Agenda Date: 10/13/11
Agenda Item: 4A

STATE OF NEW JERSEY

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE BOARD INVESTIGATION	)	ORDER
REGARDING THE RECLASSIFCATION OF	)	
INCUMBENT LOCAL EXCHANGE CARRIER (ILEC)	)	
SERVICES AS COMPETITIVE – PHASE II	)	DOCKET NO. TX11090570

Stefanie Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

The Legislature has authorized the Board to address changes in technology and the structure of the telecommunications industry, and to modify the regulation of competitive services to promote economic development in New Jersey. Telecommunications Act of 1992, N.J.S.A. 48:2-21.16 et seq. By letter dated November 14, 2007, Verizon New Jersey ("VNJ") requested that the New Jersey Board of Public Utilities ("Board") initiate a review of the current state of competition in the telecommunications market in New Jersey as to mass market retail services provided by incumbent local exchange carriers ("ILECs"), which led to a proceeding in In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services As Competitive, BPU Docket No. TX07110873; and I/M/O the Application of United Telephone Company of New Jersey Inc. d/b/a Embarq for Approval of a Plan for Alternative Regulation, BPU Docket No. TO08060451 ("ILEC Proceeding").

Following extensive discovery, testimony and hearings in the ILEC Proceeding, on May 30, 2008, Verizon, on behalf of itself, Board Staff and Rate Counsel, submitted a proposed stipulated settlement to the Board for approval. A similar agreement was filed by CenturyLink, on June 27, 2008. By Order dated August 20, 2008, the Board accepted both stipulations. The key provisions of the agreements are as follows:

- With the exception of residential basic exchange service including usage, single-line business basic exchange service, non-recurring charges for installation of residential services, and residential DA service, the remainder of CenturyLink's and Verizon NJ's mass market retail services were classified as competitive. The companies were permitted to adjust rates for the four rate regulated services on an annual basis for three years as follows:

(a) Residential basic exchange service: Verizon NJ's rate of $8.95 per month could rise to no more than $16.45 per month in the third year. CenturyLink's rate of $7.95 could rise to more than $15.45 per month in the third year.

(b) Single-line business basic exchange service: Verizon NJ's rate of $15.00 could rise to no more than the multi-line business rate or $25.50 per month (whichever is lower) in the third year. CenturyLink's rate of $16.40 could rise to more than $25.50 per month in the third year.

(c) Non-recurring charges for installation of residential services: Verizon NJ's rate of $42.35 could rise to no more than $50.00 in the third year. CenturyLink's rate of $25.00 could rise to no more than $30.00 in the third year.

(d) Residential DA service: Callers receive two (2) free call(s) per month. Once the monthly free call allowance has been exceeded, CenturyLink and Verizon NJ could charge no more than $1.50 per chargeable DA call for the third year.

In addition, the agreement called for a further proceeding to re-evaluate the competitiveness of retail services. Specifically the Parties agreed to the following:

> The Board shall initiate a proceeding to re-evaluate the competitiveness of the [four rate regulated] services...within ninety (90) days after the third anniversary of the effective date of the appropriate tariffs reflecting the first year increases. The rate caps shall remain in effect until the conclusion of that proceeding. As part of that proceeding, Rate Counsel may seek reclassification of any retail mass market competitive services...
>
> [see ILEC Proceeding Order at 43].

Based upon the above, the Board at this time will conduct a full investigation and initiate hearings in this regard as described in the Stipulation, pursuant to N.J.S.A. 48:2:21.19(b), to review the necessary criteria. Specifically, the Board seeks to determine if ILEC services satisfy the necessary elements of ease of market entry, presence of other competitors, and availability of like or substitute services in the relevant geographic area.

In order to provide a full record and to allow for an inclusive and transparent process, the Board proposes to conduct this hearing with the input of any and all interested parties. ILEC providers in the State that seek such competitive status are invited to intervene in this matter. Additionally, the Board welcomes the input of Rate Counsel, and any other interested parties with the intent of providing insight into the process. Because of the possibility of significant participation and the number and complexity of the issues that must be examined, the Board HEREBY DIRECTS Board Staff, with the Attorney General's Office, to convene a Pre-Hearing Conference with any and all interested parties. Among other things, parties should be prepared to discuss the issues to be addressed and an appropriate schedule.

Based upon the nature of the issues in question and the scope of these proceedings, the Board HEREBY DETERMINES that it will retain jurisdiction over this matter. Finally, the Board HEREBY DIRECTS Staff to provide an electronic copy of this Order to registered telecommunications providers in the State, as well as to any other parties the Staff believes may have an interest in this matter, and to post this Order on the Board's website.

DATED: 10/13/11

BOARD OF PUBLIC UTILITIES
BY:

LEE A. SOLOMON
PRESIDENT

JEANNE M. FOX
COMMISSIONER

JOSEPH L. FIORDALISO
COMMISSIONER

NICHOLAS ASSELTA
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

IN THE MATTER OF THE BOARD INVESTIGATION REGARDING THE RECLASSIFICATION OF INCUMBENT LOCAL EXCHANGE CARRIER (ILEC) SERVICES AS COMPETITIVE

DOCKET NO. TX11090570

SERVICE LIST

Aggie Gainer	regulatory@telecomgroup.com
Alex Gertsburg	agertsburg@infotelecom.com
Alex Moreau	alex.moreau@dol.lps.state.nj.us
Alfred Mayerhoff	al_mayerhoff@nyigc.com
Alfred West	awest@xchangetele.com
Amy Lawlor	a.lawlor@wvtc.com
Andre Simone	asimone@intelepeer.com
Andrew Schwantner	as@bigrivertelephone.com
Anthony Centrella	anthony.centrella@bpu.state.nj.us
Ava Marie Madeam	avamarie.p.madeam@verizon.com
Barbara Horwitz	bhorwitz@digitalspeed.com
Benjamin Aron	benjamin.aron@sprint.com
Beth Choroser	beth_choroser@comcast.com
Bonita Bailey	bbailey@pelzercom.com
Brad Ickes	brad@ocgfiber.com
Bradford M. Bono	info@magellanhill.com
Brian Twomey	btwomey@tncii.com
Carol Artale	carol.artale@bpu.state.nj.us
Carol Lisowski	carol@xyn.com
Carroll Wallace	cwallace@momentumtelecom.com
Caryn Gerczak	gerczakc@corp.netcarrier.com
Chris Barton	cbarton@wcs.com
Chris Gambino	cgambino@optimumlightpath.com
Chris P. Yost	cyost@zayo.com
Christopher J. White	cwhite@rpa.state.nj.us
Chris Vandeverg	chris@coretel.net
Collen A. Foley	cfoley@saul.com
Courtney Garrett	cgarrett@broadvox.com
Cortney Schroeder	cschroeder@closecall.com
Craig Pizer	cpizer@hotwiremail.com
Cynthia Firstman	cat@airespring.com
Daniel Meldazis	dmeldazis@peerlessnetwork.com
Daniel E. Spivey	dan@spivey1.com
Dave Bailey	dbailey@bullseyetelecom.com
David Bonsick	david.bonsick@centurylink.com
Debbie Crawford	debbie.crawford@ttmi.us
Deni Dakhi	deni@mcctelco.com
Dennis M. Packer	dpacker@pngmail.com
Diana Aguirre	daguirre@telscape.net
Diane Clark	diane.clark@corp.idt.net
Diane Peters	diane.peters@globalcrossing.com
Donald Walsh	information@cornerstonetelephone.com
Douglas Deny Brown	dougd@rnktel.com
Gregory Romano	gregory.m.romano@verizon.com
Harold Bond	harold.bond@bpu.state.nj.us

Heather Gibbs	heather.gibbs@deltacom.com
Isaac Fajerman	ifajerman@dnetit.com
Israel Max	israel@maxsip.com
Jack Greenberg	jackgreenberg@litecall.net
James F. Murphy	james.murphy@bpu.state.nj.us
James Mackenzie	james.mackenzie@quortechequities.com
Janae Walker Bronson	janae.walkerbronson@americantower.com
Jason Brown	jason.brown@accesspointinc.com
Jeff Korn	sales@crexendo.com
Jennifer Haas	regulatory@publicwireless.com
Jerimie Smuckler	jsmuckle@acninc.com
Jessica Renneker	jrenneker@nos.com
Jessie Russell	jerussell@ureach.com
Jill Sandford	jsandford@above.net
Jim Meyer	jmeyer@riker.com
Jim Scheltema	jscheltema@gnaps.com
Joe Kahl	joseph.kahl@rcn.net
John DeLuca	john.deluca@bpu.state.nj.us
John Ivanuska	john.ivanuska@xo.com
Joseph Isaacs	isaacs@isg-telecom.com
Jose Rivera-Benitez	jrivera@rpa.state.nj.us
Joyce Stoeberl	j.stoeberl@wtc.com
Judith Messenger	judy.messenger@paetec.com
Julie Adams	jadams@fibertech.com
Julie P. Laine	julie.laine@twcable.com
Kade Ross	kross@bandwidth.com
Kap S. Chang	colin.kim@hellodepot.com
Karen M. Hyde	karen.hyde@level3.com
Karin McDine	kmcdine@cpvcom.net
Katherine Mudge	kmudge@covad.com
Kelly Faul	kelly.faul@xo.com
Kelly Whitehead	kwhitehead@cordiacorp.com
Kenneth W. Leland	kwleland@monmouth.com
Kimm Partridge	kimm.partridge@ucn.net
Kim Robert Scovill	kscovill@telecomsys.com
Kyle Coats	coats@everycall.com
Lakisha Taylor	lakishat@budgetphone.com
Lawanda Gilbert	lawanda.gilbert@bpu.state.nj.us
Lee Miragliotta	lee@simlab.net
Leslie Brown	leslie.brown@lightower.com
Leslie Ellis	regulatory@matrixbt.com
Linda Hunt	linda.hunt@lightyear.net
Liz Murray	elizabeth_murray@cable.comcast.com
Liz Sorino	lsorino@xtel.net
Lorrane Esposito	l.esposito@profitecinc.com
Lynne Martinez	lmartin@pacwest.com
Manahem Perets	talkspan@talkspan.com
Marc Sellouk	marc@transbeam.com
Margaret Ring	mhring@cavtel.com
Maria T. Novas-Ruiz	mnovas-ruiz@rpa.state.nj.us
Mark A. Keffer	mkeffer@att.com

Mark I. Hayes	mhayes@alec.net
Mary Cedgelski	mcegelski@firstcomm.com
Matthew Brown	brown@jacod.com
Menahem Perets	talkspan@talkspan.com
Mendel Birnbaum	mendel@dynalinktel.com
Michael Basile	mike@americanpayphone.com
Michael Berg	mberg@vodanetworks.net
Michael McAlister	mike@navtel.com
Michael Ruziska	michael.ruziska@entelegent.com
Michelle Salisbury	michelle.salisbury@crowncastle.com
Mike Tenore	mtenore@rnktel.com
Mike Tyler	miket@itltd.net
Murray E. Bevan	mbevan@ckclaw.com
Nick Kyriakides	nick@nettalk.com
Norm Brandinger	norm@goes.com
Pamela Hill	phill@usacsp.com
Patricia Campbell	patricia.campbell@bpu.state.nj.us
Paul Bradshaw	paul.bradshaw@infrasourceinc.com
Paula W. Foley	pfoley@onecommunications.com
Paul Flanagan	pflanagan@rpa.state.nj.us
Penny H. Bewick	pbewick@newedgenetworks.com
Peter Chevalier	pchevalier@zayo.com
Peter Russo	saamcopete@aol.com
Philip Shapiro	psshapiro@att.com
Rachel Bulman	rbulman@ibctelecom.com
Raymond M. LaChance	rlachance@lexent.net
Rene Bellerud	rbellerud@bellerudtel.com
Richard Monto	rmonto@neutraltandem.com
Richard Kelly	rich@reynwood.com
Rich Nacchio	rnacchio@bcntele.com
Rick Choinski	rchoinski@lightower.com
Robert A. Millar	rmillar@nextgnetworks.net
Robert McCausland	robert.mccausland@H3net.com
Robin Hicks	robin.hicks@dpiteleconnect.com
Rochelle Jones	rochelle.jones@twtelecom.com
Rolando Rivera	rrivera@ec-eye.net
Ron Cassel	rcassel@millenniuminc.com
Russell Markman	russellm@nbsvoice.com
Sadia Mendez	smendez@mcgrawcom.net
Sam Vogel	svogel@mettel.net
Sandra Forquer	sforquer@covista.com
Schula Hobbs	shobbs@megapath.com
Scott E. Beer	sbeer@zayo.com
Scott Sommerer	s.sommerer@wvtc.com
Sean Dandley	sdandley@dscicorp.com
Stan George	sgeorge@bbcentric.com
Stefanie A. Brand	sbrand@rpa.state.nj.us
Stephen Yodice	syodice@syoptics.com
Steve Bogdan	sbogdan@broadviewnet.com
Tara Jackson	tara.jackson@birch.com
Terry Ray	tray@extenetsystems.com

Thomas Haluskey	thomas.haluskey@ecntel.com
Tim French	tfrench@granitenet.com
Timothy A. Hausman	thausman@ironton.com
Timothy Bachert	tbachert@nxgt.com
Todd Horton	toddh@advanzasystems.com
Vanessa Leon	vanessa.leon@spectrotel.com
Veronica Honor	veronicahonor@sterlingtelco.com
Vincenzo Clemente	vclemente@crossriverfiber.com
Wayne Foster	wayne_foster@mitel.com
William Mosca	wmosca@ckclaw.com
William Quinlan	bquinlan@expertta.com
William Weber	william.weber@cbeyond.net
Yvonne Schroeder de Orr	yvonne@mobilitie.com
Zsuzanna E. Benedek	sue.e.benedek@embarq.com