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BELLSOUTH

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November 19, 1998

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW, Room 222
Washington, DC 20554

RECEIVED

NOV 19 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

RE: Subscriber List Information, CC Docket No. 96-115

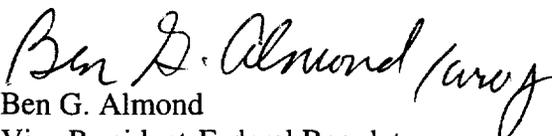
Dear Ms. Salas:

This is to inform you that on November 18, 1998, Stephen L. Earnest, Terrence K. Orman, Dave Thomason and Ben Almond, all of BellSouth Corporation met with Bill Kehoe and Douglas Galbi of the Common Carrier Bureau, concerning the above referenced proceeding. The attached document represents a detailed discussion of the major points presented during the meeting.

Please associate this notification and the accompanying document with the docket proceeding.

If there are any questions concerning this matter, please contact the undersigned.

Sincerely,


Ben G. Almond
Vice President-Federal Regulatory

Attachment

cc: Bill Kehoe
Douglas Galbi

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List A B C D E

MEMORANDUM

RECEIVED

NOV 19 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: Subscriber List Information

Date: November 18, 1998

In various ex partes filed before the Commission, the Association of Directory Publishers ("ADP") has argued that Subscriber List Information ("SLI") offered by local exchange companies ("LEC") must be provided at cost based prices. Such a contention should be completely rejected by the Commission because directory publishing is a competitive business and should be allowed to operate in an unregulated environment. Moreover, the Telecommunications Act of 1996 ("1996 Act") does not require SLI to be priced based on cost. In support of these positions, BellSouth will show that its SLI services are offered to independent directory publishers on a timely and unbundled basis at nondiscriminatory and reasonable rates and that there are numerous competitors in the marketplace, many of whom obtain their listings from sources other than BellSouth.

I. BellSouth's SLI Services Meets All Obligations of the 1996 Act.

The statutory authority regarding SLI is found at 47 U.S.C. § 222(e). It states:

(e) SUBSCRIBER LIST INFORMATION. -- ... a telecommunications carrier that provides telephone exchange service shall provide subscriber list information gathered in its capacity as a provider of such service on a timely and unbundled basis, under nondiscriminatory and reasonable rates, terms, and conditions, to any person upon request for the purpose of publishing directories in any format.

The statute clearly defines the obligations of a provider of SLI services to be the provision of SLI (a) on a timely and unbundled basis and (b) at nondiscriminatory and reasonable rates. BellSouth's SLI services comply with these obligations and therefore prescribed rules regarding these services are unneeded.

A. BellSouth Offers SLI on an Unbundled Basis

BellSouth offers SLI services on a non-discriminatory and unbundled basis in all states within its region. BellSouth provides its SLI services via its Directory Publishers Database Service (DPDS). DPDS service is available to any person who requests it in order to publish a telephone directory. In some of the states these services are tariffed, while in other states they are offered under contractual agreement. Whether offered by tariff or by contract, any publisher may obtain SLI in any of BellSouth's states for the same price.¹ Thus, any independent publisher may purchase the unbundled elements of SLI services on a non-discriminatory basis. BellSouth has attached as Exhibit 1 a list of the unbundled SLI elements that it provides along with the price for each element.

B. BellSouth's Rates for SLI are Nondiscriminatory and Reasonable

BellSouth believes it is important for the Commission to understand the directory publishing industry. The economic incentive to publish a directory is for the advertising revenue earned through advertisements in the directories' yellow pages -- the directory itself is usually provided to the user at no cost. The sale of these advertisements can be a very lucrative and profitable business. To illustrate, BellSouth has attached as Exhibit 2 examples of cost/revenue analysis for two actual directories published in its region. The first example is a directory published in Louisiana and has approximately 150,000 subscribers in the white page listings, and

¹ BellSouth has recently changed the pricing methodology of one of the components making up the SLI services in non-tariffed states to conform to the pricing of that component in tariffed states. As reported in an ex parte letter in this docket dated August 28, 1998, a Weekly Business Activity Report ("WBAR") is a listing of activity (disconnections, changes, transfers, and new connections) that occurs in a central office (NPA-NXX) during a week. Until recently, in states where SLI services are not tariffed, the charge for the WBAR was \$.09 per item of activity that occurred during the week, while in tariffed states the cost was \$.006 per each listing in the

375 pages of advertising, i.e., yellow pages. The next example is a directory published in Florida and has approximately 200,000 subscribers in the white pages listings, and 501 pages of advertising. Using a conservative industry estimate for the sales price for yellow pages advertisements of \$300 per inch, the example shows that the revenue for the advertisements in Louisiana directory would yield approximately \$810,000, while the Florida directory would yield approximately \$1,442,880 in revenue.² The Louisiana revenue is compared to a cost for the SLI of \$6,000 (150,000 subscriber listings * \$.04³) and the Florida revenue is compared to a SLI cost of \$8,000 (200,000 subscriber listings * \$.04). Thus, in these examples the publishers' revenue as a percentage of the SLI cost is 13,500% ($\$810,000/\$6,000$) and 18,036% ($\$1,442,880/\$8,000$), respectively. Considering these types of profits, the rates charged by BellSouth appear to be more than reasonable.

Understanding the economics of the directory industry is important because it exposes the fact that SLI is not the commodity that the independent publishers sell in order to make a profit. SLI is merely a means to an end. SLI provides the independent publishers sales leads for their advertisement sales. Thus, while BellSouth recognizes the importance of SLI for the publishing of the directories, providing SLI to the public through the directories is not the economic incentive for independent publishers, but merely a by product.⁴ ADP ignores the above facts and seeks cost based rates for SLI on the pretense that SLI is a monopoly bottleneck controlled by the LECs. Such a claim, however, is simply not true. In reality, ADP wants to force the LECs to

central office, i.e., up to 10,000 listings. While the price methodologies were different, the total cost for the WBAR was the same, or comparable, under either the tariff or contract.

² BellSouth also estimated that 30% of the pages contained advertisements. BellSouth based this estimate on a review of the pages.

³ See Exhibit 1 for pricing of SLI elements.

⁴ Because the directories are already distributed to residential consumers free of charge, such consumers will not benefit from price regulation of SLI. The only party that will benefit from such regulation is the independent publishers who will receive higher profits.

provide SLI pursuant to cost based rates in order to push its members' costs lower so that they may yield larger profits.

Even if SLI services were only offered by LECs, which they are not, there is no statutory basis to require LECs to provide such services under cost based rates. As stated above, § 222(e) requires that SLI be provided under nondiscriminatory and reasonable rates, terms, and conditions. The statutory requirement that rates be "reasonable and nondiscriminatory" does not mean that they must be based on cost (especially incremental cost). Where Congress intended in the 1996 Act that rates be cost based, it set forth its intentions explicitly.⁵ By contrast, Section 222(e) does not use the term "cost" in describing the obligation of a carrier to a competing directory publisher. Instead, the carrier's obligation is to provide subscriber list information "under nondiscriminatory and reasonable rates, terms and conditions." The suggestion that the Commission establish "a benchmark that establishes a maximum level of profit over costs" is not authorized under Section 222(e).

BellSouth should not be forced to provide the SLI services only at a price that excludes any contribution to overhead costs, much less an economic profit, while the ADP members could use the service to obtain economic profits. Moreover, BellSouth provides the same information to BellSouth Advertising & Publishing Company ("BAPCO"), the entity that publishes BellSouth's directories. BAPCO purchases BellSouth listings at a price that exceeds the price BellSouth charges other entities.⁶ Thus, BellSouth does not place competing directory publishers at a competitive disadvantage.

⁵ See, e.g., 47 U.S.C. § 252(d)(1): Rates for interconnection and unbundled network elements shall be based on cost and may include a reasonable profit.

⁶ BAPCO is the only entity that is charged rates in excess of those established in BellSouth's tariffs.

Other regulatory bodies in the BellSouth region have addressed this issue and determined BellSouth's market based rates to be nondiscriminatory and reasonable. In a Florida proceeding regarding BellSouth's SLI services, the Florida Public Service Commission ("FPSC") approved BellSouth's rates established in its tariff for DPDS services. Indeed, in an order issued on May 9, 1997 regarding DPDS rates for new connection reports and update services,⁷ the FPSC stated that:

We do not agree with FIDP [Florida Independent Directory Publishers] that incremental cost pricing is appropriate for the requested services. These are non-basic services. Price protection is not necessary for them, as it is for basic services. Also, we find that BellSouth's services do not constitute a bottleneck function for FIDP, since other sources exist for the required information. Furthermore we find that incremental pricing is not consistent with the market value of new connections information. ... We find that BellSouth's proposed market based rates are reasonable for the service offerings requested by FIDP.⁸

The FPSC went on to address 47 U.S.C. § 222(e) and stated that the section requires "BellSouth to provide subscriber list information to any directory publisher upon request for the purpose of publishing directories. Accordingly, we find that our decisions herein concerning new connections listings comply with 47 U.S.C. § 222(e)."⁹ Thus, while ADP may prefer that the services should be priced at cost, this view is not shared by the FPSC.

Moreover, recently the Louisiana Public Service Commission Staff issued a Post-Hearing Statement ("Statement") regarding the pricing of SLI in the Louisiana tariff. The Statement urged that the Administrative Law Judge recommend to the Louisiana Public Service

⁷ BellSouth notes that even though it has gone to the trouble to offer new connection services to ADP members, there has been very little demand for such services. Accordingly, ADP's complaints in its ex partes seem disingenuous considering that very few, if any, of its members appear to be taking advantage of this service.

⁸ In Re: Petition and complaint of Florida Independent Directory Publishers to amend Directory Publishers Database Service Tariff of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone Company, Docket No. 931138-TL, Order No. PSC-97-0535-FOF-TL, May 9, 1997, at 6.

⁹ *Id.* at 6.

Commission that the rates set by BellSouth for its SLI services are reasonable and nondiscriminatory and fully consistent with the 1996 Act. The Staff stated:

The key provisions of [Section 222(e)] state that rates must be nondiscriminatory and reasonable. The term nondiscriminatory suggest that similarly situated publishers with requests will be sold subscriber listings on the same or similar rates terms and conditions. Reasonable rates means that the telephone companies are fairly compensated for the value of the information, including the cost of gathering and maintaining the data, while still ensuring that independent directory publishers have access to the information.

The intervenors in this docket have suggested that reasonable rates means costs. Upon consideration, Staff rejects this argument. It is important to note that DPDS update services are nonbasic services and thus should be priced at market value. The Staff believes, as did the Florida Public Service Commission, that incremental pricing is not consistent with the market value of new connections information.

...

There are essentially three elements to the compensation for SLI, as required by the House Commerce Committee Report – the pro rata cost of gathering and maintaining the information, the costs of providing the information to an independent publisher, and the value of the listing themselves.¹⁰ All three elements – not only the incremental costs of providing the information to the independent publishers – must be part of any analysis of whether the compensation is reasonable. Such an analysis allows independent publishers to have access to the listing information, while allowing the telephone to recover the value of the listings.¹¹

Based on the foregoing, including the findings of the FPSC, who conducted an exhaustive fact finding proceeding to reach its conclusion, and the Louisiana Staff's recommendation, it is clear that SLI services should be based on market value and not on cost. Furthermore, the market rates charged by BellSouth are nondiscriminatory and reasonable and independent publishers are void of any need of regulatory protection.

¹⁰ See H.R. Rep. No. 104-204, Part I, 104th Cong., 1st Sess. (1995).

¹¹ In re: Revision to Directory Publishers Database Services (DPDS) Tariff to include the option of a monthly refresh file, Docket No. U-21760, Commission Staff's Post-Hearing Statement, August 7, 1998, at 4-5.

II. Directory Publishing is a Competitive Industry.

SLI can be obtained from entities other than the LECs. In addition to being able to purchase SLI services on an unbundled basis from BellSouth, independent publishers may obtain the information contained in SLI from sources such as the Internet, new business lists from selected communities, or Chamber of Commerce lists. Examples of Internet sites that provide subscriber listings are American Business Information Inc.¹² and Metromail.¹³ In fact, Metromail provides a National Consumer Data Base® (“NCDB”) which it states “contains geographic and demographic information on more than 95 percent of U.S. households. It is compiled from thousands of public and proprietary sources, and is updated 65 times per year.”¹⁴ Accordingly, publishers have updated sources, other than LECs, to obtain subscriber listings.

Publishers in the BellSouth region apparently use alternate sources such as these. As demonstrated in Exhibit 3, 81 publishers produce competing directories in the BellSouth region. Of these 81, 23 do not use BellSouth’s SLI services.¹⁵ Accordingly, these publishers are obtaining their listing information from sources other than BellSouth.¹⁶

¹² Internet address is <<http://www.abii.com>>.

¹³ Internet address is <<http://www.metromail.com>>

¹⁴ Metromail, Products & Services, Direct Marketing, <<http://www.metromail.com/products/direct.html>>.

¹⁵ Attached, as Exhibit 3, is a list of the 81 independent publishers in the BellSouth region. An asterisk indicates those publishers that do not purchase SLI services from BellSouth.

¹⁶ BellSouth has no knowledge of where these publishers obtain their directory listings. BellSouth supplies this list to support its position that such listings are not purchased from BellSouth. BellSouth has general knowledge that some publishers scan the white pages from published directories into a digital media and then produce their published directories from the scanned data. BellSouth does not suggest that these publishers publish their directories from scanned information, however, it states this to point out to the Commission yet another source of obtaining subscribers’ listings.

Conclusion

Based on the issues discussed herein, BellSouth respectfully submits that regulation of SLI prices is unwarranted. Accordingly, the Commission should allow the pricing of SLI services to continue pursuant to market based prices.

EXHIBIT 1

BellSouth Directory Publishers Database Service

| <u>Unbundled Service Options</u> | <u>Rate</u> |
|--|-------------|
| 1. Each Single Central Office NPA-NXX Listing File Requested; for use to publish | |
| a) Single edition of a printed directory, Per Listing | \$.04 |
| b) Multiple editions of printed directories, Per Listing | .12 |
| c) CD ROM directory, Per Listing | .18 |
| A. Daily Updates | |
| a) Each Updated Listing Provided | 1.50 |
| 2. Each NPA-NXX Listing File plus 11 Monthly Refresh Files requested for use to publish | |
| a) Single edition of a printed directory, Per Listing | .16 |
| b) Multiple editions of printed directories, Per Listing | .48 |
| 3. Sort Extract | |
| a) Per Listing | .10 |
| 4. New Connect Report | |
| a) Per Listing Provided | 2.00 |
| 5. Weekly Business Activity Report (WBAR) | |
| a) Per Central Office NPA-NXX Listing (for all listings Central Office requested) | .006 |

Attached to this Exhibit 1 is a copy of BellSouth's DPDS tariff for Florida (Attachment

A). The Florida DPDS is attached to provide a more detailed description of the unbundled elements listed above.

EXHIBIT 2

Value of SLI to Directory Publisher

Louisiana Directory Example

1. White Pages in sample directory contain about 150,000 listings
2. Publisher pays BellSouth \$.04 per listing

Publisher's Listing Cost = (150,000 listings) x (\$.04/listing) = **\$6,000**

1. 375 Yellow Pages in directory
2. Each 8 inch page contains 3 columns

Directory has (375 pages) x (8 inches/page) x (3 columns) = **9,000 print inches**

1. Assuming publisher charges \$300 per inch (some charge more, some less),
2. Approximately 30% of the Yellow Pages content is Advertising, and thus

Estimate of

Publisher's Advertising

Revenue for Directory = (9,000 Inches) x (\$300/inch) x (30% of contents) = **\$810,000**

BellSouth's SLI cost as a % of Publisher's Revenue = (\$6,000) / (\$810,000) < 1%

Publisher's Revenue as a % of BellSouth's \$6,000 cost object = 13,500%

Florida Directory Example

1. White Pages in sample directory contain about 200,000 listings
2. Publisher pays BellSouth \$.04 per listing

Publisher's Listing Cost = (200,000 listings) x (\$.04/listing) = **\$8,000**

1. Yellow Pages in directory
2. Each 8 inch page contains 3 columns

Directory has (501 pages) x (8 inches/page) x (4 columns) = **16,032 print inches**

1. Assuming publisher charges \$300 per inch (some charge more, some less),
2. Approximately 30% of the Yellow Pages content is Advertising, and thus

Estimate of

Publisher's Advertising

Revenue for Directory = (16,032 Inches) x (\$300/inch) x (30% of contents) = **\$1,442,880**

BellSouth's SLI cost as a % of Publisher's Revenue = (\$8,000) / (\$1,442,880) < 1%

Publisher's Revenue as a % of BellSouth's \$8,000 cost object = 18,036%

ATTACHMENT A

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

Original Page 1

ISSUED: July 1, 1996

EFFECTIVE: July 15, 1996

BY: Joseph P. Lacher, President - FL
Miami, Florida

A38. LISTING SERVICES¹

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Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

Original Page 1

ISSUED: July 1, 1996
BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

A38. LISTING SERVICES¹

A38.1 Directory Assistance Database Service (DADS)

A38.1.1 Description of Service

A. Upon request, the Company will provide local exchange subscriber name, address and telephone number listings (except as limited by D. following), solely for the customer's expressed purpose of providing Directory Assistance type services to its end users. The term "end user" denotes any entity who obtains Directory Assistance type services for its own use from a DADS customer. Directory Assistance type services are defined as:

1. Voice Directory Assistance (DA Operator or DA Operator System assisted), and
2. Electronic Directory Assistance (Data Systems assisted).

B. DADS is available and may be ordered on a Business, Residence or combined Business and Residence listings basis for each Central Office requested. The data provided will include all eligible listings as outlined in C. and D. following.

C. DADS will include the following:

1. Base File

An extract containing all qualified listed names, addresses and telephone numbers of Company and Independent Telephone Company (to the extent permitted by contractual agreement with the individual Independent Telephone Companies) subscribers located in a requested NPA, which includes the following:

- a. Listed Name - As input on the Company service order.
- b. Listed Address - House Number Prefix or Suffix, Street Name Prefix or Suffix, Address Prefix or Suffix, Community Name, State Name.
- c. Telephone Number
- d. Account NPA - Originating NPA
- e. Account NXX - Originating NXX
- f. Exchange Code - Originating Community Code
- g. Date - Current date of Extract/Update
- h. Directory Indicator - Alternate Community Name Indicator, if applicable indicator will be set for foreign directory name.
- i. Directory Name - Alternate Community Name, if applicable for foreign directory name listing.
- j. Unique Business/Residence/Government Indicator
- k. Phrase Codes - Special information regarding listing's telephone service (e.g., telephone observing equipment, teletype service for the deaf).

In addition to the preceding listed information, the customer may optionally request Non-Listed listings which will include the information defined in a., b. and c. preceding and/or Non-Published listings which will include information defined in a. preceding.

The Company will require sufficient time (approximately one month) after receiving an order to prepare the Base File.

2. Daily Updates

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

Original Page 2

ISSUED: July 1, 1996
BY: Joseph P. Lacher, President - FL
Miami, Florida

EFFECTIVE: July 15, 1996

A38. LISTING SERVICES¹**A38.1 Directory Assistance Database Service (DADS) (Cont'd)****A38.1.1 Description of Service (Cont'd)****C. DADS will include the following: (Cont'd)****2. Daily Updates (Cont'd)**

Daily updates will reflect all listing change activity occurring since the customer's most recent update. The updates are provided on a Business, Residence, or combined Business and Residence basis. The updates shall be used solely by the customer to keep his information current. Delivery of Daily Updates will commence the day after the customer receives his Base File.

D. DADS is not a verbatim copy of the Company's Directory Assistance (DA) Database or of the Company's Directory. The following listings will not be provided with DADS:**1. Secondary Listings****2. Listings that are deemed by the Company as inappropriate to provide****E. The Company reserves the right to exclude any name at the request of the Company's subscribers.****F. License fees, Cancellation fees, and Termination Liability fees for DADS are as set forth in A38.1.3 following.****A38.1.2 Regulations**

- A. All right, title and interest in and to DADS, including all intellectual property rights pertaining thereto, will remain with the Company. The Company licenses the use of DADS to the customer. The title to DADS shall remain solely with the Company whether or not it is in the possession of a customer.**
- B. Use of DADS shall be limited solely to the customer's provisioning of Directory Assistance type services as defined in A38.1.1 preceding.**
- C. DADS may not be used for any purpose which violates federal or state laws, statutes, regulatory orders or tariffs.**
- D. Except for the permitted uses, the customer shall not disclose DADS to others and shall use due care in providing for the security and confidentiality of DADS. The customer shall not rent, license or resell DADS for any purpose, nor shall customer permit its end users to do the same. The customers shall not reproduce DADS except for the preparation of archival or backup copies. Failure to comply with the provisions of this Tariff shall result in termination of the service and customer shall immediately return to the Company all copies of DADS in its possession and shall make no further use of DADS data. The Company may refuse to furnish the service when it has reasonable grounds to believe that such service shall be used in violation of this Tariff.**
- E. The minimum service period for DADS is twelve (12) months. The regulations as set forth for deposits and payment of service in A2.4 of this Tariff shall apply. If a customer cancels an order for the Base File prior to the scheduled delivery date, the customer shall pay the Company a cancellation fee as specified in A38.1.3.B. If a customer terminates his subscription to DADS on or after the scheduled delivery date of the Base File, termination fees are due as outlined in A38.1.3.C.**

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

First Revised Page 3
Cancels Original Page 3

ISSUED: May 16, 1997
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: May 21, 1997

A38. LISTING SERVICES

A38.1 Directory Assistance Database Service (DADS) (Cont'd)

A38.1.2 Regulations (Cont'd)

- F. The customer shall provide written specifications, signed by a duly authorized representative of the customer, for each DADS order. All orders must be confirmed in writing by the customer. The Company shall not be liable for any errors or deficiencies in the data provided. The customer agrees to release the Company from any and all liability which may arise due to any errors and omissions in the Company's listings.
- G. The customer shall protect, indemnify, save harmless and defend the Company from and against any and all loss, liability, damages and expense arising out of any demand, claim, suit or judgment for damages that may arise out of the Company's supplying of DADS or use of data contained therein irrespective of any fault, failure, or negligence on the part of the Company.
- H. Neither the customer nor its employees, agents or representatives shall represent in any way to any person or make any untrue or misleading advertising claim that its directory assistance type service is sponsored or approved by the Company or that the Company or any of its affiliates are in any way connected with the customer or that the Company or any of its affiliates have any responsibility for the customers service.
- I. The customer, its employees, representatives or agents shall not use any methods of advertisement, solicitation, order form, billing invoice, stationary, promotional material or any artifice or device which would tend to create the impression or imply that the customer was or is associated with or sponsored by the Company or any of its affiliates. In addition, the customer shall prominently display its name on each of the above and identify itself by name when providing directory assistance type services to its end users.
- J. The customer shall remit to the Company monthly an itemized statement of usage by Central Office.
- K. The customer shall make available to the Company upon request necessary records to allow the Company to audit the number of requests received from the DADS customer's end users. The Company may perform an audit at any time. The results of the audit will be presumed to be correct. The Company will adjust the customer's bill and will bill the customer per the results of the audit.
- L. The Company may terminate the service when it has reasonable grounds to believe that full payment is not being made.
- M. The customer will be billed a usage charge as determined by the Company in the event the customer does not report their usage on a monthly basis.
- N. Prior to receipt of the Base File the customer must provide the Company with a written plan outlining the method used to record and accumulate the amount of usage to be reported to the Company.

A38.1.3 Rates and Charges

- A. The following license fees apply for Directory Assistance Database Service.
 - 1. Use Fee¹

| | Rate | USOC |
|--|----------------|-------------|
| (a) Per DADS customer's end user request | \$.0350 | NA |

Note 1: DADS must be ordered for a minimum of twelve consecutive months.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA
ISSUED: May 16, 1997
BY: Joseph P. Lacher, President -FL
Miami, Florida

GENERAL SUBSCRIBER SERVICE TARIFF

First Revised Page 4
Cancels Original Page 4

EFFECTIVE: May 21, 1997

A38. LISTING SERVICES

A38.1 Directory Assistance Database Service (DADS) (Cont'd)

A38.1.3 Rates and Charges (Cont'd)

- A. The following license fees apply for Directory Assistance Database Service. (Cont'd)
 - 2. Monthly Recurring Charge

| | |
|-------------------------|--------------|
| Monthly Rate | USOC |
| \$150.00 | DBSAF |

- B. Cancellation Fees¹
 - 1. Prior to scheduled delivery of initial base file

| | |
|--------------------------------|-------------|
| Nonrecurring Charge | USOC |
| \$- | NA |

- C. Termination Fees²
 - 1. On or after scheduled delivery of initial base file
 - (a) Per Termination

| | |
|---|----|
| - | NA |
|---|----|

A38.2 Directory Publishers Database Service (DPDS)

A38.2.1 Description of Service

- A. At the request of a customer, the Company will provide Directory Publishers Database Service (DPDS) to a customer solely for the compilation, production, publication, correction, and distribution of printed booklet CD ROM *or diskette* directories as alphabetical and/or numerically sequenced classified telephone directories for general telephone number service and/or for the sale or solicitation of advertising from business customers to be contained in a published directory. *A directory is defined as a dated, tangible alphabetical and/or numerically sequenced list containing the listed names, addresses, primary business classification (where available) and telephone numbers of BellSouth's subscribers located within the central office NPA-NXX codes requested for publishing in printed, diskette or CD ROM format.*
- B. Directory Publishers Database Service (DPDS) will optionally provide a Weekly Business Activity Report (WBAR) which may be used for the sale or solicitation of advertising to be contained in a published directory. The WBAR may also be used for update and/or delivery of directories; however, WBAR may not be suitable for these purposes. The customer assumes full responsibility for the use of the WBAR to update and deliver directories.
- C. BellSouth will commence development of a New Connect Report (NCR) upon receipt of a bona fide order(s) for such service; which may then be provided as a DPDS option to be implemented 30 days from the initial order date and no later than 7/1/97. While there would be no minimum subscription period for NCR, the ordering customer(s) would be required to pay BellSouth a minimum of the entire cost of service development, regardless of the subscription period. In the event the ordering customer(s) cancel service prior to the time the Company has recovered its costs via rates paid for the NCR option(s), these costs will be recovered via a termination fee to be paid by the customer(s). The termination fee would be equal to the difference in rates paid for the option by the customer(s) to BellSouth and the Company's total development costs incurred. The NCR option developed would include provision of only the names, telephone numbers, listed address and billing addresses (if different from the listed address) of new BellSouth residential and/or business subscribers (ordering DPDS customers may specify residence, business or both). The listing data provided would include only the complete mailing addresses for non-listed and non-published numbers. Residence listings provided via NCR may be used solely for the purpose of delivering telephone directories. Business listings provided via the NCR may be used for soliciting yellow page advertising and for delivering directories.

Note 1: The nonrecurring cancellation fee will be computed to allow the Company to recover all cost incurred by the Company for work performed prior to cancellation.

Note 2: The DADS termination fee applies when the customer requests termination of DADS service prior to the 12 month minimum subscription period. The termination fee will be determined by multiplying the number of months remaining in the 12 month subscription period by the monthly recurring charge, referenced in A38.1.3.A. preceding.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

First Revised Page 5
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ISSUED: May 16, 1997
BY: Joseph P. Lacher, President -FL
Miami, Florida

EFFECTIVE: May 21, 1997

A38. LISTING SERVICES

A38.2 Directory Publishers Database Service (DPDS) (Cont'd)

A38.2.1 Description of Service (Cont'd)

- D. BellSouth will commence development of a Sort Extract option which would provide a one time extract of listings sorted in any of the following sequences: NPA-NXX code, zip code (when available on records), residential customer, business customer and/or "A to Z" extractions of foreign exchanges, remote call forwarding and 800 numbers upon receipt of a bona fide order(s) for such service. In the event a bona fide order is received, the Sort Extract option may then be provided as a DPDS option to be implemented 30 days from the initial order date and no later than 7/1/97. While there would be no minimum subscription period for Sort Extract option, the ordering customer(s) would be required to pay BellSouth a minimum of the entire cost of service development, regardless of the subscription period. In the event the ordering customer(s) cancel service prior to the time the Company has recovered its costs via rates paid for the Sort Extract option, these costs will be recovered via a termination fee to be paid by the customer(s). The termination fee would be equal to the difference in rates paid for the option by the customer(s) to BellSouth and the Company's total development costs incurred.
- E. BellSouth will commence development of a Daily Update option which would provide daily service order activity affecting the designated database of listings maintained by the customer sequenced in any of the Sort Extract option formats described in paragraph D, preceding. In the event a bona fide order is received, the Daily Update option may then be provided as a DPDS option to be implemented 90 days from the initial order date and no later than 9/1/97. While there would be no minimum subscription period for Daily Update option, the ordering customer(s) would be required to pay BellSouth a minimum of the entire cost of service development, regardless of the subscription period. In the event the ordering customer(s) cancel service prior to the time the Company has recovered its costs via rates paid for the Daily Update option, these costs will be recovered via a termination fee to be paid by the customer(s). The termination fee would be equal to the difference in rates paid for the option by the customer(s) to BellSouth and the Company's total development costs incurred.
- F. Directory Publishers Database Service (DPDS) is available and must be ordered by Central Office NPA-NXX codes as specified in A38.2.3.
- G. DPDS will provide the following:

1. Central Office NPA-XXX Listing File

An extract containing the listed names, addresses, primary business classification (where available) and telephone numbers of Company subscribers located within the Central Office NPA-NXX codes requested.

Central Office NPA-NXX Listing Files will be provided on either magnetic media (round 9-track 6250 BPI tape) or printed paper at the customer's request.

The Company will require sufficient time (approximately 2 weeks) after receiving an order to prepare the Central Office NPA-NXX Listing File.

2. Weekly Business Activity Report (WBAR)

Weekly reporting changes affecting the business listings of the Company's subscribers served via a requested Central Office NPA-NXX will be provided optionally, at the customer's request, as specified in A38.2.3 following. These reports will include changes in main listed names, addresses and telephone numbers resulting from orders establishing, terminating or orders transferring main service (N,D,R,X,C and T orders). These reports are made available exclusively to directory publishers for their use in soliciting advertising for future directories. These reports will not be provided to other types of customers for any other purpose. The business subscriber data will include:

- a. Listed Name
- b. Listed Address
- c. Listed Telephone Number
- d. Billing Name (if different from the listed name)
- e. Billing Address (if different from the listed address)
- f. Primary Business Classification (as selected by the business subscriber if such business classification was obtained by the Company)¹

Note 1: The primary business classification may not be retained by the Company beyond one week and therefore may not be available after that week.

BELLSOUTH
TELECOMMUNICATIONS, INC.
FLORIDA

GENERAL SUBSCRIBER SERVICE TARIFF

First Revised Page 6
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BY: Joseph P. Lacher, President -FL
Miami, Florida

A38. LISTING SERVICES

A38.2 Directory Publishers Database Service (DPDS) (Cont'd)

A38.2.1 Description of Service (Cont'd)

- H. The customer must take reasonable steps to remove from its records and not publish in its directory any listing relating to subscriber service upon reasonable notice given by the Company and confirmed in writing that the listing has become non-published or non-listed in the records of the Company.
- I. The Company will take reasonable steps to provide accurate and current information when listings are ordered under this Tariff. Customer understands and acknowledges, however, that the data will require editorial review and revision. When the customer suspects errors or omissions in the listing information received, the customer agrees to contact the Company and supply it with copies of the suspected errors or omissions. The customer may change the listing provided to reflect the corrected listing information in the directory it publishes. The Company has no obligation to update the information after it has been transmitted to customer, except as provided in any tariff update service.
- J. Upon any request for Directory Publishers Database Service, the Company shall provide the customer with or will notify the customer of a reasonable procedure for obtaining such additions and discontinuances of Central Office NPA-NXX codes. The Company is not required to provide notice of such additions and discontinuance of Central Office NPA-NXX codes to the customer as long as there is a reasonable method by which the customer can obtain that information.
- K. Rates for the use of DPDS are as set forth in A38.2.3 following.

A38.2.2 Regulations

- A. The Company authorizes the use of DPDS pursuant to the terms of this Tariff. By virtue of such authorization, the Company does not transfer right, title or interest (including intellectual property rights), if any, which it may have in and to DPDS. This Tariff does not create or negate any rights, restriction, or prohibitions which exist pursuant to federal copyright or state and federal trademark law. The rights and obligations of the parties under those laws shall be determined in the appropriate agency or forum.
- B. When ordering an initial Central Office File, customer must within 180 days either:
 - 1) Publish its directory, or
 - 2) Order a subsequent Central Office NPA-NXX File, or
 - 3) If available, subscribe to a DPDS update service

Customer must publish its directory within 15 months of receipt of the initial DPDS Central Office NPA-NXX Listing File. The directory shall be initially published within such time frames in order to assume reasonably current number services data to users of the directory and thus avoid unnecessary use of the Company network, facilities or operations.

- C. Customer shall furnish without charge to the Company, within one month of directory publication, a copy of the white pages from its published directory(ies).
- D. Directory Publishers Database Service may not be used for any purpose which violates federal or state laws, statutes, regulatory orders or tariffs.

BELLSOUTH
TELECOMMUNICATIONS, INC.

GENERAL SUBSCRIBER SERVICE TARIFF

Original Page 7

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Miami, Florida

A38. LISTING SERVICES¹**A38.2 Directory Publishers Database Service (DPDS) (Cont'd)****A38.2.2 Regulations (Cont'd)**

- E. The customer may not use DPDS to publish and distribute in any form lists of new or changed telephone subscribers. The customer shall not reproduce, rent, license or resell DPDS for any purpose other than as provided for in this Tariff.
- F. Except for the permitted uses, the customer shall not disclose DPDS to others and shall use due care in providing for the security and confidentiality of DPDS. The Company may suspend, terminate or refuse service if it has reasonable grounds to believe that the customer has failed to comply with any material provision of their Tariff, including failure to pay amounts due. If there is a "bona fide dispute" over whether the customer has failed or will fail to comply, the Company will follow its internal procedures to investigate and resolve the dispute.

If the Company refuses to furnish service, the Company shall give the customer notice by certified mail of the Company's grounds to believe that the customer will fail to comply and of the intent to refuse service. Prior to any suspension or termination of service, the Company shall give the customer notice by certified mail of the customer's failure to comply and of the intent to suspend or terminate service. Following ten (10) days from the receipt of the notice, the Company may suspend or terminate the service.

The customer shall have the right to bring the issue of the suspension of, termination of, or refusal to furnish service before the Florida Public Service Commission (FPSC) and the FPSC shall have final authority over the suspension, termination, or refusal to furnish service. If service is suspended or terminated, the customer agrees to return immediately all copies in its possession and to make no further use of DPDS data.

- G. Unless otherwise agreed to in writing, neither the customer nor its employees, agents or representatives shall state or represent or use any methods of advertisement, solicitation, order form, billing invoice, directory, stationary, promotional material or any artifice or device which indicates its directories are sponsored or approved by the Company or by the Company's affiliates. In addition, customer shall clearly display its name in print sufficiently large that a reasonable observer could easily determine the identity of the customer on each of the above.
- H. Customer shall undertake reasonable steps in advertising and publishing its directories to distinguish the identity of its directories from those published by or on behalf of the Company.
- I. The regulations set forth for deposits and payment of service in A2.4 of this Tariff shall apply for DPDS.
- J. The customer shall provide written specifications, signed by a duly authorized representative of the customer, for each DPDS order. All orders must be confirmed in writing by the customer.
- K. The customer shall indemnify, hold harmless and defend the Company from and against any Cost damage, expense (including, but not limited to reasonable attorneys fees and expenses) or liability arising out of any demand claim suit for judgment for damages, however, caused which may arise out of the customer's use of the listings provided under this Tariff, including but not limited to claims arising out of errors or omissions in any paid advertisements and claims arising out of publication or non-publication of listing information that changes after the listing is provided to the customer. The customer shall not be responsible for any cost, damage, expense or liability arising out of any fault or negligence of the Company.

Note 1: Text is shown as new due to reissue of all Tariff Sections. No changes in rates or regulations were made with this filing.

BELLSOUTH
TELECOMMUNICATIONS, INC.

GENERAL SUBSCRIBER SERVICE TARIFF

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Miami, Florida

A38. LISTING SERVICES

A38.2 Directory Publishers Database Service (DPDS) (Cont'd)

A38.2.2 Regulations (Cont'd)

L. The customer accepts the listing information as received from the Company's subscriber or an "as is" basis, with all the faults, errors, and omissions, if any, that exist when the Company receives the information from the Company's subscriber, and the Company does not warrant the accuracy of the information as received from its subscriber and furnished to the customer. The Company assumes no responsibility or liability for any errors or omissions in the information as received by the Company from its subscriber and furnished to the customer.

The Company assumes no liability for errors and omissions of any kind contained in any paid advertisement included in publisher's directory. Customer agrees that all listing information derived from DPDS and contained in any such paid advertisement, including names, addresses and telephone numbers shall be obtained from or verified by the advertiser whose advertisement appears in publisher's directory.

The Company's liability to the customer shall be limited to a pro rata refund or credit of amounts paid for listings affected thereby. The subscriber's recovery for any and all damages resulting from errors or omissions in the listing information furnished by the Company to the customer for use in directories shall be limited to the amount of actual impairment of the subscriber's service and in no event shall exceed one-half the amount of the charge to the subscriber for Local Exchange Service during the period covered by the directory, or \$500.00, whichever is less.

The Company's liability for intentional or gross fault is not hereby limited.

Any claim or demand by the customer based on alleged errors or omissions in the information furnished must be brought to the attention of the Company within sixty (60) days of the time the information is furnished to the customer.

M. Failure of the customer to indemnify the Company under the provisions of A38.2.2.K. will constitute grounds for suspension or termination of service.

A38.2.3 Rates and Charges

A. The following rates for use of Directory Publishers Database Service (DPDS) apply:

1. Each Single Central Office NPA-NXX Listing File Requested; for use to publish

| | Rate | USOC |
|---|--------|------|
| (a) Single edition of a printed directory, Per Listing | \$.04 | NA |
| (b) Multiple editions of printed directories, Per Listing | .12 | NA |
| (c) CD ROM directory, Per Listing | .18 | NA |

2. (DELETED)

BELLSOUTH
TELECOMMUNICATIONS, INC.

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FLORIDA
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A38. LISTING SERVICES

A38.2 Directory Publishers Database Service (DPDS) (Cont'd)

A38.2.3 Rates and Charges (Cont'd)

A. The following rates for use of Directory Publishers Database Service (DPDS) apply: (Cont'd)

3. Weekly Business Activity Report¹ (WBAR)

| | | |
|---|-------------------------------|--------------------------|
| (a) Per Central Office NPA-NXX Listing (for all listings in the Central Office requested) | Rate \$.006 | USOC NA |
|---|-------------------------------|--------------------------|

4. Cancellation Fees²

| | | |
|--|----------------------------|-------------|
| | Nonrecurring Charge | USOC |
| (a) Each Central Office NPA-NXX Listing File | \$- | NA |
| (b) Each Weekly Business Activity Report | - | NA |

5. Daily Update

| | | |
|-----------------------------------|-------------------------------|--------------------------|
| (a) Each Updated Listing Provided | Rate \$ 1.50 | USOC NA |
|-----------------------------------|-------------------------------|--------------------------|

6. Sort Extract

| | | |
|-----------------|---------------------------|--------------------------|
| (a) Per Listing | Rate .10 | USOC NA |
|-----------------|---------------------------|--------------------------|

7. New Connect Report

| | | |
|--------------------------|----------------------------|--------------------------|
| (a) Per Listing Provided | Rate 2.00 | USOC NA |
|--------------------------|----------------------------|--------------------------|

8. Termination Fee³

| | | |
|------------------------------------|----------------------------|-------------|
| | Nonrecurring Charge | USOC |
| (a) For Items 5, 6 and 7 Preceding | \$- | NA |

Note 1: The minimum service period is one month.

Note 2: The nonrecurring charge will be computed to allow the Company to recover all costs incurred by the Company for work performed prior to cancellation.

Note 3: The nonrecurring charge will be computed to allow the Company to recover all developmental costs incurred by the Company.

EXHIBIT 3

BELLSOUTH ADVERTISING & PUBLISHING CORPORATION
IN-REGION DIRECTORY COMPETITORS
10/30/98

3rd Millennium Publishing
Alliance Media Inc.
ALLTEL Publishing Corp.
Area Phone Book Publishers
Area Phonebook Company
Associated Directories
* Ayrksyle Publishing Co.
* Bama Phone Directories
Buyers Guides, Inc.
Carolina Directory Co. of Greensboro
Carolina Publishing Co.
* Central California Directories Inc.
* Chapter Two Publishing
Coastal Directories, LLC (recently purchased by DataNational)
Coastal Publishing of the Carolinas
Com Tel Directories
* Community Directories of GA
* Community Directory Co. of Naples
Complete Phone Book
Consolidated Communications Directories
Consolidated Directories
Consolidated Directories LA
Data Publishing
DataNational
DirectMedia Corp.
Directory Publishers, Inc.
Dixie Directories Inc. (Fla.)
Dixie Directory Company
Donnelley, Reuben H.
* Easy Read Directories Inc.
Florida Keys Yellow Pages
Gaston Gazette
Gleaner & Journal Publishing
* Gulf Publishing Co.
Gulf States Directory
* Hispanic Yellow Pages, Inc.
* Homeland Directories
* Homeowners Guide of Florida

Hometown Directories
Hometown Directories, Inc.
Hometown Yellow Pages
* Impact Directories Inc.
Island Directory Company
J & B Publishing
* Johnson Publishing
Lambert Publishing
* Larson Directories
Local Directory Co.
Louisiana Associated Directories
Main Street Directories, Inc.
Mast Advertising & Publishing
* McLeod USA Publishing
Modern Media Directories, Inc.
Neighborhood Directory Co.
Neighborhood Yellow Pages Co., Inc. (recently purchased by DataNational)
New York Times-Source Book
Our Town Phone Directory, Inc.
* Paginas Amarillas En Espanol
* Paxton Media Group
* Pearl River Directory
Piedmont Directories Company
Pioneer Phone Directories
* Platinum Pages, Inc.
R. L. Polk & Company
South Eastern Directory, Inc. (recently purchased by DataNational)
South LA Advertising & Publishing Co.
Southeast Directory Co. (purchased last year by Southern Directory Co.)
Southern Directory Company (recently purchased by Yellow Book Co.)
Southern Directory Publishing
Sprint Publishing & Advertising
St. Augustine Directory Co.
St. Bernard Parish Directory
* Sunbelt Directories
Sunshine Pages (formerly BRI)
TransWestern Publishing
* Valley Yellow Pages
Westbank Yellow Pages, Inc.
White Directory Publishers
Yellow Book Co., Inc.
* Yellow Pages of Kentucky
* Z Marketing Group

* BAPCO competitors who do not purchase listings from BellSouth's Directory Publisher's Database Service. Listing information retrieved from other sources. This represents 28% of all in-region competitors.