

June 27, 2008

**VIA HAND DELIVERY**

Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

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BOARD OF PUBLIC UTILITIES  
NEWARK, N.J.

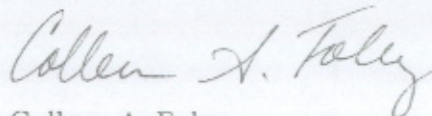
Re: In the Matter of the Application of United Telephone Company of New Jersey, Inc. d/b/a Embarq for Approval of a Plan for an Alternative Form of Regulation  
BPU Docket No. T008060451

Dear Secretary Izzo:

On behalf of United Telephone of New Jersey, Inc. d/b/a Embarq ("Embarq"), enclosed please find an original and ten (10) copies of Embarq's Application for Approval of a Plan for an Alternative Form of Regulation ("Petition").

As the Board may be aware, this matter is closely related to issues raised in the ILEC Reclassification Proceeding (BPU Docket No. TX 07110873). Therefore, Embarq respectfully requests that the Board consider the Petition together with the proposed Stipulation and Agreement Embarq filed today in the ILEC Reclassification Proceeding (BPU Docket No. TX 07110873), and that the Board set a date for a public hearing on the Petition and the proposed Stipulation and Agreement as soon as practicable.

Respectfully submitted,

  
Colleen A. Foley

Enclosures

Cc: Service List (via first class mail)

**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**

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

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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

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PETITION

BPU Docket No. T \_\_\_\_\_

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, United Telephone Company of New Jersey, Inc. d/b/a Embarq (“Embarq”) respectfully submits this Petition pursuant to the Telecommunications Act of 1992, N.J.S.A. 48:2-21.16 et seq., and shows that:

1. Petitioner is a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities (the “Board”). Embarq is an Incumbent Local Exchange Carrier (“ILEC”) providing telecommunications services to 26 exchanges located in parts of five counties situated in the northwest portion of the State of New Jersey. As of April 30, 2008, Embarq provided service to 172,401 access lines and employed 213 individuals in New Jersey.

2. In this Petition, Embarq seeks Board approval of a Plan for an Alternative Form of Regulation (“PAR”) pursuant to N.J.S.A. 48:2-21.18(a). Consistent with the provisions of N.J.S.A. 48:2-21.18(a), Exhibit A to this Petition contains Embarq’s proposed PAR.

3. Embarq’s request herein directly arises from the proceedings conducted by the Board in 1/M/O The Board Investigation Regarding the Reclassification of Incumbent Local

Exchange Carrier (ILEC) Services as Competitive, BPU Docket No. TX07110873 (the “Reclassification Proceeding”). That Reclassification Proceeding is currently pending before the Board. In the Reclassification Proceeding, the Board has undertaken an examination of the competitiveness of retail mass market services provided by ILECs in New Jersey. Embarq sought, and was granted, intervenor status in that proceeding. Embarq participated fully in the development of a comprehensive evidentiary record in the Reclassification Proceeding, including responding to numerous data requests, providing pre-filed testimony, participating in two days of evidentiary hearings, participating in public comment hearings and filing two rounds of briefs.

4. As fully set forth herein, there is significant overlap between the legal and factual matters in the Reclassification Proceeding and the legal and factual matters in this docket. Given these common legal and factual issues, Embarq requests that the Board incorporate the record from the Reclassification Proceeding into the record of this proceeding. To facilitate the Board’s review in this docket, Embarq has prepared Exhibit B which enumerates the statutory findings the Board must make pursuant to N.J.S.A. 48:2-21.18(a) and which contains specific citations that support the Board’s approval of Embarq’s proposed PAR.

5. When it initiated the Reclassification Proceeding, the Board invited “ILEC providers in the State that seek competitive status” to intervene in the matter.<sup>1</sup> Embarq intervened and sought competitive status for all of its retail mass market services. In support of that request, Embarq demonstrated the affordability and reasonableness of its rates for telecommunications services. Moreover, Embarq also provided evidence that artificially low rates had the potential to undermine economic development in the State of New Jersey by imposing a barrier to market entry for other telecommunications carriers—thus stymieing

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<sup>1</sup> See I/M/O the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive, BPU Docket No. TX07110873, Order (dated November 28, 2007), at 2.

investment and eventually limiting customer choice. As the Reclassification Proceeding progressed, and the parties began to engage in settlement discussions, the record developed and the issues addressed provided both a legal and factual basis for the Board to approve a PAR for Embarq. As described in detail in Exhibit B, there is support for Board findings on each of the statutory criteria at N.J.S.A. 48:2-21.18(a). For example, Embarq has demonstrated the following:

***A. Ensure the affordability of protected telephone services***

As amply addressed in the rebuttal testimony of Dr. Brian K. Staihr at pages 8-13, the rates for Embarq's customers have remained at their current levels since 1991, when United Telephone Company of New Jersey had its last rate case. Embarq's rates for basic service have not even kept pace with inflation for 17 years. Meanwhile, household income in Embarq's New Jersey market is *extraordinarily* high while retail rates for basic service in Embarq's New Jersey market are *extraordinarily* low. As a result, residents in Embarq's New Jersey market are actually spending a disproportionately small share of their income on telephone service. Even in the face of an inflation adjustment, Embarq's New Jersey customers would be paying a *disproportionately* small *portion* of their income on telephone service. Telephone service would remain more affordable than in almost any state in the country. This PAR also maintains current rates under Embarq's Lifeline program.

***B. Not unduly or unreasonably prejudice or disadvantage a customer class or providers of competitive services***

No prejudice or disadvantage to a customer class or providers of competitive services arises when all competitors in the market are on a level playing field. Providers of

competitive services are not prejudiced under the terms of the PAR. Rather, the PAR helps levels the competitive playing field vis-à-vis Embarq and its CLEC and non-regulated competitors.

*C. Reduce regulatory delay and costs*

Implementing a PAR for Embarq will obviate the need for time-consuming and burdensome rate case proceedings that place a strain on limited administrative and regulatory resources. As a result, this PAR reduces regulatory delay and lessens certain regulatory costs. This PAR also balances Embarq's need for market flexibility with a continued commitment to provide customers with high quality, reliable telecommunications services. This PAR is consistent with the alternative regulation plan approved by the Board for Verizon New Jersey. Verizon New Jersey has been subject to alternative rate regulation for several years. With this PAR, Embarq and Verizon NJ both will be subject to alternative rate regulation. Administrative economies and regulatory consistency are thereby achieved from the Board's oversight and review of incumbent local exchange carriers.

6. Embarq's request is clearly in the public interest. As the Board is well aware, the competitive landscape in the telecommunications industry has changed radically in recent years, particularly as a result of new market entrants (e.g., wireless carriers, VoIP) that are not regulated by the Board. Most recently, the Board acknowledged this fact when it deemed retail services provided by competitive local exchange carriers ("CLECs") in New Jersey<sup>2</sup> to be competitive. Indeed, when the Board initiated the ILEC Reclassification Proceeding, it "noted that the competitive environment in the telecommunications industry appears to be undergoing

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<sup>2</sup> See I/M/O the Board Investigation Regarding the Reclassification of Competitive Local Exchange Carrier (CLEC) Services as Competitive, BPU Docket No. TX06120841, Final Order (dated June 29, 2007).

considerable change and modification.”<sup>3</sup> Embarq faces the same competitive pressures identified in the CLEC proceeding and in the Reclassification Proceeding, thus it is important that the Board’s regulation of Embarq provide the Company with sufficient flexibility to respond to market changes. In fact, the Board has expressly identified its power to tailor the regulation of telecommunications service providers in response to industry changes, stating that 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.”<sup>4</sup> Embarq believes its proposed PAR represents a balancing of the Company’s need for market flexibility with a continuing commitment to provide customers with high quality, reliable telecommunications services.

7. Embarq requests that the Board review this Petition on an expedited basis. As noted previously, Embarq has been engaged in settlement discussions with certain parties to the Reclassification Proceeding. Embarq anticipates reaching a Stipulation and Agreement with those entities in the very near future, which Embarq will file with the Board for its review and approval. Embarq anticipates that aspects of the Stipulation and Agreement in the Reclassification Proceeding will have a direct bearing on the Board’s review and determination of Embarq’s PAR request. Consequently, Embarq respectfully requests that the Board consider Embarq’s PAR request along with the Company’s request in the Reclassification Proceeding. To that end, Embarq requests that the Board set a date for a public comment hearing on this Petition and its Stipulation and Agreement in the ILEC Reclassification Proceeding (BPU Docket No.

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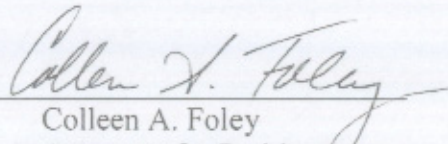
<sup>3</sup> See I/M/O the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive, BPU Docket No. TX07110873, Order (dated November 28, 2007), at 1.

<sup>4</sup> *Id.*

TX07110873) as soon as practicable. Attached hereto as Exhibit C is a proposed form of notice of the public comment hearing.

8. WHEREFORE, Petitioner, United Telephone Company of New Jersey, Inc. d/b/a Embarq, respectfully requests that the Board (1) approve on an expedited basis the proposed Plan for an Alternative Form of Regulation attached as Exhibit A, and (2) grant such other relief as the Board deems necessary and appropriate.

Respectfully submitted,  
Saul Ewing LLP

By:   
Colleen A. Foley  
Attorneys for Petitioner  
United Telephone Company of  
New Jersey, Inc. d/b/a Embarq

Dated: June 27, 2008

VERIFICATION

COMMONWEALTH OF PENNSYLVANIA     )

:

COUNTY OF DAUPHIN                     )

RICHARD A. HRIP, of full age, being duly sworn, upon his oath, deposes and says:

1. I am Vice President – External Affairs of United Telephone Company of New Jersey, Inc. d/b/a Embarq, and in that capacity I am authorized to make this Verification on behalf of the Petitioner in this matter.

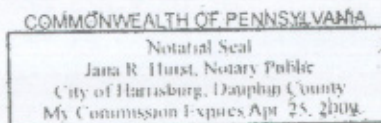
2. I have reviewed the within Petition and exhibits thereto, and the same are true and correct to the best of my knowledge, information and belief.

3. I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

By: Richard A. Hrip  
Richard A. Hrip  
Vice President – External Affairs

Subscribed and Sworn to Before Me, A  
Notary Public of the Commonwealth of  
Pennsylvania, This 27 Day of June, 2008.

Jana R. Hust  
Notary Public



**EXHIBIT A**  
**ALTERNATIVE REGULATION PLAN**

**United Telephone Company of New Jersey, Inc. d/b/a Embarq**

**INTRODUCTION**

This Plan for Alternative Regulation ("PAR") replaces rate base/rate of return regulation for United Telephone Company of New Jersey, Inc. d/b/a Embarq ("Embarq"). This PAR is submitted by Embarq pursuant to the New Jersey Telecommunications Act of 1992, *N.J.S.A.* 48:2-21.18(a). Unless otherwise addressed herein, this PAR governs certain services that remain rate regulated<sup>1</sup> under the Telecommunications Act of 1992, *N.J.S.A.* 48:2-21.16 et seq.

**I. TERM AND EFFECT**

This PAR will commence upon Board approval. The terms of the PAR will remain in effect until approval of a modified Plan or a new Plan by the Board. During the term of this PAR, any changes in rates that remain rate regulated shall require Board approval.

Embarq will be submitting for Board approval a proposed Stipulation and Agreement with regard to I/M/O the Board Investigation Regarding The Reclassification of Incumbent Local Exchange Services (ILEC) as Competitive, Docket No. TX07110873 ("Stipulation and Agreement"), which establishes terms applicable until further Order of the Board. This PAR will be interpreted and applied in a manner consistent with the terms of the proposed Stipulation and Agreement. In the event the Board does not approve the proposed Stipulation and Agreement, then this PAR will not go into effect.

**II. COMMITMENTS TO INFRASTRUCTURE DEPLOYMENT, DISCOUNTED PROGRAMS, AND LIFELINE SERVICE**

**A. Infrastructure Deployment** – Embarq will continue its broadband deployment to its customers based upon a Bona Fide Retail Request ("BFRR") Program focused on carrier serving areas ("CSAs"), as set forth in paragraph 4 of Attachment A (dated January 13, 2006) to

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<sup>1</sup> For purposes of this PAR, "rate regulated" services (described as "noncompetitive services" in Title 48) shall mean Embarq services other than those (1) designated by the Board as competitive, including services designated as competitive at In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Services (ILEC) as Competitive, Docket No. TX07110873; or (2) not regulated by the Board. Jurisdiction over wholesale services is governed by the Federal Act subject to FCC and state commission oversight, and these services are not subject to, or governed by this PAR.

the Stipulation of Settlement approved by the Board at Docket No. TM05080739.<sup>2</sup> Specifically, when bona fide requests totaling at least 50 retail access lines are received by Embarq for broadband service from a single CSA, Embarq will provide DSL service, or a comparable service, in that CSA within twelve months of receipt of such requests totaling at least 50 retail lines or more, Embarq will provide a bill message to customers twice annually, in the July and January bills, advising them of the availability of its BFRR program. Embarq will continue to advise the BPU and Rate Counsel of the manner in which it administers the program.

**B. Schools and Libraries Discount Program** – Embarq will continue its discount program for schools and libraries for services (including ATM; Frame Relay, and PRI data services) provided by Embarq, as set forth in paragraph 3 of Attachment A (dated January 13, 2006) to the Stipulation of Settlement approved by the Board at Docket No. TM05080739. Embarq, at its discretion, may add services subject to the discount program based upon customer and business needs. This discount program is included in Embarq New Jersey's tariffs. These discounts are in addition to any discounts from qualified E-rate program that any eligible participant may avail themselves of.

**C. Lifeline Service** – Embarq will continue its Lifeline program as set forth in paragraph 2 of Attachment A (dated January 13, 2006) to the Stipulation of Settlement approved by the Board at Docket No. TM05080739, which includes the following components: (a) an effective end user rate of \$0.95 per month; (b) educational promotion of Embarq's Lifeline program twice yearly via bill message included in all Embarq customers' bills; and (c) concurrent with the bill message in (b) above, notification to county social services providers in each county served by Embarq of program availability. Lifeline participants may choose to purchase and pay for optional vertical features at applicable tariff rates. Program eligible customers shall not be disqualified due to past due amounts; however, they can be limited to basic exchange rate service.

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<sup>2</sup> *In the Matter of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 of a Change of Ownership and Control*, Docket No. TM05080739, Order dated March 9, 2006.

Embarq's Lifeline Program shall include automatic enrollment of its existing and new Embarq customers who participate in and provide a valid telephone number associated with their Embarq basic local exchange telephone service to any of the social program agencies identified in Embarq's New Jersey tariff (Tariff N.J. B.P.U. – No. 3, Fifth Revised Page 56). Embarq shall implement an automatic enrollment program within three (3) months: (a) of Board entry of a final order relative to Embarq at BPU Docket No. TX07110873; and (b) receipt of accurate and current information from the agencies/programs identified in Embarq's New Jersey tariff (Tariff N.J. B.P.U. – No. 3, Fifth Revised Page 56). Embarq's Lifeline Program will also provide for self-certification of low income senior customers (ages 65 and over) at or below 150% of the Poverty Level (as published in the Federal Register) who provide a valid telephone number associated with their Embarq basic local exchange telephone service. Embarq shall define, administer and implement the automatic enrollment program and the low income senior program, with the cooperation of Board Staff and Rate Counsel.

### **III. STREAMLINED PROCESS FOR NEW SERVICES, CHANGE PRICES OF EXISTING SERVICES, REVENUE NEUTRAL FILINGS, AND WITHDRAWAL OF SERVICES**

**A. Introduce New Services:** A streamlined process to introduce new services will enable customers to benefit immediately from the capabilities of an advanced telecommunications infrastructure and competition. Board approval is required to classify any new service offering as competitive.

1. Unless the Board takes affirmative action through a deficiency letter transmitted from the Secretary of the Board, all new service offerings shall become effective on thirty (30) days' notice, after filing with the Board, without the requirement for prior Board approval.
2. The filing shall include a brief description of the service and a copy of the relevant tariff pages with all terms and conditions.
3. For new services proposed as competitive offerings, the filing to classify a service as a competitive service offering will include sufficient information to show compliance with *N.J.S.A. 48:2-21.19(b)*.

4. Optional services or packages may be withdrawn on thirty (30) days' notice, provided that they were available for a minimum of sixty (60) days.

5. New services may be introduced by Embarq and optional services or packages may be withdrawn by Embarq on less than thirty (30) days' notice if the Board transmits a Secretarial Letter acknowledging the introduction or withdrawal of such services. As a prerequisite to the issuance of such a letter, Embarq will provide information to the Board and Rate Counsel at the time of filing showing either:

- a) there will be no material harm to customers, or
- b) there are clear benefits to customers, or
- c) a comparable service is already being provided by competitors.

This provision cannot be used to deaverage rates and does not apply to existing protected services, to the extent that services must continue to be available on a stand-alone basis.

The Board shall retain its authority to investigate and suspend, if necessary, all aspects of the service filing. The streamlined filing procedures herein do not affect Embarq's existing authority, under certain circumstances, to file certain service offerings on one-day notice.

**B. Rate Stability:**

1. Increases in rates for rate regulated services (described as "noncompetitive services" in Title 48) will require Board approval.<sup>3</sup>

2. This PAR shall supersede the limitations on rate increases applicable to Embarq set forth in Paragraph 1 of Attachment A to the Stipulation of Settlement in BPU Docket No. TM05080739.<sup>4</sup>

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<sup>3</sup> See, e.g., *In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Services (ILEC) as Competitive*, Docket No. TX07110873.

<sup>4</sup> *In the Matter of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 of a Change of Ownership and Control*, Docket No. TM05080739, Order dated March 9, 2006.

**C. Revenue Neutral Rate Restructures:**

Embarq is not permitted to implement revenue neutral rate adjustments until authorized by further Order of the Board. Except as permitted in either Paragraph 29 or Paragraph 31 of the Stipulation and Agreement, Embarq shall not otherwise seek revenue neutral rate adjustments until commencement of the proceeding referenced in Paragraph 27 of the Stipulation and Agreement. Nothing in this PAR shall preclude Embarq from seeking revenue neutral rate restructures at any time in accordance with Paragraph 29 or Paragraph 31 of the Stipulation and Agreement. As permitted either by this PAR or by the Stipulation and Agreement, as appropriate, Embarq may propose for the Board's review and approval, revenue neutral rate restructures for Embarq's rate regulated services. Such filings may be supported by currently available and prospective data as described below. Revenue neutral rate restructures will not be limited to rate restructures within service categories and shall generally not be used to geographically deaverage rates.

Embarq will make a revenue neutral rate restructuring filing sixty (60) days before the proposed effective date, and serve both the Board and Rate Counsel. The Board review shall conclude with the decision of the Board, in writing, as soon after the filing as possible. No proposed rate adjustment under this section shall take effect without Board approval. Modification or rejection of an Embarq-proposed revenue neutral rate restructure is not grounds for terminating this PAR or limiting Embarq's obligations under this PAR. As part of its filing, Embarq must submit the following:

1. A description of the service(s) affected and an explanation as to why the restructure is proposed;
2. Calculations demonstrating the revenue neutral effect of the proposed restructure;
3. A description of the impact of the proposed restructure on all affected classes of customers, demonstrating that no class is unduly advantaged over another; and
4. Notice with copies of the filing, at the time of filing, shall be provided to Rate Counsel.

**D. Exogenous Events:** Consistent with the Board's orders approving alternative regulation plans, in addition to its authority under Title 48 of the New Jersey Statutes

and in addition to the revenue neutral rate restructuring provisions at III.C., above, Embarq will be permitted to increase (or required to decrease) rates for its rate regulated services if there occurs a major, unexpected extraordinary or exogenous event, beyond its control, that has a material, substantial and demonstrable impact on its financial condition.<sup>5</sup> Proposed rate adjustments will be filed for the Board's approval pursuant to the requirements specified below.<sup>6</sup> The allocation of the effects of an exogenous event shall be on a total company basis between interstate and intrastate jurisdictions, and rate regulated and competitive services, subject to Board approval.

Embarq will make its proposed rate adjustment filing, and will copy Rate Counsel on such filing, resulting from a significant exogenous event within 60 days of the date on which the effects of that event are known and calculated (but not more than 12 months since the occurrence of the exogenous event). Review by Rate Counsel and the Board shall conclude with the decision of the Board, in writing, as soon thereafter as possible. No proposed rate adjustment under this section shall take effect until Board approval and the Board shall retain the right to determine the appropriate rate design. Modification or rejection of an Embarq proposed exogenous event rate adjustment is not grounds for terminating the Plan, or limiting Embarq's obligations thereunder. As a part of its filing, Embarq will submit the following:

1. A description of the exogenous event and an explanation as to why the event has a material, substantial, and demonstrable impact on its financial condition;
2. Data which describe and quantify the estimated financial impact to Embarq; and
3. A proposed rate design to reflect the changes.<sup>7</sup>

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<sup>5</sup> An unexpected event is defined as an event beyond the company's control and includes, but is not limited to: changes in tax laws, accounting rules, and separations; regulatory, judicial, and legislative changes; and acts of God, nature or terrorism affecting Embarq.

<sup>6</sup> This provision is not intended as a mechanism to permit routine requests for rate relief (or rate decreases).

<sup>7</sup> Embarq may, at its discretion, forgo rate increases for certain services, where appropriate to protect low-income subscribers, for market reasons or for other reasons.

#### **IV. RECLASSIFICATION OF SERVICES AS COMPETITIVE**

Unless otherwise ordered at BPU Docket No. TX07110873, Embarq may petition the Board to reclassify an existing rate regulated service as competitive, in which case it will support its petition with affidavits or other proofs evidencing the competitive nature of the service as required by *N.J.S.A* 48:2-21.19(b). Embarq also will follow the safeguard and notice provisions set forth in this PAR, Section V below.

#### **V. CONSUMER AND COMPETITIVE SAFEGUARDS**

In order to provide assurances both to the Board and to Embarq's customers and competitors, Embarq will observe a series of specific safeguards required by law and described in this Section. Embarq is subject to all Federal and State statutory requirements related to local exchange competition and nothing in this PAR shall supersede those requirements. The safeguards shall apply to all Embarq competitive services and those that Embarq seeks to classify or reclassify as competitive.

**A. Tariffs for Competitive Services** - For services that the Board classifies as competitive, Embarq will file and maintain tariffs in conformance with the requirements of the Board's existing regulations governing competitive services, unless the Board does not require tariffs for particular services. The rates for competitive services may be either in the public filed tariffs or, if the Board determines that the rates are proprietary, on file with the Board and Rate Counsel. If rates for competitive services are not in Embarq's public tariffs, Embarq will permit interested parties to review the unpublished rates under the terms of an appropriate protective agreement, such as those currently used in cases before the Board. Changes or additions to tariffs for competitive services shall be made in accordance with the existing regulations governing competitive services.

**B. Direct Cost Allocation Data** In order to demonstrate that rate regulated services will not subsidize competitive services, Embarq will provide annual reports to the Board's staff and Rate Counsel showing that, in the aggregate, the total revenues for Embarq's competitive services exceed the total direct cost of the services. To the extent Embarq's reports include information Embarq deems proprietary, Embarq may make a request for a confidentiality determination under the Board's OPRA rules set forth at N.J.A.C. 14:1-12. Embarq will work

with the BPU Staff and Rate Counsel to determine the format for annual rate regulated financial reports in a form consistent with similar reporting in other Embarq jurisdictions. Nothing in this paragraph precludes any party from seeking additional cost information in the proceeding identified in Paragraph 27 of the Stipulation and Agreement.

**C. Standards for Determining and Monitoring Competitiveness of Services –**

This PAR incorporates the standards for determining and monitoring the competitiveness of services set forth in the Board's regulations governing competitive services.

**VI. REPORTING REQUIREMENTS**

**A. Service Quality –** Embarq will file consistent with Board regulations service quality reports to demonstrate compliance with the service quality rules established in N.J.A.C. 14:10-1A.9, 1A.10 and 1A.11, with a copy to Rate Counsel.

**B. BFRR Reports –** Embarq will continue to file, with a copy sent to Rate Counsel, semi-annual reports of customers by exchange participating in Embarq's Bona Fide Retail Request ("BFRR") program. The reports shall be filed January 15<sup>th</sup> (for prior year end data) and July 15<sup>th</sup> (for January to June data).

## EXHIBIT B

### **United Telephone Company of New Jersey, Inc. d/b/a Embarq (“Embarq”) Plan for Alternative Regulation (“PAR”)**

#### **Statutory Criteria and the Evidentiary Record at BPU Docket No. TX07110873**

Pursuant to *N.J.S.A.* 48:2-21.18, “[t]he board shall review the [PAR] and may approve the [PAR], or approve with modifications, if it finds, after notice and hearing, that the [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. Thus, the Board must evaluate the elements of Embarq’s proposed PAR and determine the extent to which the proposed PAR satisfies these statutory criteria. Embarq believes that its proposed PAR addresses each criteria. Embarq cites the following in support of this PAR

#### **1. Ensure the Affordability of Protected Telephone Services**

Embarq fully addressed affordability in the Rebuttal Testimony of Brian K. Staihr in BPU Docket No. TX07110873 at pp. 8-13 (“EQ Rebuttal Testimony”).<sup>1</sup>

Although the concept of “affordability” can be difficult to define, the FCC has provided some guidance in this area. In its very first Report and Order on universal service following the passage of the Telecommunications Act of 1996, the FCC stated that the definition of affordability included both an *absolute* component and a *relative* component. [Footnote omitted] The *absolute* component reflects the purely factual aspect of having (or not having) sufficient funds to purchase something. The *relative* component reflects a somewhat more subjective aspect of a potential “burden,” in the sense of whether or not the cost can be borne without serious detriment. If the cost can be borne without serious detriment, the item is “affordable.” This relative component can be examined in the context of spending on other goods and services—i.e. are consumers spending a disproportionate share of their income on a particular good or service. ...

First, household income in Embarq’s New Jersey market is *extraordinarily* high. As Embarq noted in testimony submitted to the New Jersey Board in 2005, the

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<sup>1</sup> See also, VNJ Vasington Direct at 48, 56, and 59; Sprint Appleby Reply Testimony at 27, Exhibits JAA-5 and JAA-6.

average household income in Embarq's New Jersey market is over *twice* the median household income for the country as a whole. The median annual household income in Embarq's New Jersey market is over \$100,000, while the median annual household income for the U.S. as a whole is approximately \$48,000. [Footnote omitted.]

Second, retail rates for basic service in Embarq's New Jersey market are *extraordinarily* low. The basic rate for service in Embarq's New Jersey market is \$7.80 plus \$0.75 for U-touch, or \$8.55 [minus \$.60 for 1986 tax credit, or \$7.95]. According to the FCC, the national average monthly rate for flat rate service (including touchtone) is \$15.03 [in October 2006]. [Footnote omitted.]

When we put these two facts together, and return to our test of affordability, we find that residents of Embarq's New Jersey market are actually spending a disproportionately *small* share of their income on telephone service. ...

Next, we acknowledge that the rates for Embarq's customers have been frozen at their current levels since 1991, when United Telephone of New Jersey had its last rate case. This means that rates for basic service have not even kept pace with inflation for 17 years. If Embarq's rates *had* simply kept pace with inflation, with no other adjustments, then according to the U.S. Bureau of Labor Statistics the rate for basic service including U-touch today would be approximately \$13.00. [Footnote omitted.] As the table below shows, even if such an inflation adjustment were made, Embarq's New Jersey customers would *still* be spending a *disproportionately small* share of their income on telephone service. ...

Using the FCC's criteria, clearly there is no way that a case could be made—even in the face of an inflation adjustment [...]—that Embarq's New Jersey customers would find telephone service unaffordable. Even in the face of an inflation adjustment, [...] Embarq's New Jersey customers would be paying a *disproportionately small portion* of their income of telephone service, and telephone service would remain more affordable than in almost any state in the country.

Further, this PAR preserves and enhances Embarq's Lifeline program as set forth in the PAR itself and the Stipulation and Agreement. Embarq's commitment to Lifeline is reiterated in Dr. Staihr's Rebuttal Testimony:

*Q. On the subject of affordability, if Embarq's request for competitive classification is granted would this have any impact on the existing Lifeline and Link-Up support that goes to extremely low-income customers in New Jersey?*

A. None at all. At year end 2007, approximately 950 Embarq customers subscribed to Lifeline service. Embarq remains fully dedicated to those specific programs which provide targeted support to households in need.

(EQ Rebuttal Testimony at pp. 11-12.) Significantly, the PAR expands upon Embarq's Lifeline commitment by providing for automatic enrollment in the Program for new and existing Lifeline-eligible Embarq customers. (PAR at Section II.C.) In addition, Embarq's proposed PAR states that Embarq's Lifeline Program will provide for the self-certification of low income senior customers (ages 65 and over) at or below 150% of the Poverty Level (PAR at Section II.C). Thus, the needs of low income and elderly households are addressed through Embarq's continuation and enhancement of the Lifeline and LinkUp programs assuring affordable service to all customers in need throughout the State.

With existing competitive forces at work, the Board can keep an eye on the telephone market and make adjustments if needed (*See* Item 7, *infra*). Consumers will obtain service elsewhere if Embarq sets its prices too high or does not introduce the new products and services they demand, or if the quality of service slips in any way. As Dr. Staihr observed, "One vendor's gain is the other vendor's loss." Initial Testimony of Dr. Brian K. Staihr in BPU Docket No. TX07110873 at 11 ("EQ Initial Testimony).

Affordability of rates for protected services is also found based upon the fact that Embarq's local exchange rates have remained flat since 1991, while other price indicators such as Social Security income, the consumer price index, the cost of food, and postal rates have risen since 1991. Affordability of rates for protected services is also found based upon the fact that the Stipulation and Agreement contains rate caps for numerous services, including basic residential service.

Furthermore, only retail mass market rates are impacted by the proposed rate caps. Non-retail rates are not impacted by the proposed PAR or the Stipulation and Agreement. The affordability of rates for protected service is satisfied as the only changes made to protected rates are those subject to caps that the Board is reviewing and approving in this docket.

## **2. Produce Just and Reasonable Rates for Telecommunications Services**

Evidence supporting that Embarq's rates for rate regulated services under this PAR and the Stipulation and Agreement are affordable also supports that such rates are just and reasonable. As noted above, Embarq has not raised rates since its last rate case in 1991. See, EQ Rebuttal Testimony at p. 10. In addition, at the hearing, Dr. Staihr testified and demonstrated that rates should at least keep pace with inflation to be considered "just and reasonable." Dr. Staihr testified:

Q. Are you saying that Embarq rates aren't fair, just, and reasonable at their current levels?

A. They are certainly not just and reasonable with regard to Embarq because normally what is a just and reasonable price does keep pace with inflation. EQ's rates are not just and reasonable because they haven't kept pace with inflation.

Trans. Feb. 26, at p. 106.

Moreover, the Stipulation and Agreement demonstrates how the rates for Embarq's rate regulated services will remain just and reasonable. Under an alternative form of regulation, 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. Embarq's rates for rate regulated services throughout the term of the PAR will remain below national averages for those services published by the Federal Communications Commission, as adjusted for inflation as measured by the United States Department of Labor's Consumer Price Index. As discussed above, Lifeline rates will remain at current levels, which the Board has already been found to be just and reasonable.

In addition, any adjustments to the rates set forth in the Stipulation and Agreement must be approved by the Board. Thus, the Board retains complete authority to ensure that Embarq's rates for its rate-regulated services remain just and reasonable.

Given the evidentiary record of like or substitute services in the geographic market as testified by Dr. Staihr in his direct and rebuttal testimonies, incorporated herein, along with the Stipulation and Agreement, this PAR will produce just and reasonable rates for the rate regulated services under the Stipulation and Agreement.

### **3. Not Unduly or Unreasonably Prejudice or Disadvantage a Customer Class or Providers of Competitive Services**

The PAR does not unduly or unreasonably prejudice or disadvantage a customer class because the rates set forth in the Stipulation and Agreement are affordable and just and reasonable. The PAR does not unduly or unreasonably prejudice or disadvantage providers of competitive services; to the contrary, it will help level the competitive playing field between Embarq and its alternatively regulated and unregulated competitors.

Alternative regulation and competitive classification will provide increased ability for Embarq to respond to free market forces in the face of existing competition from unregulated entities.<sup>2</sup> As Dr. Staihr testified: "CLECs purchase wholesale services for resale in all 26 of Embarq wire centers and purchase unbundled network elements in 21 wire centers representing 93% of Embarq's access lines." EQ Initial Testimony at 30. The record adduced in this docket supports a finding that alternative regulation will make the competitive playing field more level as between Embarq and its unregulated and non-traditional competitors.

The record demonstrates that neither competitive classification nor this PAR will prejudice or disadvantage a customer class or providers of competitive services. Indeed, the Board has already concluded that retail local exchange services provided by CLECs should be

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<sup>2</sup> "Customers are best served when competition takes place in a level playing field where all providers including Embarq have the freedom to act nimbly in the marketplace and responding to ever changing demands and preferences." EQ Initial Testimony at 32.

deemed competitive.<sup>3</sup> For competitive services, the Board shall not regulate, fix or prescribe the rates, tolls, charges, rate structures, terms and conditions of service, rate base, rate of return, and cost of service, of competitive services. *N.J.S.A. 48:2-21.19(a)*. Thus, no prejudice or disadvantage to a customer class or providers of competitive services arises when all competitors in the market are on a level playing field. Through this PAR, Embarq can adjust rates for the services that remain rate regulated within the ranges and otherwise as set forth in the Stipulation and Agreement. Thus, no prejudice or disadvantage to a customer class arises as Embarq can only adjust rates up to the Stipulation and Agreement's specified rate caps. (Furthermore, as discussed above, this PAR maintains Embarq's Lifeline rates at current levels and enhances Embarq's commitments to the Lifeline program, which will ensure that those least able to pay for telephone service can get it at reduced rates.) Providers of competitive services are not prejudiced under the terms of the PAR. Rather, the PAR helps level the competitive playing field vis-à-vis Embarq and its CLEC and non-regulated competitors.

#### **4. Reduce Regulatory Delay and Costs**

The PAR will reduce regulatory delay and costs. As set forth in PAR Section III.A, the PAR enables Embarq to introduce new services on a streamlined basis, which will lessen regulatory delay. As Dr. Staihr noted in his EQ Initial Testimony, "[c]ustomers are best served when competition takes place on a level playing field, where all providers—including Embarq—have the freedom to act nimbly in the market place, responding to ever-changing demands and preferences." EQ Initial Testimony at p. 32. The flexibility afforded by the PAR, in addition to competitive classification, will greatly reduce regulatory delay and costs associated with Embarq's ability to act nimbly in the market place. Implementing the PAR will also obviate the need for time-consuming and burdensome rate case proceedings that place a strain on limited administrative resources. As a result, this PAR reduces regulatory delay and lessens regulatory costs.

Further, as the Board noted in Verizon NJ's PAR-2, this element is also satisfied by statutory recognition that traditional rate of return regulation can be costly and inefficient, imposing significant administrative burdens that are substantially lessened by alternative regulation. Streamlined introduction of new services while the Board retains authority to investigate and suspend is pro-competitive, reduces current barriers to bring new products to market, and assures that customers are afforded the opportunity to benefit from new services without unnecessary delay.

This PAR is consistent with the alternative regulation plan approved by the Board for Verizon New Jersey. Verizon New Jersey has been subject to alternative rate regulation for several years. With this PAR, Embarq and Verizon NJ both will be subject to alternative rate regulation. Administrative economies and regulatory consistency are thereby achieved from the Board's oversight and review of incumbent local exchange carriers. Meanwhile, Embarq's ability to adjust rates within the transitional rate caps will reduce costs and regulatory delay

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<sup>3</sup> *VM/O with Board Investigation Regarding the Reclassification of Competitive Local Exchange Carrier (CLEC) Services as Competitive*, BPU Docket No. TX06120841, Order (dated June 29, 2007), at 11.

associated with unnecessary regulatory oversight for rate adjustments within capped levels. Additionally, Embarq has agreed to specific comprehensive reporting requirements. *See* PAR Section V and Stipulation and Agreement Exhibit C. These reports will provide the Board and Rate Counsel with relevant, timely information with which to monitor Embarq and the competitive marketplace.

## **5. Is in the Public Interest**

The PAR is in the public interest. The PAR preserves affordable rates that are just and reasonable. The PAR does not unreasonably prejudice any class of customers or competitors. The PAR reduces regulatory costs and delays. As Dr. Staihr observed in his Initial Testimony:

[T]he role of regulation in the state must be 1) to ensure that the telecommunications market remains open to entry, and 2) to ensure that one provider does not receive state-sponsored advantages over another provider. By requesting competitive classification Embarq seeks the same freedom its competitors have to price and package services in ways that meet customer desires and expectations. Customers are best served when competition takes place on a level playing field, where all providers—including Embarq—have the freedom to act nimbly in the market place, responding to ever-changing demands and preferences.

EQ Initial Testimony at p. 32. Further, as set forth in subsection 6 below, the PAR includes important extensions of Embarq's Bona Fide Retail Request ("BFRR") program and Embarq's discount program for schools and libraries, while enhancing Embarq's commitment to its Lifeline program.

## **6. Enhances Economic Development in the State While Maintaining Affordable Rates**

The PAR will enhance economic development in New Jersey while maintaining affordable rates by facilitating increased competition among the variety of telecommunications services providers in the state on a more level playing field. The record demonstrates the availability of like or substitute services. Dr. Staihr's initial and rebuttal testimonies are replete with the descriptions of the variety of competitors (i.e., substitute services) present in the telecommunications marketplace. *See e.g.*, EQ Initial Testimony at pp. 15-30. Through PAR, Embarq will be afforded the flexibility to adjust rates for rate regulated services consistent with the Stipulation and Agreement. As Dr. Staihr testified:

Citigroup estimated that by 2010 the market share of incumbent carriers such as Embarq will decrease to 45%. There is simply no way to suggest that Embarq's New Jersey market is not fully and effectively competitive when Embarq is expected to serve less than half of the market in approximately two years. ...

And *because* competition is an economic fact, the role of regulation in the state must be 1) to ensure that the telecommunications market remains open to entry, and 2) to ensure that one provider does not receive state-sponsored advantages over another provider. By requesting competitive classification Embarq seeks the same freedom its competitors have to price and package services in ways that meet customer desires and expectations.

(EQ Initial Testimony at 32.)

Together with PAR, Embarq as a competitor no longer subject to rate of return regulation can efficiently offer like or substitute services currently available in competitive marketplace.<sup>4</sup> Competitive classification and alternative rate regulation for Embarq enhances economic development within Embarq's service territory. The PAR will enable Embarq to compete more effectively and efficiently in the marketplace,<sup>5</sup> which, in turn, will promote competition and enhance economic development in the State.

The PAR contains several elements that will enhance economic development in the State while maintaining affordable rates. As previously addressed, the record demonstrates that this PAR will maintain affordable rates in New Jersey. In addition, this PAR contains commitments whereby Embarq will extend its BFRR Program for broadband deployment through the duration of this PAR. Similarly, the record demonstrates PAR extends Embarq's Schools and Libraries Discount Program. Embarq will continue its discount program for schools and libraries for services (including ATM; Frame Relay, and PRI data services) provided by Embarq through the duration of this PAR. By promoting deployment of advanced telecommunications equipment and services in schools and libraries, Embarq is helping to bring the benefits of technology to the public which, in turn, will enhance economic development in the State.

## **7. Contains a Comprehensive Program of Service Quality Standards, with Procedures for Board Monitoring and Review**

The PAR contains numerous reporting requirements to enable the Board to monitor Embarq's service quality and regulatory compliance. PAR Section V.B requires Embarq to make annual filings to ensure that rate regulated services are not subsidizing competitive services. Further, PAR Section V.A requires Embarq to file tariffs for competitive services and to make unpublished rates available under certain conditions. Embarq is currently subject to numerous service quality measures and reporting requirements as set forth in the Board's rules

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<sup>4</sup> "The Telecommunications Act of 1996 ensures ease of entry by making Embarq's network available to competitors through discounts off retail prices, the availability of unbundled network elements, and collocation." EQ Initial Testimony at 31. See also, VNJ Vasington Direct at 10 LL 6-17, 11 LL 3-5, 22 LL 1-4

<sup>5</sup> "There are a total of eight CLECs to which Embarq provides these services in New Jersey. One CLEC is collocated in three Embarq switching offices. CLECs purchase wholesale services for resale in all 26 of Embarq wires centers, and purchase unbundled network elements in 21 wire centers representing 93% of Embarq's access lines." EQ Initial Testimony at 30.

and regulations that will continue under PAR. There is no evidence in the record that the retail mass market services under review in the ILEC reclassification proceeding are in any way inadequate from a service quality standpoint, but the reporting requirements in the PAR and in the Stipulation and Agreement will enable the Board to monitor Embarq's services to ensure they remain of high quality.

This PAR sets forth reporting requirements which will enable the Board to monitor and review the quality of service Embarq is providing to its subscribers. The record demonstrates that competition, along with Embarq's compliance with the Board's service quality regulations for rate regulated services, will yield a comprehensive program of service quality standards and procedures for Board monitoring and review under the PAR. Finally, the Stipulation and Agreement establishes a review proceeding in approximately three (3) years in which the Board will re-evaluate the competitiveness of Embarq's rate regulated services.

## **8. Specifically Identifies the Benefits to be Derived from the Alternative Form of Regulation**

The benefits of PAR are set forth above and in Embarq's proposed PAR. The availability, affordability and reasonableness of Embarq's rate regulated services have been demonstrated in the record. As Dr. Staihr in part explained, "Embarq seeks the same freedom its competitors have to price and package services in ways that meet customer desires and expectations. Customers are best served when competition takes place on a level playing field, where all providers—including Embarq—have the freedom to act nimbly in the market place, responding to ever-changing demands and preferences." EQ Initial Testimony at p. 32. The PAR accomplishes this, while preserving affordable rates that are just and reasonable (see subsections 1 and 2 supra), while reducing regulatory delay and cost (see subsection 4 supra), while enhancing economic development in the State, (see subsection 6), and while enabling Board monitoring and review of service quality (see subsection 7). This PAR levels the competitive playing field vis-à-vis Embarq and its CLEC and non-regulated competitors. In addition, the PAR strengthens existing Embarq's Lifeline program by instituting a new automatic enrollment program and establishing self-certification for low-income seniors. PAR Section II.C. Thus, the PAR and the record in the ILEC proceeding support the Board's finding that the PAR will meet the eight (8) statutory criteria and should be expeditiously approved.

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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. T \_\_\_\_\_

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 \_\_, 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:

\_\_\_\_\_, 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, 8<sup>th</sup> 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 \_\_\_\_\_, 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. T \_\_\_\_\_, 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](http://www.nj.gov/bpu) or during regular business hours at the Board of Public Utilities, Two Gateway Center, 8<sup>th</sup> Floor, Newark, NJ 07102.