



Agenda Date: 8/18/10  
Agenda Item: 4A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

TELECOMMUNICATIONS

IN THE MATTER OF VERIZON'S PETITION FOR )  
WAIVERS OF VARIOUS BOARD ORDERS AND NEW )  
JERSEY ADMINISTRATIVE CODE ("N.J.A.C.") )  
REGULATIONS PERTAINING TO VARIOUS REPORT )  
FILINGS ) DOCKET NO. TW10050319

General Counsel, Verizon NJ, Broad Street, Newark, NJ 07102

**BY THE BOARD:**

On May 7, 2010, Verizon New Jersey Inc. ("Verizon NJ") requested a waiver of the requirements to file a variety of reports that, according to the Company, are no longer necessary or appropriate in today's competitive communications environment.

According to the Petition, public policy and economic concerns strongly favor waiving requirements to file reports that have become obsolete with the passage of time. Waiving outmoded reporting requirements will, according to Verizon NJ, allow it to expend its finite resources on the products and services that its customers desire, such as the deployment and maintenance of its communications network rather than on compiling and producing reports that no longer serve a useful purpose.

The Petition goes on to suggest that granting Verizon NJ the waiver it seeks would be consistent with the progressive steps taken by the Federal Communications Commission ("FCC") and states across the country to eliminate out-of-date reporting requirements. Accordingly, Verizon NJ requested that the Board of Public Utilities ("Board" or "BPU") grant it a waiver of the specific reporting requirements as follows:

**A. ANJ Monthly Reports**

On August 19, 2003, the Board ordered enhancements to the Access New Jersey ("ANJ") program. I/M/O the Application of Verizon New Jersey Inc. for Approval (i) of a Plan for an Alternate Form of Regulation and (ii) to Reclassify Multi-line Rate Regulated Business Services as Competitive Services, and Compliance Filing, BPU Dkt No.: TO1020095 (August 19, 2003) ("PAR-II Order"). Specifically, the Board directed Verizon NJ to: (i) contribute \$55 million over a five-year period, with equal amounts allotted to each year, for communications technology equipment to benefit the State's educational system and public libraries; (ii) provide four specific

services to schools and libraries at the rates and terms in effect under Verizon NJ's first plan of alternative regulation; and (iii) make available three-year contracts for these services until 2014.

To monitor the progress of the ANJ program, the Board also directed Verizon NJ to file monthly ANJ reports.

Verizon NJ has been filing three monthly reports: (i) "ANJ Report of Free Equipment," which lists the contracting entity, the contract date and the amount of customer premise equipment ("CPE") covered by the contract; (ii) "ANJ Contracts Report" which list the contracting entity, the contract date, the contract type, the service type, and the contract term; and (iii) "Monthly Access New Jersey (ANJ) Report," which lists the number of contracts, the number of locations, and the number of ATM switches.

These reports, according to Verizon NJ, no longer serve a useful purpose that justifies the expenditure of the resources necessary for Verizon NJ to compile and produce them, and for Board Staff to review and maintain them. The equipment fund has been depleted, and thus no new contracts or expenditures for CPE have been reported in over a year. Moreover, Verizon NJ does not anticipate entering any new contracts or making new expenditures for CPE. And even if that were not the case (which it is), the information provided in the monthly reports is duplicative of and less granular than – the information that Verizon NJ already submits in its Annual Infrastructure Deployment Report. Therefore, Verizon NJ requests a waiver from the requirement to file the monthly ANJ reports because they have outlived their useful lives.

## B. Lifeline Reports

### 1 Monthly Lifeline Reports

Verizon NJ alleges that in the PAR-II Order, the Board, in seeking to encourage greater participation by eligible customers in the Lifeline program, directed Verizon NJ to institute an automatic enrollment procedure in conjunction with the Board and various other government entities. To evaluate the effect of automatic enrollment on Lifeline participation, the Board ordered Verizon NJ to continue filing monthly reports that set forth the number of Lifeline participants, the demographics of the participants, and the Lifeline outreach efforts undertaken by the company.

In compliance with the PAR II Order, Verizon NJ has been filing the following two monthly Lifeline reports: (i) "Verizon New Jersey Lifeline Customers by Exchange Area by Class of Service," which lists the number of flat rate, message rate, and low use Lifeline customers in each LATA and exchange; and (ii) "Lifeline Outreach Report" which lists the date of the outreach, the entity contacted, and the name and title of the person contacted.

The Petition states that these reports were intended to determine the effect that the changes instituted in the PAR II Order have on Lifeline participation. After more than five years, Verizon NJ argues that its outreach efforts and automatic enrollment on Lifeline participation are well established, and accordingly, the company suggests that the reports have already served their intended purpose and are no longer necessary. Nonetheless, Verizon requests that if the Board deems it necessary to obtain the information included in these reports, that it be permitted to file the reports quarterly rather than monthly. According to Verizon NJ, most customers are enrolled in the Lifeline program through the quarterly automatic enrollment process, so if the Board continues to require Verizon NJ to compile and submit these reports it would make sense to have the reports coincide with the quarterly enrollment process.

## 2. Quarterly Lifeline Report

In May 2005, Verizon NJ and the Board entered into a Memorandum of Agreement (“MOA”) governing the Lifeline program. I/M/O Memorandum of Agreement, BPU Dkt Nos.: TX99020050 and TT04060442. The MOA calls for a database consulting firm to perform the matching process between the State’s files and Verizon NJ’s files, and provide a quarterly analysis of the matching process. The MOA states that the “report will be produced through the second Quarter of 2006, at which point BPU staff will decide if they still want to continue receiving quarterly reports in order to monitor the automatic enrollment process.”

In compliance with the MOA, Verizon NJ has hired an external consultant to perform the matching process and issue a quarterly report, entitled the “Quarterly Lifeline Program Enrollment Processing Report.”

The Petition states that the expenditure of time and resources necessary to prepare, review and maintain this report is no longer warranted. Since the implementation of the MOA, Verizon NJ states that it has not received any complaints from Board Staff about its implementation of the MOA, and requests that given its track record on this issue, that this requirement to file the quarterly Lifeline report be eliminated.

### C. Payphone Reports

#### 1. CPPTS Quarterly Market Data Report

N.J.A.C. 14:10-9.4(c) requires Verizon NJ to submit a quarterly report regarding customer provided pay telephone services (“CPPTS”). See also, I/M/O the Regulation of Operator Service Providers and I/M/O a Filing by Bell Atlantic-NJ, Inc. of a Revision of Tariff B.P.U. No. 2 Exchange and Network Services, Providing for the Introduction of a Customer Provided Pay Telephone Service Monthly Message Unit Allowance and Reduction of CPPTS Line and Feature Rates, BPU Dkt Nos.: TX9508-361 and TR97120890 (Oct. 9, 1998). This report, titled the CPPTS Quarterly Market Data Report, sets forth (i) the number of CPPTS lines installed for the quarter and cumulatively since 1985; (ii) the number of CPPTS lines disconnected for the quarter and cumulatively since 1985; and (iii) the change in the number of CPPTS lines in service for the quarter and cumulatively since 1985.

Verizon NJ requests a waiver from the requirement to file the quarterly CPPTS report because the increase in wireless penetration and the precipitous decline in payphone usage have obviated the need for this report. The availability of wireless service is ubiquitous in New Jersey, according to Verizon NJ, and has led to decreased dependence on payphones. The number of Verizon NJ operated payphones has declined almost 48% between 2005 and 2009. Likewise, the number of New Jersey CPPTS phones has declined 70% over the same period. Because customers have substituted their wireless phones for payphone usage, the need for the CPPTS report has been eliminated. Accordingly, the Board should no longer require Verizon NJ to file this quarterly report.

#### 2. COCOT and VNJ Payphone Location Report

The COCOT (Customer-Owned Coin Operated Telephone) and VNJ (Verizon NJ) Payphone Location Report contains the address, listed name, billing name, and billing telephone number for all COCOTs as well as Verizon NJ payphones in the State. The filing of this report stems

from a longstanding Board request to facilitate identification of payphones that required the Board's attention. Verizon NJ requests a waiver from the requirement to file this quarterly report due to the increase in wireless penetration and the decline in payphone usage, which have obviated the need for this report.

#### D. Alternative Payment Center Reports

In September 1995, the Board issued an order approving then Bell Atlantic-New Jersey, Inc.'s petition to close its customer payment centers in Newark and Jersey City and replace them with 28 alternative payment centers ("APCs") (15 in Newark and 13 in Jersey City). In that order, the Board required Verizon NJ to provide quarterly APC inventory reports to allow Staff to "monitor APC availability, level of service and progress." I/M/O the Filing by Bell-Atlantic-New Jersey, Inc. Providing for the Closing of its Customer Payment Centers in Newark and Jersey City, BPU Dkt No.: TE95070300 (Sept. 22, 1995).

Verizon NJ has compiled and submitted quarterly reports to Board Staff showing: (i) the number of APCs operational in Newark and Jersey City as well as the rest of the state; (ii) the name, location, telephone number, and operating hours of agents that accept payments free of charge; (iii) the name, location, telephone number, and operating hours of agents that accept payments for a fee; (iv) the name, location telephone number, and operating hours of free or fee agents no longer in service (referred to as "cancelled" agents); and (v) the name, locations, telephone number, and operating hours of newly added free or fee agents.

The Petition suggests that these reports are no longer necessary, and Verizon NJ argues that in the 14 years since the issuance of the order, it has maintained over 247 "free" APCs across the State and demonstrated that these APCs meet its customers' needs. Given Verizon NJ's track record on this issue, and the fact that the Board can always request this information should it need to, Verizon NJ requests a waiver from the requirement to file the quarterly APC reports.

#### E. Interconnection Report

By Order dated August 15, 1996, the Board established procedures for negotiations, mediations, and arbitrations conducted under Section 251 and 252 of the Telecommunications Act of 1996. I/M/O the Board's Consideration of Procedures for the Implementation of Section 252 of the Telecommunications Act of 1996, BPU Dkt. No.: TX96070540 (Aug. 15, 1996). In connection with that order, the Board required Verizon NJ to submit an Interconnection Notice of Request and Status Report on requests for interconnection, resale and unbundled network elements.

Verizon NJ has submitted reports to Board Staff showing: (i) the requesting carriers name; (ii) the agreement type; (iii) the dates, if any, of the arbitration petition and the arbitration decision or withdrawal; and (iv) the dates the interconnection agreement was executed, filed and approved by the Board.

The Petition states that more than a decade after the adoption of the Act, the number of interconnection requests handled by the Board has greatly diminished, so a tracking report is no longer necessary. Accordingly, Verizon NJ requests a waiver of the requirement to regularly file this report, and proposes to provide the report to Board staff upon request.

## F. Affiliated Interest Report

In the wake of divestiture, the Board ordered Verizon NJ's predecessor-in-interest to file on or before April 30 of each year a verified statement setting forth each item of expense and of direct labor costs relating to the services purchased from or sold to affiliates. I/M/O the Application of New Jersey Bell Telephone Company for the Approval of a Certain Agreement Effective as of January 1, 1984 among New Jersey Bell Telephone Co., Other Operating Telephone Companies of the Bell Atlantic Corp., and Bell Atlantic Management Services, Inc. BPU Dkt. No.: 8311-1047 (Dec. 27, 1983). Verizon NJ had previously complied with the Board's order by annually filing the Automated Reporting Management Information System ("ARMIS") affiliated interest report. However, this report, according to the Verizon NJ, is no longer necessary. The FCC has granted Verizon and other companies conditional forbearance from the requirement to file ARMIS Reports 43-01, 43-02, and 43-03 (collectively, the "ARMIS Financial Reports"). The primary purpose of these ARMIS Financial Reports was "to facilitate the timely and efficient analysis of revenue requirements and rates of return" and the FCC concluded that there is no need for cost assignment rules. Additionally, with the elimination of EAS and financial reporting for rate regulated services under PAR-II, the report no longer serves any meaningful regulatory purpose. Therefore, Verizon NJ requests a waiver from the requirement to provide this report to the Board.

### **DISCUSSION**

#### **A. ANJ Monthly Reports**

ANJ Phase II funding is reported in the ANJ report by participant for the month. The Annual Infrastructure Deployment Supplemental Report (proprietary) lists the participants, the level of funding and service type on a continuing basis. The cumulative investment, however, is not in either the monthly or annual reports. These figures are shown in a third report, the public version of the annual. To gauge the level of funding, the participant and the type of service provided, Board Staff must therefore cross reference these three reports.

Modifying the Annual Infrastructure Report Supplement to include the information found in the monthly and the annual public version of the ONJ report but not currently found in the supplemental report above would consolidate all three reports into one package. This modification will serve to avoid duplicate reporting, provide ANJ performance data and help to confirm delivery of ANJ funding commitments.

The Board **FINDS** that the Annual Infrastructure Deployment Report Supplemental with modifications can be used to show ANJ progress instead of the currently filed monthly reports. Specifically, the ONJ supplemental report should be modified to include the total CPE funds expended for each school and other participating entity and the derived grand total reported in the public version. A modification shall also be made to include the listing of the schools and other entities participating in ANJ along with the type, term and dates of contract.

The Board is satisfied that modifying the Annual Infrastructure Report Supplemental as discussed above would place all the elements in one package useful to confirm delivery of the phase II funding commitment. Therefore, with modification to the Annual Supplemental Report, the monthly reports are **HEREBY ELIMINATED.**

## **B. Lifeline Reports**

### Monthly Lifeline Reports

Lifeline service is critical, especially in the current economic climate. Accordingly, the Board **HEREBY FINDS** that this data is necessary so that the Board can ensure that eligible consumers continue to receive this vital benefit. The Board does agree, however, that it would be appropriate to ease the reporting requirement on the company. The Board **FURTHER FINDS** that the two reports submitted monthly (the monthly lifeline report of customers by exchange area and the lifeline outreach report) may be reduced in frequency to a quarterly basis without adversely impacting the Board's need for timely information. Therefore, the Board **HEREBY ORDERS** that Verizon shall file reports setting forth the number and demographics of Lifeline participants and Lifeline outreach efforts on a quarterly basis. The reports shall be due on the 25<sup>th</sup> of the month following the quarterly automatic enrollment period.

### Quarterly Lifeline Report

The quarterly Lifeline enrollment processing performed by Epsilon for Verizon NJ was established in order to match Verizon NJ customers to State of New Jersey-identified recipients of Lifeline-eligible benefit programs. A file produced by the State of New Jersey, along with a customer file produced by Verizon NJ, are both provided to Epsilon by Verizon NJ on a quarterly basis. Epsilon then matches the records and produces output files to Verizon NJ. The output file records are used by Verizon NJ to enroll new customers in the Lifeline program.

The contents of the report supports the reporting requirements set forth in the Memorandum of Agreement between Verizon NJ and the Board Staff dated May 11<sup>th</sup>, 2005. The Board **FINDS** that the need for this data remains as important today as it was in 2005. The MOA clearly states, "Verizon NJ intends that these efforts will be integrated with one another to create a more seamless interface for potential Lifeline Program customers. These efforts will also be integrated with Verizon NJ's current public relations contract with Winning Strategies Public Relations, LLC, a firm retained to provide public relations support to the Lifeline Program outreach and enrollment effort." (page 2).

This report is a vital piece of the MOA which instituted numerous activities to ensure that eligible consumers would automatically receive this benefit without the need to complete complicated forms or applications. There were significant matching errors between the files of the State and those of Verizon NJ customers so it was (and continues to be today) necessary to establish this matching process and the reporting of its results. Nothing in the Petition convinces the Board that the need for this process has been reduced. To the contrary, it is as essential today as it was in 2005 and the Board **HEREBY ORDERS** that Verizon continue to file these reports on a quarterly basis.

## **C. Payphone Reports**

The Board **FINDS** that because there is no longer a requirement that telephone utilities provide a public payphone in each exchange (See, BPU Dkt. No. TX07060385 repealing N.J.A.C. 14:10-1A.8, 40 N.J.R. 6211, October 20, 2008), the significance of these payphone reports is greatly reduced. Accordingly, consistent with the Board's previous streamlining of its regulations and requirements with regard to payphones, the Board **HEREBY GRANTS** Verizon's request

with regard to both Payphone Reports.

#### **D. Alternate Payment Center Reports**

As part of approving the closing of Verizon's customer payment centers, the Board permitted and ordered the use of Verizon's APCs as a substitute. See, I/M/O the Filing by Bell Atlantic New Jersey, Inc. Providing for the Closing of its Customer Payment Centers in Newark and Jersey City, supra. These alternative payment services would be provided at no additional cost to subscribers and would be located in close proximity to the affected communities. The Board required that Verizon file quarterly reports to monitor the alternative payment center performance as the means to maintain the APC level of service deemed suitable on a statewide basis.

Verizon is requesting a waiver of the quarterly report and cites its track record of maintaining 247 free APCs statewide along with their performance in meeting customer needs. The Board **FINDS** that these reports show a substantial number of subscribers benefiting from these free payment services and does not agree that these reporting requirements should be waived based on Verizon NJ's performance. These reports are necessary for several reasons: Verizon is responsible for the payment services; the services are currently provided through a third party vendor, the vendor has already instituted a substantial amount of fee based services; there could be incentives to drop the free alternative payment centers and convert these to fee based services; these conversions would indirectly increase basic service rates; and annual reports would provide early notice of changing patterns and/or attrition.

The Board is not opposed, however, to reducing the requirement of quarterly reporting. Therefore, the Board **HEREBY ORDERS** that the current report filed on a quarterly basis shall be filed twice per year, no later than July 31 (for the first 6 months of the year) and no later than January 31 (for the last 6 months of the previous year), in addition to providing the report upon request by Board Staff. The Board is satisfied that this level of reporting would be sufficient to account for the availability of the "free" payment services and locations.

#### **E. Interconnection Report**

This report is utilized by the Board to track the status of service providers and to test the validity of our records and those of Verizon NJ. The Board **DECLINES** to eliminate the reporting requirements, but, in an effort to ease the company's reporting requirements, the Board **HEREBY ORDERS** that this report be reduced in frequency to twice per year, no later than July 31 (for the first 6 months of the year) and no later than January 31 (for the last 6 months of the previous year), in addition to the requirement that the report be provided to Board Staff upon request.

#### **F. Affiliated Interest Report**

Based on Board actions which have taken place subsequent to the requirement for filing the affiliated interest report, and the methods employed by the Board in regulating VNJ, the need for such information has limited purpose. VNJ has been relieved of various reporting requirements and consistent with that action the Board concurs with Verizon that this report is of limited relevance. Accordingly, the Board **HEREBY GRANTS** Verizon's request with regard to the Affiliated Interest Report.

By letter dated August 13, 2010, the New Jersey Division of Rate Counsel (Rate Counsel) submitted comments in this matter which generally opposed complete elimination of reporting requirements as proposed by Verizon. Rate Counsel did however recommend that reporting could take place on a less frequent basis, more specifically: ANJ and Lifeline could go to a quarterly basis; Payphone, Alternate Payment Centers, and Interconnection could go to an annual basis; and the Affiliated Interest report would be provided upon request to Rate Counsel. They further recommended that the Board should consider a proceeding to determine the appropriateness of directing Verizon to submit ARMIS data in lieu of the Affiliated Interest Report.

The Board notes the comments of Rate Counsel; however the Board does not agree that the proceeding suggested by Rate Counsel is warranted. In addition, the Board believes the level of relaxation of reporting requirements recommended herein represents an appropriate balance of regulatory relief for Verizon and adequate consumer protections.

Therefore, based upon the discussion above, the Board **HEREBY GRANTS** Verizon's request that the Board waive the filing of the Monthly ANJ Report (with modification to the Annual Report), both Payphone Reports, and the Affiliated Interest Report. The Board reserves the right to seek information related to its investigations regardless of any waiver or modification of the reporting requirements. In addition, the Board **HEREBY APPROVES** the reduction in the frequency of filing for the Monthly Lifeline Report (to quarterly), the quarterly Alternative

Payment Center Report (to semi-annually) and the Monthly Interconnection Report (to semi-annually). Finally, the Board **HEREBY DENIES** the request to eliminate the quarterly Lifeline Program Enrollment Processing Report.

DATED: 8/20/10

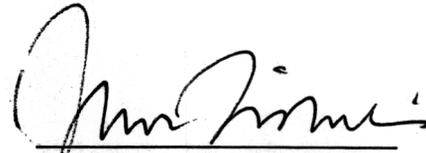
BOARD OF PUBLIC UTILITIES  
BY:



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PRESIDENT



JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
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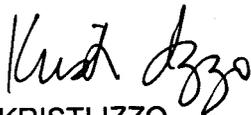


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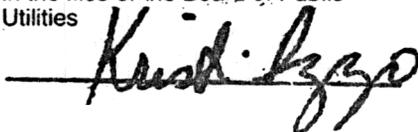
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

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



**IN THE MATTER OF VERIZON'S PETITION FOR WAIVERS OF VARIOUS BOARD ORDERS  
AND NEW JERSEY ADMINISTRATIVE CODE ("N.J.A.C.") REGULATIONS PERTAINING TO  
VARIOUS REPORT FILINGS DOCKET NO. TW10050319**

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