



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

TELECOMMUNICATIONS

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

ORDER SETTING
PUBLIC HEARING

DOCKET NO. TX07110873

IN THE MATTER OF THE APPLICATION OF)
UNITED TELEPHONE COMPANY OF NEW JERSEY,)
INC. d/b/a EMBARQ FOR APPROVAL OF A PLAN FOR)
AN ALTERNATIVE FORM OF REGULATION)

DOCKET NO. TO08060451

(SERVICE LIST ATTACHED)

BY THE BOARD:

By Order dated November 28, 2007, the Board determined that it is appropriate at this time to conduct a full investigation of and hearing on whether incumbent local exchange carrier (ILEC) provided mass market retail services should be declared competitive pursuant to N.J.S.A. 48:2-21-19 (b), after review and consideration of the necessary criteria.

Subsequent to the hearings in the above referenced matter, on June 27, 2008, United Telephone Company of New Jersey, Inc. d/b/a Embarq (Embarq), filed a petition with the Board for approval of a proposed Plan for An Alternative Form of Regulation (PAR) as authorized by N.J.S.A. 48:2-21.8. If the Board approves Embarq's proposed PAR, Embarq would no longer be subject to traditional utility rate base, rate of return regulation. In evaluating Embarq's request, the Board must determine whether the proposed PAR: (1) will ensure the affordability of protected telephone services; (2) will produce just and reasonable rates for telecommunications services; (3) will not unduly or unreasonably prejudice or disadvantage a customer class or providers of competitive services; (4) will reduce regulatory delay and costs; (5) is in the public interest; (6) will enhance economic development in the State while maintaining affordable rates; (7) contains a comprehensive program of service quality standards, with procedures for board monitoring and review; and (8) specifically identifies the benefits to be derived from the alternative form of regulation. N.J.S.A. 48:2-21.18(a).

In addition, by letter dated June 27, 2008, Embarq submitted a proposed settlement of all Embarq issues in Docket No. TX07110873 for Board approval. Under the terms of the proposed settlement, some of Embarq's retail mass market services would be declared competitive and no longer subject to rate regulation by the Board, while others would remain rate regulated.

Rate increases are requested for the services that would remain subject to regulation under Embarq's proposed PAR. The services that would remain rate regulated are residential basic exchange service; basic business service; residential directory assistance service; and non-recurring charges for installation of residence service.

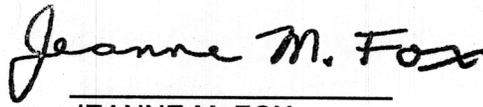
Approval of a proposed plan for alternative regulation and of rate adjustments for regulated services is only permitted after notice, hearing and Board review, and determination that the rates for regulated services remain just and reasonable. Accordingly, to aid the Board in its review of the proposed settlement and of Embarq's proposed PAR, it is HEREBY ORDERED that one public hearing be held on August 7, 2008, at 7p.m. at

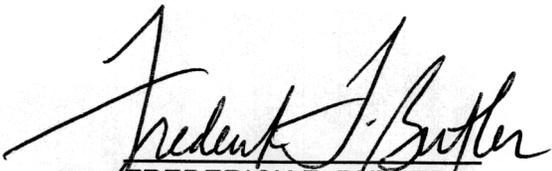
Council Chambers
Clinton Municipal Building
43 Leigh Street
Clinton, New Jersey 08809

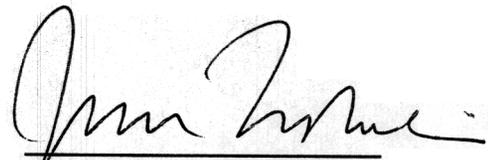
to receive input from the public on both the proposed form of regulation and the proposed Stipulation and Agreement. Copies of the proposed PAR and the proposed Stipulation and Agreement are available for inspection at the Board's Newark offices during regular business hours and also can be found on the Board's website at www.bpu.state.nj.us. It is FURTHER ORDERED that Embarq publish notice of the public hearing in the form of Exhibit C attached hereto, in publications of general circulation within its service territory.

DATED: 7/14/08

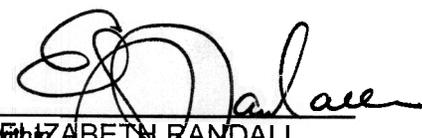
BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

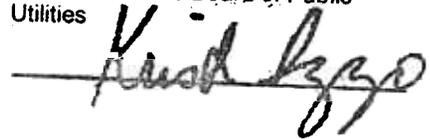

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

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

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. TX07110873

John DeLuca
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
John.deluca@bpu.state.nj.us

Anthony Centrella, Director
Division of Telecommunications
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
Anthony.centrella@bpu.state.nj.us

Stefanie A. Brand, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07102
sbrand@rpa.state.nj.us

Jose Rivera-Benitez, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
jrivera@rpa.state.nj.us

Collen A. Foley, Esq.
Saul Ewing
One Riverfront Plaza
Newark, NJ 07102
cfoley@saul.com

Christopher J. White, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101
cwhite@rpa.state.nj.us

Jeanne W. Stockman, Esq.
United Telephone Company of New Jersey,
Inc.
d/b/a Embarq
14111 Capital Blvd.
Wake forest, NC 27587-5900
jeanne.w.stockman@embarq.com

Mark A. Keffer
Philip S. Shapiro
AT&T Communications
3033 Chain Bridge Road
Oakton, VA 22185
mkeffer@att.com
psshapiro@att.com

Garnet Goins, Director & Attorney
Benjamin J. Aron
State Reg. Affairs, Northeast
Region
Sprint Nextel Corp.
2001 Edmund Halley Drive
Reston, VA 20191
Garnet.goins@sprint.com
benjamin.aron@sprint.com

Ava Marie Madearn
Verizon New Jersey, Inc.
540 Broad Street, 20th Floor
Newark, NJ 07102
avamarie.p.madeam@verizon.com

Lawanda Gilbert, Esq.
Carol Artale, Esq.
Counsel's Office
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
Lawanda.gilbert@bpu.state.nj.us
Carol.artale@bpu.state.nj.us

Patricia Campbell
Division of Telecommunications
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
Patricia.campbell@bpu.state.nj.us

James F. Murphy
Division of Telecommunications
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
James.murphy@bpu.state.nj.us

Harold Bond
Division of Telecommunications
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
Harold.bond@bpu.state.nj.us

Thomas Chu
Division of Telecommunications
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
Thomas.chu@bpu.state.nj.us

Mark Beyer
Division of Economist
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
Mark.beyer@bpu.state.nj.us

William Agee
New Jersey Board of Public Utilities
Two Gateway Center
Newark, NJ 07101
William.agee@bpu.state.nj.us

Susan M. Baldwin
17 Arlington Street
Newburyport, MA 01950
sm Baldwin@comcast.net

Ralph V. Lee, Esq.
Richard Chapkis, Esq.
Vice President & General Counsel
Verizon NJ
540 Broad Street, 20th Floor
Newark, NJ 07102
Ralph.v.lee@verizon.com
Richard.chapkis@verizon.com

Nicholas Pascaretti
J. Stoerber
Warwick Valley Telephone Company
47-49 Main Street
Warwick, NY 10990
n.pascaretti@wvtc.com
j.stoerber@wvtc.com

Murray E. Bevan
William K. Mosca
Bevan, Mosca, Giuditta & Zarillo, P.C.
776 Mountain Blvd.
Watchung, NJ 07069
mbevan@bmgzlaw.com
wmosca@bmgzlaw.com

Martin C. Rothfelder, Esq.
Bradford M. Stern, Esq.
Rothfelder Stern, L.L.C.
625 Central Avenue
Westfield, NJ 07090
mrothfelder@rothfelderstern.com
bmstern@rothfelderstern.com

Russell R. Gutshall
EMBARQ
240 North Third Avenue
Suite 201
Harrisburg, PA 17101
Russell.r.gutshall@embarq.com

Babette Tenzer, DAG
Division of Law
124 Halsey Street, 5th Floor
Newark, NJ 07101
babette.tenzer@dol.lps.state.nj.us

K.C. Halm, Esq.
Davis Wright Tremaine LLP
1919 Pennsylvania Ave., N.W.
Suite 2001
Washington, DC 20006
kchalm@dwt.com

Cherie R. Kiser, Esq.
Ernest Cooper, Esq.
Mintz, Levin, Cohn, Ferns, Glovsky &
Popeo, PC
701 Pennsylvania Ave., N.W.
Washington, DC 20004
ckiser@mintz.com
eccooper@mintz.com

Paul Flanagan, Assistant Director
Division of Rate Counsel
31 Clinton Street, P.O. Box 46005
Newark, NJ 07101
pflanagan@rpa.state.nj.us

Richard A. Hrip
EMBARQ
240 North Third Ave., Suite 201
Harrisburg, PA 17101
Richard.a.hrip@embarq.com

Maria T. Novas-Ruiz, Esq.
Division of Rate Counsel
31 Clinton Street, P.O. Box 46005
Newark, NJ 07101
mnovas-ruiz@rpa.state.nj.us

Geoffrey Gersten
Jessica Campbell
Deputy Attorney General
Division of Law-Board of Public Utilities
124 Halsey Street
PO Box 45029
Newark, NJ 07101-5029
geoffrey.gersten@dol.lps.state.nj.us
jessica.campbell@dol.lps.state.nj.us

Hesser McBride
Wilentz Goldman & Spitzer
90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 070953-0958
hmcbride@wilentz.com

Kate Tasch, Esq.
Vice President
Legislative and Regulatory Affairs
New Jersey Cable Telecommunications
Association
124 West State Street
Trenton, NJ 08608
ktasch@cablenj.org

Elana Shapochnikov
Senior Regulatory Counsel
Government Affairs
Cablevision Lightpath, Inc.
1111 Stewart Avenue
Bethpage, NY 11714-3581
eshapoch@cablevision.com

James C. Meyer
Riker, Danzig, Scherer, Hyland &
Perretti, LLP
Headquarters Plaza
One Speedwell Ave.
Morristown, NJ 07962
jmeyer@riker.com

NOTICE OF FILING & PUBLIC HEARING

IN THE MATTER OF THE APPLICATION OF
UNITED TELEPHONE COMPANY OF NEW JERSEY, INC. d/b/a EMBARQ
FOR APPROVAL OF A PLAN FOR AN
ALTERNATIVE FORM OF REGULATION
BPU DOCKET NO. TO08060451

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

BPU DOCKET NO. TX07110873

Please Take Notice that on June 27, 2008, United Telephone Company of New Jersey, Inc. d/b/a Embarq (Embarq) filed a request with the New Jersey Board of Public Utilities (Board) seeking approval of a proposed Plan for An Alternative Form of Regulation (PAR). Pursuant to Embarq's proposed PAR, Embarq would no longer be subject to traditional utility rate base, rate of return regulation by the Board. Under a PAR, rates may be based on, among other things, "the use of an index, formula, price caps or zone of rate freedom." N.J.S.A. 48:2-21.17. In evaluating Embarq's request, N.J.S.A. 48:2-21.18(a) requires the Board to review Embarq's proposed PAR and authorizes the Board to approve the proposed PAR if the Board finds the proposed PAR: (1) will ensure the affordability of protected telephone services; (2) will produce just and reasonable rates for telecommunications services; (3) will not unduly or unreasonably prejudice or disadvantage a customer class or providers of competitive services; (4) will reduce regulatory delay and costs; (5) is in the public interest; (6) will enhance economic development in the State while maintaining affordable rates; (7) contains a comprehensive program of service quality standards, with procedures for board monitoring and review; and (8) specifically identifies the benefits to be derived from the alternative form of regulation.

Please Take Further Notice that by Order dated November 28, 2007, the Board initiated a full investigation of and hearing on the question of whether incumbent local exchange carrier (ILEC) provided mass market retail services, including basic local exchange service, should be declared competitive pursuant to N.J.S.A. 48:2-21-19 (b) (ILEC Proceeding). Embarq submitted documentation supporting its contention that its mass market retail services should be deemed competitive. In the event that certain of Embarq's services are deemed competitive, the Board would no longer regulate the rates, terms and conditions of service, rate base, rate of return, or cost of service of those competitive services.

Please Take Further Notice that a Stipulation and Agreement has been filed with the Board in the PAR and ILEC Proceedings. The Stipulation and Agreement recommends that the Board approve Embarq's proposed PAR and declare many of Embarq's services to be competitive pursuant to N.J.S.A. 48:2-21.19. While the Stipulation and Agreement recommends that most, but not all, of Embarq's retail mass market telecommunications services be declared competitive, pursuant to the terms of the Stipulation and

Agreement, the following services will remain rate regulated services, and will be subject to the following rate caps for the years identified:

<u>Service</u>	<u>Current Rate</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Basic Residential Service	\$7.95 (touch tone charge included)	\$10.95	\$13.45	\$15.45
Basic Business Service	\$16.40 (touch tone charge included)	\$19.20	\$22.00	\$25.50
Residence Directory Assistance	\$0.20 w/ 10 free calls	\$1.25 w/ 2 free calls	\$1.50 w/ 2 free calls	\$1.50 w/ 2 free calls
Non-Recurring Charges for Installation of Residential Services	\$25.00	This non-recurring charge may be increased up to \$5.00 over 3 years, with the possibility that the increase be implemented during the first year.		

Rates for Lifeline service will not be increased under the Stipulation and Agreement

Please Take Further Notice that the Board will hold a public hearing to gather input from the public concerning Embarq's proposed PAR and the Stipulation and Agreement. A public hearing has been scheduled at the following time and location:

August 7, 2008, at 7:00 p.m.
 Council Chambers
 Clinton Municipal Building
 43 Leigh Street
 Clinton, New Jersey, 08809

Any interested entity or member of the public who wishes to make a statement or comment with respect to either the proposed PAR or the Stipulation and Agreement should attend the public hearing. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including an interpreter, listening devices, or mobility assistance, 48 hours prior to the hearing, to the attention of Kristi Izzo, Secretary, Board of Public Utilities, Two Gateway Center, 8th floor, Newark, NJ 07102.

In addition, members of the public can send written comments to Kristi Izzo, Secretary of the Board at Two Gateway Center, Newark, N.J. 07102. These written comments must be received by August 8, 2008. Comments should be identified with the applicable heading, I/M/O The Application of United Telephone Company of New Jersey, Inc. d/b/a Embarq for Approval of a Plan for an Alternative Form of Regulation, including the Docket No. TO08060451, and/or I/M/O The Board Investigation Regarding the

Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive,
including the Docket Number TX07110873, as appropriate.

Further, this notice, the Stipulation and Agreement, the proposed PAR and the list of all services affected may be inspected either on the Board's website at www.nj.gov/bpu or during regular business hours at the Board of Public Utilities, Two Gateway Center, 8th Floor, Newark, NJ 07102.