

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of Petition of Century Link and)	
Dex Media, Inc. for a Waiver of or Exemption)	Docket No. 16-UTDT-568-MIS
from the Commission's Directive Regarding)	
Distribution of Telephone Directories)	

RESPONSE OF CENTURYLINK
TO THE REPORT AND RECOMMENDATION
OF STAFF

COMES NOW the United Telephone Company of Kansas, United Telephone Company of Eastern Kansas, United Telephone Company of Southcentral Kansas, and Embark Missouri, Inc.,¹ dba CenturyLink (hereinafter collectively referred to as "CenturyLink"), and pursuant to K.A.R. 82-1-218(d), replies as follows to Staff's Report and Recommendation ("Staff R&R") filed September 29, 2016:

1. On June 10, 2016, CenturyLink, along with its directory vendor Dex Media, Inc., filed a Petition for a Waiver of or Exemption from the Requirements of the Commission's May 1, 1967 Directive Concerning the Issuance of Telephone Directories ("Petition").
2. On September 29, 2016, Staff filed its R&R which recommended the Commission deny the Petitioners a complete waiver while granting a partial waiver, on a trial basis, from the requirement from physically distributing printed directories in selected exchanges. Specifically, the Staff's recommendations ("Staff Rec.") are as follows (Staff R&R pages 6-7):

- a) Grant CenturyLink a partial waiver of the Commission's Directive regarding the distribution of telephone directories on a trial basis for the East Central Kansas Regional Directory, the Junction City/Fort Riley Area Regional Directory, the Burlington/Osage City Regional Directory, and the Turkey Red Regional Directory, while allowing customers the opportunity to obtain a printed directory, free of charge, indefinitely.

¹ Collectively referred to as United Telephone Companies of Kansas and the United Companies.

- b) For each affected directory, Century Link must provide its customers with notice of the directory change over two billing cycles via bill messages printed and distributed directly on the consumer's bill. Bill messages will be given concurrent with the time period when the affected directory would have been distributed, in order to limit customer confusion. CenturyLink must provide the Commission with the language used in the bill messages at least 30 days in advance of the issuance of the bill message.
- c) For each affected exchange, CenturyLink should be required to issue an annual bill message to remind customers they can request a printed directory at no charge by calling a toll-free number.
- d) For each affected exchange in which CenturyLink continues to print a Yellow Page Directory, CenturyLink should be required to include a notice on the Yellow Page Directory for each of the affected exchanges with a toll-free number for customers to call to request a printed residential directory. A copy of the notice should be submitted to Staff for review and approval prior to any roll out of the waiver in any of the directory areas.
- e) Century Link should be required to track consumer complaints concerning the waiver for a period of one year after implementation of the waiver in each exchange and provide the Commission with monthly complaint data on a quarterly basis. The Commission shall track and provide to CenturyLink, also on a quarterly basis, any directory waiver complaint data it maintains during the first year following implementation of the waiver in an exchange.
- f) CenturyLink should be required to provide the Commission with a report, on a quarterly basis during the first year following the implementation of the waiver in an exchange, detailing the number of requests it received monthly for the residential white page listings in any of the exchanges where the waiver is implemented.
- g) Following the one-year reporting period for the last directory area to switch from print to online publication, CenturyLink may file a request for review and request a waiver in this Docket for the exchanges included in the remaining three regional directories: Central Kansas Regional, Southeast Kansas Regional, and Northeast Kansas Regional.

CenturyLink will respond to each of Staff's recommendations although responses to certain related recommendations have been consolidated.

Response to Staff Comments

- 3. Staff recommends the Commission grant CenturyLink a partial waiver of the Commission's Directive regarding the distribution of telephone directories on a trial basis for four of the seven printed regional directories and that CenturyLink allow customers the opportunity to obtain a printed

directory, free of charge, indefinitely (Staff Rec. a.). Staff further recommends that the remaining three regional directories (Central Kansas Regional, Southeast Kansas Regional, and Northeast Kansas Regional) not be granted a waiver from the Commission's Directive until such time as CenturyLink files and receives approval for a subsequent waiver request at least two years after the completion of the implementation of the initial four regional directories (Staff Rec. g.). In regards to allowing customers the opportunity to obtain a printed directory, free of charge, indefinitely, CenturyLink hereby agrees to provide customers the opportunity to obtain a printed directory upon request, free of charge, until such time as the Commission orders otherwise or the Commission no longer retains authority in this matter. CenturyLink respectfully disagrees with Staff, however, on the need to implement the waiver on only a "trial basis."

4. Staff's proposal for a partial waiver on only a "trial basis" for the four regional directories (Staff Rec. a.) is not explained. Furthermore, Staff's rationale for not granting the full waiver request for the Central Kansas Regional, Southeast Kansas Regional, and Northeast Kansas Regional directories is based primarily on the fact that there is less broadband availability in those three regions. While CenturyLink does not dispute the fact that broadband availability varies, CenturyLink's commitment to allowing customers the opportunity to obtain a printed directory, free of charge, will mitigate any concerns with broadband availability. Similarly, the Staff's concerns about older customers being potentially unfamiliar with, or reluctant to use, the Internet are also ameliorated by the ability of any customer to request a directory. The Staff's R&R cites to marketing data on Dex Media's website to support the contention that rural and older demographics still use directories, however, that data also supports the Petition's contention that printed directories will continue to be delivered in areas where the market demographics suggest there is a business case for doing so. Consequently, Staff's R&R misapprehends the Petition as a statement of intent to

discontinue all delivery of printed directories, when what the Petition really seeks is the flexibility to deliver printed directories based on marketplace factors rather than on outdated regulations.

5. Staff's position that a waiver request should be required to be filed for the three remaining regional directories, but not before 12 months after the one-year reporting period ends for *the last* of the initial four regional directories to receive a waiver, could result in a delay of another four to five years before CenturyLink could get relief for any of the three remaining regional directories.²

Additionally, a second waiver request requirement will result in unnecessary costs and an unnecessary regulatory proceeding, as the trend towards online access to directory information is clear and will only increase going forward, and CenturyLink's commitment to continue providing printed directories upon request addresses concerns about the access to directory information for rural and older Kansans.

6. Staff's R&R discusses the public interest and states that "Staff recommends any type of waiver that may be granted include a requirement to provide a printed directory to any requesting customer free of charge, indefinitely." (Staff R&R, pg. 6) CenturyLink's commitment to allowing customers the opportunity to obtain a printed directory, free of charge, satisfies this public interest standard raised by Staff. However, there are multiple public interest concerns raised in this Docket, including the environmental costs of publishing and distributing directories that are not wanted by a large and growing percentage of customers and that ultimately end up unopened and unused in Kansas landfills. CenturyLink's waiver request is not based solely on costs and profitability, as Staff's R&R suggests, but is also based on customer satisfaction, changing consumer

² Each regional directory is published once a year, and all of CenturyLink's directories are published at different times of the year. For example, the Burlington/Osage City Regional Directory is published in December, but the Junction City/Fort Riley Regional Directory is published in March. At this point, given the timeframe for a Commission decision and the lead time needed for publication, if a waiver is granted it is highly likely that the 2017 Burlington/Osage City Regional Directory will still be printed and delivered. Under Staff's proposal, CenturyLink would not be able to file a waiver petition for one of the "remaining three regional directories" until after March of 2020, and relief for the Central Kansas Regional directory would not be effective until its scheduled publication in February 2021 (and it's possible that the two remaining directories would not get relief until their 2022 publication).

trends and environmental impacts. Simply put, many customers are annoyed with printed directories and CenturyLink's agreement to provide printed a directory upon request balances the various public interests.

7. The Staff's R&R recognizes that companies are in business to make a profit, but the Staff rejects the idea that the profitability of CenturyLink's vendor for directory publishing is a relevant public interest consideration. (Staff R&R, pg. 6) Nevertheless, the Commission should be concerned about the costs and the profitability of providing printed directories when that derives from a Commission-imposed regulatory mandate. If a regulatory mandate does not also consider the economic consequences of the regulation then the public interest is not being thoroughly considered. In order to satisfy the requirements of the 1967 Directive, CenturyLink uses a vendor for production and delivery of printed directories, and if that vendor cannot profitably deliver printed directories then that threatens the viability of that business. If the vendor were to exit that line of business then, under the 1967 Directive, CenturyLink would have to find a different vendor or undertake the costs of its own directory production, either of which would result in greater costs to CenturyLink than under its current arrangement with its vendor, and that could impact CenturyLink's ability to profitably provide its core services to consumers and businesses. As the Petition makes clear, the fundamental changes that have occurred to the directory marketplace have made the saturation delivery of printed directories an unprofitable enterprise in many markets, and that reality does not differ depending on whether it is CenturyLink, or a vendor, that provides the directories.

Consequently, CenturyLink filed the Petition because the regulatory mandate in the 1967 Directive to provide a printed directory no longer makes economic sense (as it may have when ILECs held a monopoly and generally owned their own directory business), and is no longer required to protect the public interest, and that is true regardless of whether the costs and profitability of compliance are

experienced firsthand by CenturyLink or by the vendor that CenturyLink uses to provide this regulated service.

8. Notwithstanding CenturyLink's opposition to any "trial basis" for the waiver, as proposed by Staff, CenturyLink is willing to implement this upon-request directory initiative in a staggered implementation approach. Specifically, if the waiver is granted, CenturyLink will first implement the four regional directories the Staff has no concerns with (East Central Kansas Regional Directory, the Junction City/Fort Riley Area Regional Directory, the Burlington/Osage City Regional Directory, and the Turkey Red Regional Directory) before implementing the remaining three regional directories. Given the publishing schedules and required lead-times, it is anticipated that the upon-request initiative for the Central Kansas Regional, Southeast Kansas Regional, and Northeast Kansas Regional directories would not be implemented until sometime in 2018 or later. This will allow Staff ample time to monitor and analyze the monthly and quarterly reports (discussed below) associated with the initial tranche of regional directories and propose any corrective action it feels is appropriate.

9. Staff also recommends CenturyLink "include a notice on the Yellow Page Directory for each of the affected exchanges with a toll-free number for customers to call to request a printed residential directory." (Staff Rec. d.) Staff's recommendation is that this Yellow Page notice only be provided to the extent CenturyLink continues to print a Yellow Page Directory. CenturyLink notes that it sold its directory business in 2002 as outlined in the Petition and, consequently, CenturyLink no longer provides any Yellow Page directories in Kansas or contracts with any third-party vendor to provide such directory. Consequently, this Staff recommendation is not applicable.

10. Staff makes two separate recommendations regarding bill messaging. (Staff Rec.'s b. and c.) First, Staff recommends CenturyLink provide a bill notice for two consecutive months for each affected directory and such bill message be provided to the Commission at least 30 days in advance

of the issuance of the bill message. CenturyLink committed in its Petition to provide a bill message to affected customers advising its customers of (1) the digital directory web address, (2) that paper copies of that market's directories are available upon request and (3) a toll-free number is available to make such request. CenturyLink is agreeable to Staff's recommendation of two consecutive bill messages and is also agreeable to provide such bill message to the Commission at least 30 days in advance of the issuance of the bill message.

11. Staff's second recommendation regarding bill messaging is an annual bill message to remind customers that a printed directory is available at no charge by calling a toll-free number. (Staff Rec. c.) CenturyLink submits that this annual bill message requirement is not needed for multiple reasons. First, existing customers will have already been notified of the change in directory delivery and of their option to request a printed directory via two consecutive bill messages. Second, new customers will automatically receive a printed phone directory as part of the "welcome package" from CenturyLink, along with a notice that future printed directories are available only upon request. Finally, CenturyLink believes that customers wanting a printed directory will not hesitate to contact CenturyLink regardless of an annual bill message; rather, customers wanting a printed directory will contact the regular CenturyLink customer care number printed on page one of their monthly bill, at which time CenturyLink will take the appropriate steps to provide a printed directory.

12. Finally, Staff recommends CenturyLink track and report customer complaints for one year (Staff Rec. e.) and provide the Commission with a quarterly report for one year detailing the number of requests it received monthly for a printed directory. (Staff Rec. f.) CenturyLink is agreeable to both of these Staff recommendations.

Conclusion

13. To summarize CenturyLink's response to Staff's Report and Recommendation:

- a. CenturyLink hereby agrees to allow customers the opportunity to obtain a printed directory, free of charge, until otherwise ordered by the Commission or the Commission no longer retains authority over this matter. CenturyLink respectfully disagrees with the need for a trial of the waiver and submits that the multiple public interests factors presented by the Petition are properly balanced with CenturyLink's commitment to provide a printed directory upon request along with CenturyLink's commitment to the staggered implementation schedule outlined above.
- b. CenturyLink no longer provides a Yellow Pages directory – either directly or under contract – and therefore Staff's recommendation is inapplicable to CenturyLink.
- c. CenturyLink agrees to Staff's recommendation of two consecutive bill messages and agrees to provide the Commission with 30 days advance notice of such bill message, but CenturyLink asserts an annual bill message is not warranted.
- d. CenturyLink is agreeable to Staff's recommendations regarding monthly customer complaint tracking for one year and a quarterly report for one year detailing the number of requests it received monthly for a printed directory.

WHEREFORE CenturyLink respectfully requests that the Commission consider these comments.

Respectfully submitted,



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VERIFICATION

STATE OF TEXAS)
)ss.
COUNTY OF TRAVIS)

Kevin K. Zarling, of lawful age, being first duly sworn, on oath deposes and states:

That he is an attorney for the United Telephone Company of Kansas in the above-referenced matter; that he has read the above and foregoing document, knows and understands the contents thereof and states that the statements and allegations contained therein are true and correct, according to his knowledge, information and belief.

Further affiant sayeth not.

Kevin K. Zarling

Subscribed and sworn to before me this 10th day of October 2016.

My Appointment Expires:

Notary Public in and for said
County and State

