

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Communications Division  
Policy Analysis Branch

RESOLUTION T-17302A  
May 5, 2011

**RESOLUTION**

Resolution T-17302A Rejecting Verizon California Inc. Advice Letter No. 12535

---

**SUMMARY**

This Resolution is an Alternate to Resolution T-17302, which mailed on February 8, 2011. In light of the subject Advice Letter's implications for the definition of "Basic" telephone service, this Alternate rejects Verizon California Inc. (Verizon) Advice Letter No. 12535 (Advice Letter), filed October 22, 2010. The Advice Letter proposes to eliminate the delivery of residential white pages directory listings to customers except for those who "opt in" to receive these directories. The Commission currently defines "a free white pages directory" as part of residential telephone Basic Service. Verizon's proposal implements a significant change to the delivery, if not also the definition, of Basic Service, at a time when that definition is being considered within the scope of Rulemaking (R.) 09-06-019. Accordingly, we affirm Assigned Administrative Law Judge Pulsifer intent to address whether white pages residential telephone directories should be included in the definition of "Basic Service," and if so how such directories should be provided, as part of the R. 09-06-019 analysis of Basic Service.

**BACKGROUND**

The current definition of a white pages directory as part of basic service stems from Decision (D.) 96-10-66:

Telephone customers have become accustomed to receiving a free white pages directory and yellow pages directory every year. Free directories minimize the number of calls made to directory assistance, and promote the wide distribution of yellow pages advertising. We shall add the free white pages directory to the definition of basic service.<sup>1</sup>

---

<sup>1</sup> D.96-10-066, 68 CPUC 2d 524, Slip Op. at 28.

Carriers, including Verizon, have continued to deliver one such “white pages directory” to each of its residential customers in each of the 15 intervening years since D.96-10-066. The directories list all residential customers with published numbers, and typically also contain, or are bundled with, business and government white pages, traditional yellow page listings, and sometimes additional consumer guides.<sup>2</sup> Verizon proposes to eliminate the automatic delivery of only the residential white pages portion of its directory; the yellow pages and all other directory parts will continue to be delivered.<sup>3</sup>

On October 22, 2010, Verizon filed Advice Letter No. 12535 with the Commission, announcing this plan. Instead of delivering the printed listings to all its residential customers, Verizon proposes to provide electronic white pages listings via CD-ROM, or on its website [www.verizon.com/whitepages](http://www.verizon.com/whitepages). Customers could still receive the printed version of the residential white pages after an “opt-in” call to make that request. Verizon’s Advice Letter did not mention the D.96-10-066, nor did it mention the “Straw Proposal” set forth five months earlier in R.09-06-019, which proposed to address possible changes in directory requirements as part of the redefinition of Basic Service in that proceeding (discussed further below).

The Communications Division initially determined that the Advice Letter was a matter appropriate to a Tier 3 Advice Letter, requiring a resolution, public comments and Commission approval.<sup>4</sup> On November 12, 2010, the Communications Division requested additional information from Verizon about how it intended to implement the proposed change. On November 22, 2010, due to the need for additional time to prepare a resolution for Commission consideration, the Communications Division suspended the Advice Letter until March 22, 2011, and, because the matter was still before the Commission on March 22, 2011, that suspension was automatically continued for 180 days until September 18, 2011, per G.O. 96-B General Rule 7.5.2.

In order to continue to receive a printed white page directory of residential listings, Verizon’s proposal would require a customer to “opt-in” by calling SuperMedia at 1-800-888-8448, a toll free number, and request continued delivery of a printed directory of white page residential listings, or request a CD-ROM of the white pages. Verizon states that the customer would only have to “opt- in” once. Once a customer has requested continued delivery of a printed directory of the residential white page listings, the customer would be placed on standing order to receive a printed copy every year.<sup>5</sup>

---

<sup>2</sup> The directories are published and delivered for Verizon by SuperMedia LLC (SuperMedia). SuperMedia is an online advertising, direct mail, and yellow pages publishing company spun off from Verizon in 2006, the successor to Idearc Media LLC, formerly known as Verizon New Media Services Inc.

<sup>3</sup> Where Verizon distributes white and yellow pages directories as separate volumes, it would cease automatic distribution of the white pages volume.

<sup>4</sup> GO 96B, Telecommunications Industry Rule 7.3 (1) and General Rule 5.1.

<sup>5</sup> The SuperMedia 800 number will be answered by an automated system, but customers can also “zero out” to an operator. Verizon states that the automated directory ordering system will be available 24 hours per day, seven days per week, and live operators will be available Monday through Friday, 8:00 a.m. to 6:30 p.m. Eastern Standard Time. Upon a customer’s initial request for delivery of a printed residential white page directory, SuperMedia will mail the requested printed directory (or CD-ROM, if

Although there is currently an opt-out provision for directory delivery, which allows Verizon's customers to opt out of all paper directories, Verizon reports that at the end of 2010, SuperMedia had listed only 4,447 opt-out requests from California customers. Similarly with regard to the opt-in alternative, Verizon has informed staff that in states where it has been allowed to discontinue white pages along the lines of the current proposal, the "opt-in" rate to receive paper directories is around 2%.

Verizon proposes to notify customers of the discontinuation of automatic white page delivery by several means. Upon approval of the Advice Letter, Verizon states it would update its Product Guide to notify customers of the choices outlined above. In addition, Verizon would issue the following communications in order to maximize customer notice: press release – one time; quarterly bill message in first year; permanent notice on cover and table of contents page of the yellow pages directories; SuperMedia notice and explanation of program to be placed in the front pages of the first affected yellow page directories; and SuperMedia webpage notice – to remain indefinitely.

In order to facilitate notification of customers of competitive local exchange carriers (CLECs) in their area, Verizon states it would issue an Industry Letter to all CLECs operating within the Verizon California region. CLEC customers would be able to request delivery of a printed residential white pages directory or CD-ROM by calling 1-800-888-8448, the same way Verizon customers can request a directory. Verizon affirms that the proposed change would not increase any rate or charge, cause the withdrawal of any service, or conflict with other schedules or rules.

In support of its proposal, Verizon states that residential customers now use printed white page directories far less than in the past, due primarily to the availability of alternative ways of obtaining telephone numbers. It states that customers have been relying less on printed residential white page directories and more on online directories, the directories in wireless and wireline devices, and specialized directories provided by employers, schools, places of worship and other organizations. Verizon cites a SuperMedia-sponsored Gallup survey that reported that the overall percentage of households using stand-alone residential white pages dropped from 25% to 11% from 2005 to 2008. (TURN contests these figures.) Verizon also claims that in one state (Florida) that has allowed AT&T to provide residential white pages only upon customer request, only approximately 2% of customers subsequently requested a copy of the directory.

---

requested) to the customer. The customer would receive the printed directory or CD-ROM within 14-21 days of requesting it. A customer who requests directory delivery would be placed on standing order to receive it every year at that customer address; the customer would not have to renew the request every year. Verizon states that SuperMedia does not sell voice, Internet access or video services, and a customer calling to request delivery of a printed residential white pages directory would not be subject to any statements or questions about other Verizon services.

Verizon also asserts that the proposed change “would have a material, positive effect” on the environment. Verizon estimates that this change would eliminate approximately 1,870 tons of paper per year from California’s waste and recycling streams and that the estimated CO<sub>2</sub> reduction from adopting this white page directory distribution practice is 7,293 tons of CO<sub>2</sub> or 3.74 million pounds of 100% post-consumer recycled paper. Verizon further states:

[T]he State of California has already recognized the negative impact printed directories have on the environment, as evidenced by a memorandum issued December 15, 2007 by the California Department of General Services (DGS) to all of its employees in Sacramento.<sup>6</sup> In its memorandum, DGS notes that up to 80 percent of the department’s old phone books went into a landfill. More than one-fifth of the waste sent to California municipal landfills is paper which, when decomposed, breaks down and produces methane, a powerful climate-changing gas. DGS determined that it would give high priority to reducing their use of paper and will, where possible, maximize the use of online, electronic versions of phone books.

Verizon’s proposal does not address how many tons of white pages currently go into the “recycling” stream rather than the “waste” stream, nor does it address how many more tons of waste and CO<sub>2</sub> are created and placed into the waste stream by its continued delivery of its commercial listings and yellow pages.

The Communications Division initially drafted and published on February 8, 2011 proposed Resolution 17302, approving Verizon’s proposal, with conditions. Protests, comments and reply comments to the first proposed Resolution 17302 were received, as discussed below.

## **PROTESTS & COMMENTS ON ORIGINAL RESOLUTION MAILED FEB. 8, 2011**

### **Cox Communications/CALTEL Protest**

On November 11, 2010, Cox California Telcom, LLC, dba Cox Communications (Cox) and the California Association of Competitive Telecommunications Companies (CALTEL) filed a protest to the Advice Letter on the grounds that it contained material errors or omissions. Cox and CALTEL protested that the Advice Letter did not address how Verizon would comply with requirements to provide white pages directories to customers of competitive carriers under Decision (D.) 96-02-072 and under their interconnection agreements. Verizon responded on November 22, 2010, explaining that it fully intended to comply with all requirements under current regulatory and contractual obligations, that CLEC customers would be given the same three options for access to the residential white pages listings as Verizon customers and that no

---

<sup>6</sup> “The Department of General Services Is Working Green Maximizing The Use Of Online Phone Directories,” issued December 15, 2007 by DCS Director Ron Joseph, available at <http://www.workinggreen.dgs.ca.gov/Reuse/OnlinePhoneBook.htm>.

operations support system (OSS) changes would be required. Verizon also said it would be sending an industry letter with an outline of the residential white pages change to all CLECs in the Verizon California region. On December 10, 2010, Cox and CALTEL withdrew their protest.

### **TURN Protest**

On December 22, 2010, The Utility Reform Network (TURN) protested the Advice Letter on several grounds. TURN asserts that Verizon's proposal represents a major change to the definition of basic service and therefore should not be approved through the Advice Letter process. It then argues that Verizon failed to provide evidence that its California customers no longer want automatic directory delivery and cites its own March 2008 survey of 900 registered California voters, which found that landlines are the primary phone number for most Californians.<sup>7</sup> TURN notes that many customers in Verizon's territory would not have access to an online directory at home and that Verizon's planned notices are inadequate. It recommends that, if the Commission approves the proposal, it also impose conditions similar to those imposed by the New Jersey Board of Public Utilities, which required Verizon to provide extensive public outreach, particularly targeted to senior citizens who were found to be among the customers least likely to use a computer or the Internet to obtain a white pages directory. Verizon filed a Reply to TURN's protest on January 5, 2011, in which it stated that the Commission should disregard TURN's protest because it was filed 40 days late and TURN failed to provide a valid reason justifying the late filing.

General Order (G.O.) 96-B General Rule 7.4.4. grants the reviewing Industry Division the right to accept and consider a late-filed protest or response. When TURN filed its late protest on December 22, 2010, the Communications Division staff had already suspended the Advice Letter until March 22, 2011. Therefore, Verizon and other parties had adequate time to respond to the protest. In light of the fact that the Advice Letter proposal concerns an element of basic service and, if implemented, would require action on the part of all Verizon's customers, we find that staff consideration of the late protest was justified and proper.

TURN's Protest is discussed further below.

### **AT&T Comments**

On February 23, 2011, AT&T filed comments on the draft resolution, agreeing with its result, but objecting to some of the notice provisions as overly burdensome. AT&T objects to the proposed requirement that Verizon must offer to subscribers a CD-ROM with the residential white pages listings. AT&T points out that the CD-ROM proposal is purely a Verizon proposal and no current law or regulation mandates such an offering. AT&T also objects to the proposal that Verizon be required to notify customers of the change via a mailing separate from its billing. AT&T opposes the proposed requirement that in the first publication after discontinuing automatic delivery, Verizon must include a separate sheet in all white and yellow page directories notifying customers of the change. AT&T states that a full page is unnecessary

---

<sup>7</sup> <http://turn.org/article.php?id=711>.

and wasteful. Finally AT&T argues that the proposed requirement for a permanent bill message ignores the costs and benefits of such a message.

### **TURN and Verizon Comments**

TURN and Verizon each filed comments on the draft resolution, largely echoing their respective views on the subject, as discussed elsewhere herein. In particular, Verizon objected to some of the notice provisions required by the initial draft Resolution, including a separate mailing to all customers, as being unduly burdensome and costly.

### **Late-Filed Comments by CALTEL on behalf of Telscape**

On April 19, 2011, after it had withdrawn its initial protest, and after the comment period for draft Resolution 17302 had expired, CALTEL filed comments on behalf of Telscape, one of the few remaining CLECs still providing residential service in California. Telscape offers “the nation’s only bilingual network,” focuses on high-density Hispanic areas through deployment of “retail outlets called *Telemercados*,” and gives its customers the option to receive bills in the language of the customer’s choice. CALTEL/Telscape noted that an overwhelming majority of Telscape’s customers (nearly 90%) choose to have their home phone numbers published, and only a small minority (15%) sign up for Telscape’s Internet access. As a result, CALTEL/Telscape argue that “Verizon’s plan to eliminate delivery of white page residential directories [unless customers opt in] would disproportionately disadvantage the population that Telscape serves.”

## **DISCUSSION**

Verizon’s proposal represents a substantial change from standard industry practice, and appears to deviate from the current definition of “Basic” telephone service which now refers to a “white pages” directory.<sup>8</sup> We agree with TURN that, in any event, Verizon’s Advice Letter “raises significant issues concerning ... a key element of basic telephone service, as defined in D. 96-10-066.”

Indeed, Verizon’s Advice Letter may be requesting a modification of the Basic Service definition in D.96-10-066, in which case it would be an improper use of the advice letter procedure. Reasonable minds may differ as to whether the “free white pages telephone directory” included in the definition of Basic Service in D.96-10-066 can refer to a digitized, virtual version of “white pages” as well as to the hard-copy white pages traditionally delivered to customers.<sup>9</sup> If “white pages” are deemed to be “pages” as traditionally understood, then

---

<sup>8</sup> In 2009, California carriers reportedly delivered more than 26,372,000 white pages, and Verizon more than 6,160,000 white pages, to customers. Verizon says that its vendor cannot break these numbers down into accurate residential/business allocation.

<sup>9</sup> In addition to the use of the word “pages” itself, there are several other indications that the Commission assumed or envisioned in 1996 that carriers would provide a paper copy. This can be inferred from the fact that when D. 96-10-066 was adopted, very few customers had Internet access. The Commission declined to adopt broadband as part of basic service.

Verizon's Advice Letter would be an improper attempt to modify a prior decision under Tariff Rule 5.2.<sup>10</sup>

But beyond this narrow issue of construction, the Commission has found that advice letters are not proper when evidentiary disputes are presented,<sup>11</sup> when industry-wide issues are presented,<sup>12</sup> or when the matter is otherwise "controversial."<sup>13</sup> In these cases, a more formal proceeding is required. We believe that is the case here.

We note that AT&T, while not a party to Verizon's Advice Letter, has closely followed this Resolution process, objecting even to some of the modest notice provisions with which Verizon had voluntarily agreed to comply. It is clear to us that once the white page obligation is removed from Verizon, even if this were putatively done on a trial basis and limited to Verizon, the "horses would be out of the barn," and a *de facto* change in industry practices would have been authorized. Staff thus believes that an industry-wide Rulemaking that considers the implications of this proposal for the definition of Basic Service is the more appropriate venue for such a change.

Indeed, this matter *is already before the Commission* in Rulemaking 09-06-019, which seeks to redefine Basic Service in light of rapid change in telecommunications technologies and

---

Before mandating the inclusion of a broadband pipeline into every residential telephone customer's house, as well as other calling features, we need to keep in mind that a number of households still exist within California that are without the means to afford any telephone service at all. We therefore decline at this time to include any other service elements in the definition of basic service.

D.96-10-066, Slip Op. at 32. In addition, California Public Resources Code 42557, enacted before D.96-10-066, also suggests that telephone directories were commonly understood to come in hard-copy:

On and after January 1, 1995, all telephone directories distributed within the state shall be made from materials that will allow for the maximum volume of directories to be recycled, as determined by the board. If reasonably feasible, it is the goal of this state that existing waste paper recyclers make an effort to accept telephone directories for recycling.

<sup>10</sup> G.O. 96B, General Rule 5.2, provides that a "utility must file an application, application for rehearing, or petition for modification, as appropriate, in the following circumstances ... [when] [t]he utility requests modification of a decision issued in a formal proceeding ..."

<sup>11</sup> *Id.* ("... or otherwise seeks relief that the Commission can grant only after holding an evidentiary hearing").

<sup>12</sup> D.07-07-041, at n. 16 ("We note that, due to the important policy issues presented, the correct vehicle for PG&E to request a change to an industry-wide CEMA policy would be to file a petition for a rulemaking, and not an informal advice letter").

<sup>13</sup> D.10-05-021 (*Rehearing of TracFone*), Slip Op. at 1-2 (Resolution resolving "controversial" issue vacated); *see also* D.07-01-024 ("Advice letters are an informal procedure used by the Commission to deal with types of utility requests that are usually minor, noncontroversial, or otherwise appropriate for processing without hearings or a formal evidentiary record").

consumer preferences. By a May 10, 2010 Scoping Memo in R.09-06-019, comment was sought on this “Straw Proposal”:

Basic service customers, however, should have access to a directory of published telephone numbers for their own community. This should remain a requirement for basic service. If a carrier does not engage in publishing directories of telephone subscribers, the carrier can enter into commercial arrangements with an ILEC, or other directory publishers, to arrange for white page directory delivery to their subscribers. A local telephone directory should be provided without charge to the customer.<sup>14</sup>

A December 24, 2010 Scoping Memo in that proceeding elaborated on the proposal to continue in some form the delivery of a white pages directory.<sup>15</sup>

There are numerous questions which Verizon’s proposal raises that should be considered in more depth than the advice letter process allows, and that are integral to the analysis of the scope and requirements of “Basic” telephone service. Among these questions: what percentage of the ratepayer base uses white pages today? (We note that Verizon and TURN advance competing studies to support their respective points of view,<sup>16</sup> suggesting that there is factual controversy on this point.) Are there demographic differences in white pages usage in California? Do the elderly, Californians with disabilities, or non-English-dominant Californians, use white pages more or less or differently than other Californians? What alternative means of providing directory service might be used, and will those means be effective for all Californians? What are the advantages and disadvantages of providing an online or CD-ROM version of the white pages in lieu of a paper version? Is an Internet version of the white

---

<sup>14</sup> D.09-06-019/R.06-05-028, Assigned Commissioner’s Amended Scoping Memo and Solicitation of Comments Regarding Revisions to the “Basic Telephone Service” Requirements, May 10, 2010, p. 9.

<sup>15</sup> The December Scoping Memo sought comment on this proposed element of Basic Service:

9) White Pages Telephone Directory

Existing definition: Requires offering a free” white pages telephone directory to customers interested in receiving one.

Proposed Change: Basic service customers would continue to have access to a directory of published telephone numbers for their local community. A basic service provider would not be required to engage in directory publishing, but would be expected to make appropriate arrangements to ensure that its basic service customers have access to a published directory of local listings if they wish to provide one.

A provider of basic service that does not publish subscriber directories, however, should make necessary arrangements with a directory publisher to ensure white page directories are available to customers without charge.

<sup>16</sup> Verizon did not submit to the Commission the Gallup poll on which it relies. TURN’s survey data (gathered by Lake Research Partners) is available at <http://turn.org/article.php?id=711> by clicking on “see data” at the bottom of the page. Roughly the same percentages of ratepayers, 44-48%, found both yellow pages and white pages to be “very important.”



pages sufficient for most persons' use? Will Californians who do not have Internet access, computers at home, or Internet-enabled smartphones be able to adequately access white page information? How might an online directory be most effective? What is the role of a residential phone directory in a world where the number of residential access lines is decreasing, and ratepayers may obtain telephone service from wireless, cable, or other providers? Could wireless and cable subscribers opt in to an online data base? Would they be more likely to do so if the "Do Not Call" anti-telemarketing provisions were strengthened? Should any online directory or database be State-wide? Should it include business white-page numbers? How do ratepayers' uses of residential and business directories (both white and yellow pages) correlate, and how are they distinct? Does the so-called digital divide experienced by language minorities undermine the Internet alternative in other ways? Even if the digital divide were ameliorated, would there continue to be a role for paper directories? Should any move to an online directory in lieu of a printed directly be accomplished through an opt-in or an opt-out program? Do the very small numbers that have opted in to traditional directories in states where Verizon has implemented the change it proposes here reflect a lack of interest in the white pages, a lack of notice or education about the change, or a distracted ratepayer base and the inadequacy of the opt-in alternative? How could the Commission make an opt-in program, such as suggested by Verizon, most effective? What forms of notice should be required? Should an opt-in to hard-copy residential white pages be accompanied with more robust opt-out provisions for business white pages, and yellow pages (acknowledging that the Commission does not have direct jurisdiction over yellow page issues)? Would there be a benefit to considering a temporally and geographically limited test of an opt-in program? What post-change monitoring would be appropriate?

The Commission needs a solid factual basis to make informed decisions on these issues, as well as significant input from interested stakeholders, if any changes to long-standing practices, policies or rules are to be made.

Most importantly, we should consider whether any decision regarding the provision of white pages should apply to all Incumbent Local Exchange Carriers (ILECs) governed by the Commission's Uniform Regulatory Framework, and its applicability to non-ILECs including smaller telephone companies that serve rural areas and Competitive Local Exchange Carriers who rely on ILECs for the provision of white page services. The Advice Letter process does not provide the proper procedural forum to consider the implications of this proposal for all Californians and the industry participants who serve them. As such, this proposal is more properly included and addressed in the general Rulemaking about the definition of Basic Service.

### **COMMENTS ON ALTERNATE**

This Alternate Resolution was mailed to the parties in accordance with Public Utilities Code Section 311 (g) on May 4, 2011. Comments were filed on May 24, 2011 and reply comments were filed on May 30, 2011 by (names of parties).

**FINDINGS**

1. The Verizon California Advice Letter 12535 raises many industry-wide issues of fact and policy, as described above.
2. Verizon's Advice Letter advances a proposal which merits further study.

**THEREFORE, IT IS ORDERED** that:

1. Pursuant to General Order 96-B, we reject without prejudice Verizon California Inc.'s proposal in Advice Letter 12535 to end automatic delivery of printed white page directories containing residential listings.
2. We direct Assigned Administrative Law Judge Pulsifer to consider the issues raised by Verizon's Advice Letter, as well as by the Protests and Comments lodged in response to Verizon's Advice Letter and proposed draft Resolutions 17302 and 17302A, to the extent they relate to the industry-wide questions of Basic Service being considered in Rulemaking 09-06-019.

This alternate resolution is effective today.

I certify that the foregoing alternate resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on \_\_\_\_\_, the following Commissioners voting favorably thereon.

PAUL CLANON  
Executive Director