



New Jersey Board of Public Utilities

PRESS RELEASE

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BASIC TELEPHONE SERVICE STIPULATION PRESERVES NJBPU OVERSIGHT WHILE GIVING VERIZON LATITUDE ON COMPETITION, INVESTMENT

*Stipulated Agreement Gives Verizon Additional Level of Flexibility to Compete
While Protecting New Jersey Consumers*

(NEWARK, NJ) – The Commissioners of the New Jersey Board of Public Utilities (NJBPU) today unanimously voted to approve a stipulated agreement between Board Staff, Rate Counsel and Verizon New Jersey that gives the company an additional level of flexibility to compete and invest in New Jersey, while allowing the Board to retain its authority and regulation over basic telephone service.

Following an extensive formal review of the level of competition in the retail telephone market, Board Staff, Rate Counsel and Verizon came to an agreement that will allow Verizon to meet the challenges of the competitive marketplace, while at the same time protecting New Jersey's most vulnerable residents – including low-income consumers who receive discounted service, known as Lifeline service. The agreement also recognizes that Verizon has not received a rate increase for residential basic exchange service since 1985.

The current statewide price of residential basic exchange service is \$8.95 per month – with taxes and fees, the total cost is \$18.45. If the \$8.95 were adjusted for inflation under the Consumer Price Index Inflation Adjuster, from 1985 to 2008, the price of the service would be \$18.22 per month. When you add the current taxes and fees, the inflation-adjusted cost would be \$29.43. Additional rate increases will be phased in annually during the following two years until 2011. Within 90 days after the third anniversary of the first year increases, the NJBPU will initiate a proceeding to re-evaluate the competitiveness of the services, November, 2011. The rate caps will remain in effect until the conclusion of that proceeding.

“The national trend and the evolution of the telecommunications markets are all moving toward reducing and/or eliminating regulation,” said NJBPU President Jeanne M. Fox. “The stipulated agreement reached between Board Staff, Rate Counsel and Verizon allows Verizon to compete. At the same time, under the agreement the Board retains its ability to protect the working people of New Jersey, as well as our most vulnerable citizens – including the elderly and poor.”

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While the majority of Verizon NJ's retail services – such as call forwarding, call waiting, and 3-way calling – will be classified as competitive under the terms of the stipulation, residential basic exchange service, single-line business basic exchange service, charges for installation of residential services, and residential directory assistance service will remain regulated by the NJBPU.

Verizon NJ will be permitted to adjust rates as follows – which represents levels that still will remain well below the inflation adjusted levels:

- *Residential basic exchange service:* Verizon NJ can charge no more than \$11.95 per month for the first year after approval (about \$21.45 with taxes and fees); no more than \$14.45 (\$24.49 with taxes/fees) per month for the second year; and no more than \$16.45 (\$26.69 with taxes/fees) per month for the third year. The rate has been \$8.95 since 1985.
- *Single-line business basic exchange service:* Verizon NJ can charge no more than \$18.50 (about \$29.76 with taxes and fees) per month for the first year; no more than \$22.00 (about \$33.90 with taxes and fees) per month for the second year; and no more than \$25.50 (about \$38.05 with taxes and fees) per month for the third year. The rate has been \$15.00 since 1985.
- *Non-recurring charges for installation of residential services:* Verizon NJ can charge no more than \$45.00 for the first year; no more than \$47.50 for the second year and no more than \$50.00 for the third year. The rate has \$42.35 since 1985.
- *Residential DA service:* Callers will receive two (2) free call(s) per month. Once the monthly free call allowance has been exceeded, Verizon NJ can charge no more than \$1.25 per chargeable DA call for the first year and no more than \$1.50 per chargeable call for the second and third years. Currently, callers receive 4 free calls and pay \$.50 per chargeable call.

The Public Advocate's Division of Rate Counsel has signed and endorsed the stipulation. In addition, New Jersey Citizen Action has publicly supported the agreement. The basic rate will increase to \$11.95 and will continue to be among the lowest in this region as well as nationally.

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About the New Jersey Board of Public Utilities (NJBPU)

The New Jersey Board of Public Utilities is a state agency and regulatory authority mandated to ensure safe, adequate, and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBPU, visit our web site at www.nj.gov/bpu.