



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor – Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF VERIZON NEW JERSEY INC.'S)
PETITION FOR WAIVER OF NEW JERSEY)
ADMINISTRATIVE CODE (N.J.A.C.) REGULATIONS)
14:10-1A.4 SUBSECTIONS (a) AND (b) PERTAINING)
TO THE PUBLISHING AND DISTRIBUTION OF)
TELEPHONE DIRECTORIES)

ORDER OF APPROVAL

DOCKET NO. TW16080752

Parties of Record:

Keefe B. Clemons, Esq., General Counsel-Northeast Region, Verizon on behalf of Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 9, 2016, Verizon New Jersey Inc. ("Verizon" or "Petitioner") filed a petition with the Board of Public Utilities ("Board") requesting a waiver of certain provisions of N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8, and N.J.A.C. 14:10-7.3 (collectively, the "directory rules") to permit Verizon to transition from traditional printed paper directories ("print directories") to providing directories and the information required to be included in directories digitally. By order dated September 22, 2010 in BPU Docket No. TO10040255, the Board previously granted a waiver of its directory rules to Verizon, allowing the earlier discontinuation on publication and distribution of residential white pages print directories except on-request of the customer (the "2010 waiver").

BACKGROUND

The Board's directory rules, at N.J.A.C. 14:10-1A.4 (a) and (b) require Verizon to publish and distribute a directory that contains listings of residential and business customers:

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

The other referenced directory rule, N.J.A.C. 14:3-3A.8, requires inclusion of partial payment allocation rules in the directory, and N.J.A.C. 14:10-7.3 requires information on restrictions on access to adult-oriented services to be included in directories.

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

Petitioner has a publishing contract with Dex Media, Inc. ("Dex Media")¹ to fulfill its obligations under the directory rules. In accordance with the directory rules and the above-noted 2010 waiver, Dex Media operates under the rule waiver providing print directories of residential white page listings only upon request to Verizon customers. Dex Media currently publishes and delivers print directories to all customers. These print directories include an alphabetical listing of business customers with published numbers. These directories also include government listings, yellow pages and consumer guide pages. Distribution is based on an annual "saturation delivery".²

According to Petitioner, the telephone market has undergone revolutionary changes since Board adoption of its directory rules. Petitioner states the directory no longer remains a complete source of residential and business listings, the only source of such listings, or a regularly used source for such listings for several reasons. First, the print directory does not include cable and VoIP subscribers or those who have "cut the cord" in favor of a wireless device, as wireless numbers are not included in print directories. Second, print directories have been supplanted by internet search engines (e.g., Google, Yahoo, WhitePages.com), social media (e.g., Facebook), review websites (e.g., Yelp, Angie's List), and mobile "smartphone" applications ("apps") that use location information to make the search results more relevant. Petitioner argues even the small percentage of households that may not have access to the internet (estimated in a Pew Study to be about or under 10%) can obtain listings through traditional directory assistance for a small charge or through toll-free information services (e.g., 1-800-FREE-411) that provide users with free listings after a short advertisement. Third, white pages directories no longer remain customers' "go-to" source for listing information. For example, a study done in 2014 by the Local Search Association found that only 6% of respondents use white-pages listings as their primary source of listings information, and the usage continues to decline year over year. Only 1.02% of New Jersey households requested the printed residential white page directory during the 2011-2015 timeframe, after the 2010 waiver. Petitioner anticipates this low level of print directory usage will continue to decline in the coming years, making the rules waiver to cease saturation deliveries for traditional print directories necessary given the economic unsustainability of the current model.

Moreover, according to Petitioner, granting the rules waiver will have a material, positive effect on the environment and will unburden customers that have no use for print directories. After Verizon implemented the on-demand program for residential white pages print directories in

¹ Dex Media, a directory publisher for incumbent local exchange carriers ("ILECs") in nationwide markets, publishes telephone directories in digital format for on-line media and traditional print directories with white and yellow pages bound.

² A saturation delivery is an initial delivery of a traditional printed paper directory to all residences and businesses in the directory coverage area.

2010, it eliminated approximately 13,600 tons of paper per year from the waste stream in the Verizon East (Massachusetts to Virginia) states. Granting the rules waiver will eliminate the accumulation of significant volumes of paper waste per year.³

If the Board grants the waiver, the Petitioner has indicated its willingness to comply with notice and reporting requirements. Dex Media proposes to notify the Board within 90 days of a decision to reduce saturation delivery in a directory coverage area, providing: (i) the date the decision to reduce saturation delivery in the markets was made; (ii) a description of the affected markets, including the directory title and area codes; and (iii) the number of print directory requests for the affected markets (after the first year of implementation or beginning in 2017). Dex Media proposes to notify the Board within 90 days of the sunset of print on-request, providing: (i) the date on-request delivery was stopped; (ii) a description of the affected markets, including the directory title and area codes; and (iii) the number of annual requests for paper directory deliveries in the 12-month period immediately preceding the date that Dex Media ceased offering on-request deliveries.

Verizon and Dex Media thereafter propose to: (i) provide notice via bill message that print directories are available on request when Dex Media ceases saturation delivery to Verizon New Jersey customers, and that directories are available online when Dex Media ceases to make directories available on-request to Verizon New Jersey customers; (ii) advise of the online availability of directories through a Verizon webpage notice; (iii) provide industry notice to competitive local exchange carriers ("CLECs"); (iv) include on Dex Media's website (<http://account.dexmedia.com/whitepages/>) a graphical display of the states in which a Verizon directory is available, and that a directory can be ordered by calling 800-888-8448; and (v) ensure the Verizon online white pages link, www.verizon.com/support/phone/white-pages, continues to be available on web search engines like Google.

On September 23, 2016, the New Jersey Division of Rate Counsel ("Rate Counsel") served discovery upon Petitioner. Staff of the Board of Public Utilities ("Staff") thereafter issued discovery to Petitioner. Petitioner responded to all discovery requests propounded.

By letter dated November 30, 2016, Rate Counsel filed comments that it did not oppose the waiver provided certain conditions were imposed by the Board. Rate Counsel argued that the Board must ensure that customers receive sufficient notice of the proposed print to digital directory transition plan and of their right to opt-in to delivery of the print directories. Rate Counsel recommended conditioning the rules waiver approval on proposed notice and reporting requirements. Multiple proposed notification and reporting requirements, described below, were ultimately agreed upon by the parties and adopted herein.

Specifically, however, Rate Counsel recommended the longer of either a 72-month transition period to continue on-request print directories at no charge to customers or until annual requests for print directories drop below 2% of the print directories delivered in the last saturation delivery. Rate Counsel recommended quarterly public notice publication in 5 New Jersey newspapers. Rate Counsel recommended modifying the proposed industry notice to

³ On July 15, 2016, the New York Public Service Commission extended the waiver it had granted to Verizon New York Inc. in 2010 with regards to residential white pages to business and government white pages and other front of book information. The Commission stated, "So as to avoid undue waste, we agree that Dex Media should be granted the regulatory flexibility to switch to digital products, as it requested. We thus grant Dex Media's request and clarify that digital publication of other information as required by statutes and regulations (front of book information) is expressly required."

CLECs (the "CLEC notice language") to be stated as follows: "Within 60 days of the Board's Order Verizon will post a notice via a web-based standard messaging system used in the industry that print telephone directories will be transitioned to digital formats for certain areas, consistent with the Board's Order, and advising CLECs to notify their end-user customers accordingly. The notice will be maintained for at least 60 continuous calendar days."

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

On December 1, 2016, Petitioner filed its reply comments to Rate Counsel. Verizon opposed the recommendation of a 72-month transition period as patently excessive where the printed "phone book" long ago became a wasteful anachronism. Verizon recommended a 3-year transition period as a reasonable length of time to transition the few customers still using a print directory to a digital format. Verizon opposed publication of notice in 5 newspapers, arguing quarterly published notice in 3 newspapers with the highest daily circulation covering the northern, central, and southern areas of the State is sufficient. Verizon also opposed the CLEC notice language proposed by Rate Counsel, and instead recommended that CLEC notification language be stated as follows: "Within 60 days of the Board Order, Verizon will post a notice to CLECs via standard industry letter. The letter will notify the CLECs that Verizon is discontinuing blanket delivery of print directories in New Jersey, and their customers can call an 800# provided, and /or find the white pages online at a website provided." Verizon argues it has a long-standing practice of providing notice to its wholesale customers by a standard industry letter, which after electronic transmission to CLECs, remain accessible at <https://www22.verizon.com/wholesale/customernotifications/notifications.jsp>.

The Board has reviewed Rate Counsel's request for public comment or public hearings and determines they are not necessary. There is no legal requirement to hold public hearings. The Board is satisfied that the record is complete and further comments will not enhance the record. Petitioner has responded to all discovery requests propounded by Rate Counsel and Board Staff. Petitioner has also provided sufficient information in support of the rules waiver request.

DISCUSSION AND FINDINGS

The Board is authorized to waive its rules pursuant to N.J.A.C. 14:1-1.2. N.J.A.C. 14:1-1.2(a) provides the rules shall be liberally construed to permit the Board to effectively carry out its statutory functions and to secure just and expeditious determination of issues. N.J.A.C. 14:1-1.2(b)(1) provides the Board may, for good cause shown, relax or permit deviations from these rules provided full compliance with the rule(s) would adversely affect the ratepayers, the ability of a regulated entity to continue to render safe, adequate and proper service, or the interests of the general public. Petitioner has requested a waiver of portions of the Board's rules at N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8 and N.J.A.C. 14:10-7.3, described above, in order to discontinue the publication and distribution of print directories.

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

While Verizon and Rate Counsel generally agree on notice and reporting requirements, they dispute the transition period length, the notice requirement extent, and the form of CLEC language. On the transition period to move customers from print to digital format directories, Rate Counsel recommends continuation of on-request print directories at no charge to customers the longer of a 72-month period or until annual requests for print directories drops below 2% of print directories delivered in the last saturation delivery, whereas Verizon avers in its reply that a 36-month transition period is reasonable because print directories are a wasteful anachronism and few customers still use the print directory. Given technological advances, alternative means to obtain directory listing information, the successful transition of customers from white pages print to digital directories, and the few customers still using the print directory, the Board **FINDS** that a 36-month transition period is sufficient.

On the notice requirement, Rate Counsel recommended quarterly public notice publication in 5 New Jersey newspapers as the best method to notice customers. Verizon opposed publication of public notice in 5 newspapers, arguing quarterly published notice in 3 newspapers with the highest daily circulation covering the northern, central, and southern areas of the State is sufficient. The Board **FINDS** proof of publication is required on quarterly public notices in 4 newspapers of general circulation, including the Star Ledger, the Asbury Park Press, the Press of Atlantic City, and the Bergen Record. This publication circulation will ensure that the public receives adequate notice.

On the form of CLEC notice language, Rate Counsel recommended modifying the proposed industry notice to CLECs to be stated as follows: "Within 60 days of the Board's Order Verizon will post a notice via a web-based standard messaging system used in the industry that print telephone directories will be transitioned to digital formats for certain areas, consistent with the Board's Order, and advising CLECs to notify their end-user customers accordingly. The notice will be maintained for at least 60 continuous calendar days." Verizon opposed the modified CLEC notice language proposed, instead recommending that the CLEC notice language be stated as follows: "Within 60 days of the Board Order, Verizon will post a notice to CLECs via standard industry letter. The letter will notify the CLECs that Verizon is discontinuing blanket delivery of print directories in New Jersey, and their customers can call an 800# provided, and /or find the white pages online at a website provided." Verizon argues it has a long-standing practice of providing notice to its wholesale customers by a standard industry letter, which after electronic transmission to CLECs, remain accessible at <https://www22.verizon.com/wholesale/customernotifications/notifications.jsp>. Given Rate Counsel's request for a web-based standard messaging system to be used and Verizon's response that it has a historical practice of providing a standard industry letter accessible to CLECs on the internet, the Board **FINDS** Verizon's proposed CLEC notice language is approved with the modification, as indicated in **bold** below:

Within 60 days of the Board Order, Verizon will post a notice to CLECs via standard industry letter. The letter will notify the CLECs that Verizon is discontinuing blanket delivery of print directories in New Jersey, and their customers can call an 800# provided, and /or find the white pages **and other front of the book information** online at a website provided.

Having reviewed the record in its entirety, the Board **HEREBY APPROVES** a waiver of its directory rules and **FINDS** the notice requirement conditions proposed to be both reasonable and in the public interest. Further, to ensure that the Board can effectively monitor this transition and address any customer inquiries, the Board adopts and **FINDS** the reporting

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

Notification Requirements

1. In a local market where saturation delivery has been curtailed, Dex Media will continue to make print directories available at no charge to Verizon customers on an "upon request" basis for the longer of a 36-month transition period after that market is identified, or until the annual requests for a paper directory drop below 2% of the number of directories delivered to customers as part of the last saturation delivery.
2. After the Board has been notified of an upcoming decision to reduce saturation delivery in a market as proposed below, Verizon will:
 - a) provide a single bill insert message to all retail customers advising them of the option to obtain an on-request paper directory at no cost. The bill message will be substantially similar in form to the example in Appendix A to this order and will be provided to customers in an affected market in the billing cycle just prior to, during, or as close as practicable to the expected distribution timeframe for their directory;
 - b) provide a reminder notification to its CLEC customers in accordance with accepted industry standards and practices, enabling CLECs to notify their end-user customers accordingly, at least 60 days prior to the start of the expected distribution timeframe; and
 - c) Within 60 days of the Board Order, Verizon will post a notice to CLECs via standard industry letter. The letter will notify the CLECs that Verizon is discontinuing blanket delivery of print directories in New Jersey, and their customers can call an 800# provided, and /or find the white pages and other front of the book information online at a website provided.
3. Pursuant to its publishing contract with Verizon, Dex Media will continue to publish the front of book information and content, as required by the directory rules, on its websites in the digital versions of the directories and in the paper versions of the directories that will be provided on request.
4. Contemporaneous with saturation delivery reduction in an area served by Verizon, Verizon and Dex Media will undertake reasonable efforts to notify the public via mass media outlets of the changes and how affected customers may obtain a print directory at no cost, which will include press releases upon entry of this order to a minimum of four newspapers in New Jersey or Verizon's service areas and quarterly public notices in the form of display or classified advertisements in four New Jersey publications, the Star Ledger, the Asbury Park Press, the Press of Atlantic City, and the Bergen Record; as well as at least one publication targeted to senior citizens, provided that such a publication can be found that accepts such notices for publication only in New Jersey. The quarterly notices will begin contemporaneously with the start of a reduction in saturation delivery in any area in New Jersey and will end when reduction in saturation delivery has commenced in all of Verizon's New Jersey service areas. If practicable, the

press releases and notices should be coordinated and consolidated with any similar notices that may be required by the Board in its Docket No. TW16070680.

5. Verizon and/or Dex Media will provide to the Board with copy to Rate Counsel a proof of press notice publication.
6. Verizon and Dex Media will:
 - a) advise of the online availability of directories through a Verizon webpage notice;
 - b) include on Dex Media's website (<http://account.dexmedia.com/whitepages/>) a graphical display of the states in which a Verizon directory is available, and that a directory can be ordered by calling 800-888-8448; and
 - c) ensure the Verizon online white pages link, www.verizon.com/support/consumer/phone/white-pages, continues to be available on web search engines like Google.

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

Reporting Requirements

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

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

- c) The number of annual requests for paper directory deliveries in the 12-month period immediately preceding the date that Dex Media ceased offering upon request deliveries.

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

CONCLUSION

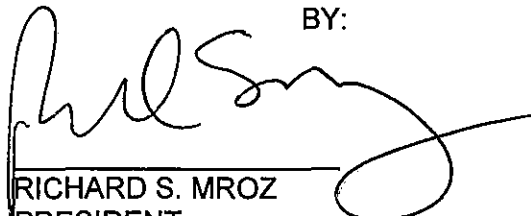
Based on the record presented and pursuant to N.J.A.C. 14:1-1.2, the Board **FINDS** that Petitioner has shown good cause to discontinue the publication and distribution of print directories to transition to digital format directories in the Verizon service areas. The Board therefore **APPROVES** a partial waiver of N.J.A.C. 14:10-1A.4, N.J.A.C. 14:3-3A.8 and N.J.A.C. 14:10-7.3 subject to Petitioner's adherence to the enhanced notification and reporting requirement conditions, as modified herein. The partial waiver is granted with respect to discontinuation of the publication and distribution of print directories in Verizon service areas, as conditioned above. The partial waiver does not relieve the Petitioner of other obligations set forth in the directory rules.

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

This Order shall become effective on December 22, 2016.

DATED: 12/12/16

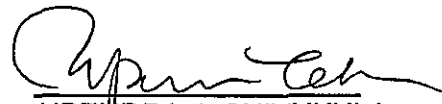
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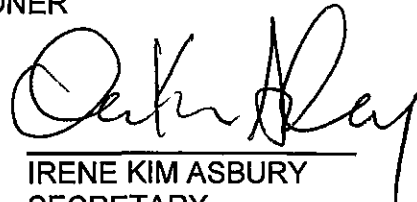

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

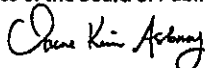

MARYANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

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



APPENDIX A

Important News from Verizon About Your Service

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

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SERVICE LIST

For Petitioner

Keefe B. Clemons, Esq.
General Counsel, Northeast Region
Verizon
140 West Street, 6th Floor
New York NY 10007
Keefe.b.clemons@verizon.com

Division of Rate Counsel

Maria Novas-Ruiz, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
mnovas-ruiz@rpa.state.nj.us

Stefanie Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

New Jersey Division of Law

Veronica Beke, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029-5029
Newark, NJ 07101-45029
Veronica.Beke@dol.lps.state.nj.us

Board of Public Utilities

Carol Artale, Esq.
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Carol.Artale@bpu.nj.gov

Lawanda Gilbert, Director
Office of Cable Television
& Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Lawanda.Gilbert@bpu.nj.gov

Harold Bond, Bureau Chief
Office of Cable Television
& Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Harold.Bond@bpu.nj.gov

Majid Hasan
Office of Cable Television
& Telecommunications
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350
Majid.Hasan@bpu.nj.gov