markets for voice to voice telecommunications greatly impact the use of traditional directories.⁸

⁷ See the Declaration of Jeronimos, “Mike”, Konidaris, ¶¶ 11-15 for details and data.

⁸ See *Id.* It should be noted that the Commission’s Rules, which the Joint Petitioners seek to have clarified, do not apply to the other providers such as wireless, whose cumulative voice market share is larger than certificated local exchange carriers.

Because only ILEC listings are typically available for inclusion in the traditional directories—especially residential listings—directories are necessarily less complete today given the massive shift of consumers from ILECSs to VoIP and CMRS. Accordingly, consumers today are much less likely to rely on print directories for basic number lookups and much more likely to turn to digital alternatives, especially on their cellphones.

The options for obtaining telephone numbers and other directory information are, if anything, even more numerous and more ubiquitous than for voice communications. Today, Dex Media, and other directory publishers that were formerly owned by the Baby Bells, face competition both from independent directory publishers and from increased consumer reliance on the Internet and mobile devices and applications. As with traditional yellow pages directories, these applications are advertiser-supported, so that consumers do not pay for searches or lookups.⁹

Even households without Internet access have alternative, competitive options to print directories, using their telephones. They can call traditional directory assistance for a small charge per listing. And they can also call one of the toll-free information services. The current market leader, which reportedly handles millions of calls every month, is 1-800-FREE-411. (<http://en.wikipedia.org/wiki/800-The-Info>). Any home with a telephone can call toll-free and get a listing for free, after listening to a short advertisement.

V. STATES' REGULATORY RESPONSE TO DIRECTORY USAGE TRENDS TO DATE.

⁹ For more details on competitive directory alternatives, see Konidaris Decl. at ¶¶ 21-25.

In response to the powerful technological changes and usage trends noted above, many states that formerly required a printed white pages directory to every telephone subscriber annually in a paper format (“saturation delivery”) modified or eliminated those requirements by rule change or waivers. Today, the majority of states that once required saturation delivery of paper white pages have modified or eliminated their requirements.¹⁰ Further, because the vast majority of consumers no longer want a paper residential directory, the widespread practice in the directory publishing industry is to deliver paper residential white pages only upon request of the consumer. Since 2012, Dex Media has delivered residential white pages directories only upon request in about 40 states.¹¹

What has been particularly remarkable about discontinuing the 100-year old practice of saturation delivery of residential white pages in so many markets is the scant consumer attention it has generated. It seems hardly anybody noticed. In not one of the dozens of states and hundreds of markets where saturation delivery ended did consumers raise any significant complaint. In most of the “upon request” states, well under 1% of Dex Media’s customer base requested a paper white pages directory in 2015.¹² In no state was it more than 1.5%. The

¹⁰ Including: Wisconsin (Docket No. 6720-GF-108), Missouri (Docket No. IE-2009-0357), Ohio (Docket No. 09-0042-TP-WVR), New Mexico (NMPRC Case No. 12-00237-UT), Washington (WUTC Dkt. UT-120451), 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), Colorado (CPUC Docket No. 12M-817T), Alabama (Docket No. 15957), and most recently Minnesota (MPUC Docket No. P-999/R-13-459). 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). Louisiana 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).

¹¹ Including: Arizona, California, Colorado, Connecticut, the District of Columbia, Delaware, Florida, Idaho, Indiana, Massachusetts, Maryland, Michigan, Minnesota, Nevada, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Virginia, and Washington.

¹² As noted above, the most recent request rate in Omaha was just 0.78%.

universally easy transition from saturation delivery to upon-request delivery of white pages directories in hundreds of markets nationally demonstrates that relaxation or elimination of the Directory Rules serves the public interest by allowing publishers to satisfy consumer needs and expectations at a lower cost and with less environmental degradation.

VI. LEGAL AND POLICY GROUNDS FOR THE PETITION.

A. Brief Review of the Historic Legal and Policy Bases for State Regulation of Directory Publishing.

Telephone service itself became regulated when it came to be viewed as an essential public service, for which subscribers then had no competitive alternatives. *See generally, The Economics of Regulation: Principles and Institutions*, Kahn, Alfred E. (reprinted by Mass. Institute of Technology, 1988). As for telephone directories, until recently they were considered an essential adjunct to the telephone service. And, until about the last 20 years, directories also faced little or no competition, like the utility service itself. Thus, regulation of directory publishing was a byproduct of regulation of the telephone industry. But, standing alone, the telephone directory business is not a utility business. With minor exceptions, states do not regulate and have not regulated any other kind of publishers.

B. State Law Does Not Require the Commission to Maintain Regulation Over Telephone Directories.

The Commission has great leeway as to the scope and specifics of regulation of telephone directories. There is no statute that requires directories. Thus, as industry and consumer behaviors change over time, this Commission has the authority to waive its Directory Rules, so as to best serve the public interest. The Nebraska legislature has not tied the hands of the

Commission with regard to making or waiving its regulations governing directories, thereby making them sufficiently flexible to meet the needs and practices of today's customers.

C. Given the Revolutionary Changes in Both Telecommunications and Directory Publishing Markets, Not Waiving the Commission's Legacy Directory Rules to Allow Digital Publication Would Not Be in the Public Interest.

As noted above, consumers today have alternatives to traditional wireline telephone service that did not exist just a few decades ago. Indeed, even two years ago 46.5% of the households in Nebraska had switched from any form of wired telephone service to CMRS only, with another 16% being CMRS mostly.¹³ To the extent consumers need or demand directories of some sort, competition and telecommunications market forces are more than adequate today to ensure their needs are met without the need for traditional paper directories supplied by the phone company. Digital media will not only suffice, it is already serving the public widely and well.

The Internet, used by 90% of all adults, provides a rich and diverse source of resources to look up the telephone numbers, competitive options for service, and consumer rights information under state laws and regulations—all free of charge. Even the first purpose of white pages directories—subscriber and number lookup—is no longer essential. At first blush, this may seem surprising. But when looking at the recent history, data, and structure of the market today, it is plain to see that for number lookups, traditional phone books are not only unnecessary, they are no longer used or even particularly useful. Only the advertising function of directories

¹³ From CDC National Health Interview Survey Early Release Program, 2014, Table 1
(http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless_state_201602.pdf)

(yellow pages) continues to be widely used, and even there, usage has declined; advertising revenues have dropped over 40% in the last 15 years,¹⁴ with further declines forecast for the next five years as digital advertising grows.¹⁵

Conclusive evidence that name and number directories are no longer needed to use telephone networks comes from the experience of the cellular industry. From the very beginning and continuing to today, wireless phone numbers have not been listed or published in any directory, whether paper or online. Moreover, the migration of many ILEC customers to cellular and VoIP service makes white pages much less useful. Today, the odds of being able to find a number in the residential white pages is *substantially less than 50/50*.¹⁶

D. The Legacy Regulations Impose Significant and Needless Costs and Threaten More Harm to the Public Interest than Any Ongoing Benefit.

In the absence of any continuing benefit of significance, the Commission's Directory Rules should be modernized through clarification or waiver to reduce ongoing regulatory costs and the risks of broader harms to the public interest in Nebraska. For example, even though Dex Media is only contractually required to deliver directories, which are used to meet the current Commission regulations, to about 40% the homes and businesses in the CenturyLink territories served, the significant benefits of receiving yellow pages directories are extended to nearly all

¹⁴ See, e.g., <http://www.bloomberg.com/bw/articles/2012-03-22/the-golden-allure-of-the-yellow-pages#p1>.

¹⁵ See, e.g., BIA/Kelsey, U.S. Local Media Forecast 2015 Spring Update (summary at: <http://www.localmedia.org/wp-content/uploads/2014/04/Ducey-BIAKelsey-2015-U.S.-Local-Media-Forecast-LMA.pptx>).

¹⁶ See Konidaris Decl. at ¶ 13.

homes and businesses.¹⁷ Thus, not just CenturyLink’s customers, but VoIP subscribers and “cord cutters” receive directories, business listings and other information they continue to use and value.

While traditional paper yellow pages are still an important resource for people and advertising,¹⁸ outmoded regulation of directories, such as by requiring print and paper rather than digital media, is contrary to the public interest. Declining revenues from yellow pages advertising force all directory publishers to cut costs. Absent ongoing and significant benefits, a rule that requires directories to be “printed” on paper media rather than allowing digital printing is unwise and contrary to the public interest. Flexibility to publish and distribute directories efficiently and economically based on actual demand for them—including customer’s media of choice—is needed. Dex Media and the LECs it serves have sought similar flexibility from several other states. To date, every state that has considered such a request has granted it.¹⁹

Finally, Dex Media and other LEC publishers need greater flexibility to satisfy environmental concerns. Nebraskans are justifiably proud of their efforts on behalf of the

¹⁷ See *In the Matter of Protecting and Promoting the Open Internet*, Appendix A, FCC 15-24 (rel. March 12, 2015). A few households, under 5% in most areas, have affirmatively requested not to receive any directories pursuant to the yellow pages industry’s “opt-out” program.

¹⁸ While paper directories are shrinking, as electronic searches proliferate, the industry still prints 422 million directories a year, and businesses still pay almost \$7 billion to advertise in them, as *Bloomberg Businessweek* reported in 2012. <http://www.bloomberg.com/bw/articles/2012-03-22/the-golden-allure-of-the-yellow-pages#p1>.

¹⁹ So far they include: Illinois, Minnesota, New York, Oregon, South Dakota, and Washington. Links to the rules or orders can be found here: <https://www.icc.illinois.gov/docket/files.aspx?no=16-0066&docId=243467>, <https://www.revisor.mn.gov/rules/?id=7810.2950>, <http://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?Mattercaseno=16-C-0190>, <http://apps.puc.state.or.us/edockets/docket.asp?DocketID=20002>, <http://www.puc.sd.gov/commission/orders/telecom/2016/TC15-069.pdf>, <http://apps.leg.wa.gov/wac/default.aspx?cite=480-120-251>.

environment. Dex Media wants to continue to deliver print products to customers that value and use them. That is “utility,” not “waste.” But delivery of millions pounds of content that likely will never be used is inherently wasteful of both scarce dollars and natural resources. To avoid this undue waste in rapidly changing markets, Dex Media needs the regulatory flexibility to switch to digital products, as and when it is prudent.

E. The Legacy Directory Regulations Distort What are Otherwise Competitive Markets, and Unfairly Disadvantage Certain Telephone Providers and Their Contracted Directory Publishers.

As discussed above, there are hundreds of potential sources for the information that is contained in directories, including other print directory publishers. But in any given locality in Nebraska, only one of those sources is subject to the Commission’s regulations. That is the directory affiliate or contractor of the serving ILEC—Dex Media in the case of CenturyLink. Thus, apart from distorting and inhibiting a competitive directory service market, the legacy regulations hinder fair competition in telecommunications markets, because the providers that now serve the majority of homes and business are not subject to the regulations, which consequently have become outmoded.

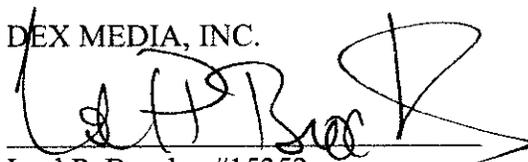
While Section 253 of the 1996 Act reserves to the states the power to “protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers,” they must do so “on a competitively neutral basis.” *Id.* (emphasis added). The Commission’s Directory Rules, if interpreted or applied to mandate print rather than allow digital formats, are no longer needed for the salutary purposes permitted and, more importantly, they are not competitively neutral.

VII. CONCLUSION.

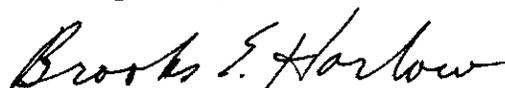
For the foregoing reasons, Petitioners respectfully request a Declaratory Order from the Commission either clarifying or waiving the Directory Rules (Neb. Admin. Code, Title 291, Chap. 5, §§ 002.22A and 010.09; and Title 291, Chap. 10, § 006.07A). The relief granted should be broad enough to permit compliance with digitally published directories, including online. Alternatively, if the Commission finds it lacks the power to clarify or waive the Rules, it should commence a rulemaking proceeding to repeal or amend the Rules in sufficient part to permit the Petitioners part to comply via digital publication.

Respectfully submitted this 21st day of July, 2016.

DEX MEDIA, INC.

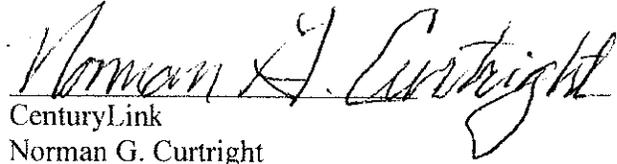


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CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 21st day of July, 2016, an original, five copies and an electronic copy of Dex Media's Petition for Declaratory Order were delivered to:

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Loel P. Brooks

BEFORE THE PUBLIC SERVICE COMMISSION OF NEBRASKA

Petition of

QWEST CORPORATION DBA
CENTURYLINK QC, UNITED TELEPHONE
COMPANY OF THE WEST DBA
CENTURYLINK, AND DEX MEDIA, INC.,

For Declaratory Order or Waiver of
Commission Directory Rules

Docket No. _____

DECLARATION OF JERONIMOS ("MIKE")
KONIDARIS IN SUPPORT OF
PETITION OF CENTURYLINK AND DEX
MEDIA

1. I, Jeronimos ("Mike") Konidaris, make this declaration in support of the accompanying CenturyLink and Dex Media petition for clarification or waiver. Except as noted, this declaration is based on my personal knowledge and long experience in the directory industry, including Dex Media, Inc. My address is:

2200 West Airfield Drive
P.O. Box 619810
DFW Airport, TX 75261

2. I am the Director of Telco Relations, Listing Acquisition and Print Services of Dex Media, Inc., the successor to Dex One Corporation. Dex Media and its predecessors and affiliates have been in the business of publishing telephone directories since 1886. I have worked for Dex Media and its predecessor companies for 25 years. I started my career as a customer service representative at New York Telephone, and I moved to the directory side of the business in 2002 under Verizon. Within the directory business, I have worked in Sales

Operations, Market Assignment, Publishing, Digital Operations, Telco Relations, Listing Acquisition and Print Services.

3. As the Director of Telco Relations, Listing Acquisition and Print Services, I am responsible for the proper execution of the CenturyLink Publishing agreements with Dex Media, which includes the production, publication, and distribution of CenturyLink-branded directories in the State of Nebraska. I fulfill these same responsibilities in 42 other states for four additional telecommunications companies.
4. This declaration is on behalf of Dex Media, not CenturyLink. Dex Media handles all aspects of publishing the CenturyLink-branded directories in Nebraska, including sales, marketing, printing, and delivery. Dex Media is appearing as co-petitioner with CenturyLink because the Commission's directory obligations are imposed on local exchange carriers. Dex Media is contractually obligated to meet the regulatory obligations for white pages directory distribution and is therefore an interested party seeking relief here alongside CenturyLink.
5. Dex Media and affiliate companies are successors to the publishing arms of a number of local exchange carriers ("LECs"), including CenturyLink in Nebraska. Through a series of sales, larger LECs in the U.S. have sold their directory publishing businesses to independent publishers such as Dex Media. In addition to Nebraska, Dex Media publishes print directories for incumbent LECs in over 40 other states and the District of Columbia, serving over 500 markets nationwide.
6. In addition to traditional print directories, as consumers have come to rely more on the Internet and less on print media for name and business 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 printed white and yellow pages a way to access any of the Dex directories from the convenience of their computer or smartphone, with the added benefit of keyword search, and live links to online business profiles and websites. All the content and information required by the Commission's rules are also contained in the digital directory for each and every community Dex Media serves in Nebraska, on DexPages.com.

7. I would note that the directories that Dex Media currently distributes are each tied to particular directory areas. Each directory area entirely overlaps a specific local exchange area or multiple contiguous local exchange areas (deemed by the carrier to be a single community of interest) served by CenturyLink. The directory area is commonly slightly larger than the actual exchange(s) because directories are delivered by zip code rather than by telephone exchange. This zip code delivery reflects the fact that Dex Media has no efficient way to carry out its current obligations to distribute paper copies of directories other than to do a "saturation delivery."
8. "Saturation delivery" or delivery on a "saturation basis" refers to an initial delivery to a particular directory area where Dex Media delivers a copy of the printed directory to all residences and businesses in that area, despite the fact that CenturyLink commonly serves less than half of those physical locations. Trying to identify and deliver to actual customers would be logistically and financially prohibitive. For a saturation delivery, Dex Media can identify an exact count of how many directories are needed to make that initial delivery to all such locations. The term saturation delivery excludes, however, the usual number of directories that

are initially printed or occasionally printed in a second run to provide follow-up copies, new customer copies, etc. during the interim months between annual saturation deliveries.

9. Dex Media's and CenturyLink's proposal is to secure a clarification or permanent waiver of certain elements of several Commission Regulations, as set forth in the petition. Such relief would allow digital provisioning of all white pages throughout the state for the CenturyLink service areas and discontinue any requirement for publication and distribution of paper directories. More and more customers have "cut the cord" and either given up using print directories or avoided being published in any directory. At the same time, alternative means to obtain listing information are more easily available and more widespread. These trends have made residential white pages less and less relevant. These facts, which I detail later in my testimony, indicate that a clarification or waiver from the Commission's rules would be both appropriate and in the public interest.

10. Dex Media has several reasons for seeking a waiver:

- Telephone markets, both nationally and in Nebraska, have changed dramatically over the last 10 to 20 years.
- With widespread use of wireless phones, people access phone numbers very differently than they did in the past.
- A large majority of consumers use cell phones or VoIP exclusively for their voice communications today and their numbers are no longer available to directory publishers.

As I discuss in more detail later, the result of these and other factors is that white pages contain a much smaller and less complete set of listings than what was available in years past, and use of paper directories has plummeted. Given the much more limited use and utility of the white

pages, it would be appropriate to adjust the legal requirements governing those directories so that Dex Media can better adapt to new technologies and consumer needs and demands.

11. Government data shows just how radically telephone markets have changed nationally. By 2014, roughly *a quarter* of households in the U.S. still had a traditionally regulated residential landline from a LEC,¹ while there was an average of over one wireless phone in service for *every person* (1.007) in the United States.² As a consequence, it is estimated that as of 2013, 60% of phone numbers are unlisted for one reason or another, including LEC customers who choose to be unlisted or non-published.³ This makes white pages much less useful than in the past, since each succeeding edition includes a smaller set of customer information than the prior edition.
12. These national trends are echoed in Nebraska. The most recent CDC state report showed that in 2014, 46.5% of households were wireless.⁴ And FCC subscribership data reflects Nebraskans' embrace of ILEC alternatives, including CMRS and migration away from traditional ILEC wireline service.⁵ Nebraskans' subscription to voice service provided by ILECs declined nearly two-thirds over a 15-year period, while their purchase of voice service

¹ Compare, <https://www.census.gov/hhes/families/data/cps2014H.html> with http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0330/DOC-338629A1.pdf (Figure 2). As used here and in the FCC's data, "traditionally regulated landline" refers to an analog switched access line as typically provided by a LEC and some CLECs.

² Compare, http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0330/DOC-338629A1.pdf (Table 1, Reference 1) and <http://www.census.gov/popclock/>.

³ This statistic was reported here: <http://patch.com/maryland/rockville/reverse-phone-number-lookup-free-vs-paid-reverse-lookup-for-cell-and-landlines>. And it seems to match the government data we have used.

⁴ From CDC National Health Interview Survey Early Release Program, 2014, Table 1 (http://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless_state_201602.pdf)

⁵ See FCC's Local Telephone Competition Reports are available at the FCC's website at: <https://www.fcc.gov/encyclopedia/local-telephone-competition-reports> and <https://www.fcc.gov/voice-telephone-services-report> and <https://www.fcc.gov/voice-telephone-services-report>.

from non-ILECs increased 150% in a similar period. *Id.* And subscribership of mobile voice service increased over 200%, from 576,000 to 1.8 million—over four times the total ILEC subscribership in the state. *Id.*

13. The decline of white pages use and usefulness is easy to understand in the context of these broader trends in the telecommunications industry. With so many households using VoIP in Nebraska or being wireless-only subscribers, it is likely that substantially less than half of the households are listed in the residential white pages. The loss of usefulness of traditional white pages is an unavoidable consequence of the massive shift of subscribers from LEC wireline service to VoIP and cellular services, which do not provide listings to white pages publishers. Unfortunately for publishers, white pages are no longer viewed as a useful resource, let alone an essential one, by the vast majority of consumers, including the customers of ILECs.
14. The explosion in the ownership and use of wireless phones I discussed earlier has also changed how people get phone numbers. Few people are turning to printed directories from any publisher just to look up telephone numbers by subscriber name. As national and state data show, most people today rely wholly or mostly on their cellphones for voice calls. Those same cellphones can store large volumes of phone numbers, serving as a substitute for printed white pages directories. Those phones have large capacities to store called and calling numbers, leading consumers to simply redial numbers in their phone's saved number and call history records. Even the most basic voice-only cellphones have this capability, not just smartphones.
15. When you combine the many new options consumers have to obtain phone numbers with the decline in available directory listings, it is easy to see why so many people have shifted from printed white pages to digital options. The result of the combined changes in the

telecommunications and directory markets and consequent massive changes in consumer behavior is that nearly all remaining directory and listing regulations are anachronistic and irrelevant. The directory market, in particular, has become a highly competitive, diverse, and fast changing environment. Accordingly, to the extent regulations are retained, the public interest is best served by waiving printed paper directory distribution rules in a way that encourages and expressly allows digital publication, consistent with how the vast majority of consumers access listing information today.

16. Because the usage of directories has changed so much and continues to change, Dex Media is seeking flexibility to quickly meet the changes in market demand and better provide the services people need and still use. The information world is going online. Mandated distribution of print directories cannot halt this trend. Rather, directory publishers should be allowed to embrace it to meet customer demand. While specifics cannot be accurately forecast at this time, it is likely all books in the state will see some reduced print distribution upon approval of this petition.

17. Dex Media has experienced a substantial decline in request rates since implementing residential white pages delivery upon request in Omaha, to just 0.78% last year. And, in dozens of markets nationwide it has had almost no complaints, including here in Nebraska.⁶ The transition to distribution of printed residential white pages upon request-only was seamless for the customers.

⁶ States where we have already implemented residential white pages on request include: Arizona, California, Colorado, Connecticut, the District of Columbia, Delaware, Florida, Idaho, Indiana, Massachusetts, Maryland, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New York, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Virginia, and Washington.

18. Additionally, some households – especially large apartment complexes where Dex Media cannot get access to individual apartments and has no choice but to leave stacks of directories in the lobbies – did not appreciate receiving print directories that consumers don't want and don't use. Not only has that irritant been eliminated, but so have tons of unused residential white pages that used to end up in landfills. At a time when there is increasing environmental sensitivity in more and more markets, we know that many consumers appreciate receiving less unneeded paper. This was made especially clear in multi-family buildings, such as apartments, many of which had refused to accept our printed residential white pages or allow us access to their buildings to distribute them to their residents.
19. To be clear, Dex Media does not intend to “flash cut” this change across the affected directory areas in the state of Nebraska. First and foremost, Dex Media wants to provide paper directories where any significant percentage of its customers want to have them. Ideally, Dex Media would like to put a paper directory in the hands of every customer who wants one, but the cost of doing so becomes prohibitive when the percentage of such customers drops too low. Although Dex Media has witnessed a precipitous drop in interest in paper directories across the country and across demographic groups, it is clear to Dex Media that rural customers tend to hang onto their interest in paper directories longer than their urban counterparts. Nevertheless, Dex Media expects interest in paper directories to wane over time, even in those rural markets.
20. Dex Media has been developing digital products for years, and every year the digital side of its business grows, even as the print side shrinks. As consumers have come to rely more on the Internet and less on print media for name and business searches, Dex Media has supported evolving consumer needs by offering digital platforms such as DexKnows.com and Dex

Mobile, as mentioned above. 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 printed white and yellow pages a way to access any of the Dex directories from the convenience of their computer or smartphone, with the added benefit of keyword search, and live links to online business profiles and websites.

21. No customers will be harmed by the Commission's grant of the waiver Dex Media is seeking.

To begin with, as described above, many customers do not use directories anymore at all. Second, close to 100% of customers have access to telephone numbers on their cellphones, smartphones, and computers, and mostly use those tools already. According to the most recent Pew Research report, 80% of adults have broadband Internet access today nationally, up from 78% in 2013.⁷ And, overall, 87% of adults are Internet users, which likely includes dial-up connections and usage outside the home. *Id.*, Note 1. The numbers are similar in Nebraska. Even two years ago about 88% of Nebraska households had a computer and over 78% used high-speed Internet access.⁸

22. CenturyLink and Dex Media will provide protections for customers as the transition to digital begins. For example, for the very small number of remaining customers who still use or need print directories, where Dex Media ends saturation delivery of its paper directories, the printed version of the directories will be available upon request and free of charge to customers who make a request, until such time as the request rates become so small that it is uneconomic to

⁷ From Pew Research Center, December 21, 2015, "Home Broadband 2015," available at: <http://www.pewinternet.org/2015/12/21/2015/Home-Broadband-2015/>.

⁸ From U.S. Census Bureau, Computer and Internet Use in the United States: 2013, American Community Survey Reports at 10 (Nov 2014 (2013 data))(<http://www.census.gov/history/pdf/2013computeruse.pdf>).

continue paper printing. Further, bill notices or attachments from CenturyLink will notify the customers in advance of transition in a market. They will tell customers how they can call Dex Media on a toll-free "800" number to request a print directory for free.

23. Customers who choose digital directories or an online substitute will not be required to use Dex Media's products or services. Nor will customers in any way be required to rely on the print or digital versions of Dex Media's products or services. In Nebraska, customers have a wealth of competitive options to obtain listings and other directory information. In print, there is Yellowbook, among others. And some of the no-cost Internet options that can be used to search for people (residential listings) include: Bing, Google, Yahoo!, WhitePages.com, 411.com, Spokeo, InfoSpace, DexPages, Realpageslive.com, and Yellowbook.com. Businesses can be searched by name or business classification for free at: Bing, Google, Yahoo!, DexKnows, Yellowbook.com, Realpageslive.com, Yellowpages.com, and Yelp. All of the foregoing searches can be done on computers and on most tablets and smartphones.

24. In addition to the foregoing, there are also hundreds of free mobile "smartphone" applications ("apps") that perform various types of searches or directory lookups. Many of them use location information to make the search results more relevant for the customer. For example, all of the following apps can be downloaded for free and then used to make free searches: Avantar White & Yellow Pages (avantar.com) for iPhone, iPad, and Android; Dexknows and YP (yellowpages.com) for all smartphones. As with traditional yellow pages directories, these applications are advertiser-supported, so that consumers do not pay for searches or lookups.

25. Finally, for the few customers that lack Internet access, there are the toll-free information services such as 1-800-FREE-411. Any home with a telephone can call a toll-free number and get a listing for free, after listening to a short advertisement.

VERIFICATION

I, Jeronimos ("Mike") Konidaris, under penalty of perjury, certify that I am the Director of Telco Relations, Listing Acquisition and Print Services of Dex Media, Inc., the successor to Dex One Corporation, and am a duly authorized official of Dex Media, Inc. possessing full power and authority to make binding representations on its behalf. I have read the foregoing "Petition for Declaratory Order or Waiver of Commission Directory Rules" and know that the contents thereof, and the facts stated therein, insofar as they relate to Dex Media, Inc., are true to the best of my knowledge, information and belief.

Executed in Texas on this 21 day of July, 2016.


Jeronimos ("Mike") Konidaris

Sworn to and subscribed before
me this 20th day of July, 2016.


Notary Public

[SEAL]

