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September 30, 2016

Via Electronic and Regular Mail

Irene K. Asbury, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Fl., Ste. 314
P.O. Box 350
Trenton, New Jersey 08625-0350

Re: I/M/O Verizon New Jersey Inc.'s Discontinuance of Land Line
Telecommunications Maintenance, Facilities and Infrastructure
BPU Docket No. TO15121325

**Rate Counsel's Reply to Verizon New Jersey, Inc.'s Proposed
South New Jersey Service Quality Plan**

Dear Secretary Asbury:

On September 19, 2016, Verizon New Jersey, Inc.'s ("Verizon") filed a letter with the New Jersey Board of Public Utilities ("Board") detailing its review of its operations in Southern New Jersey and "identifying opportunities to enhance the customer experience in the 17 towns that filed the petition" in this matter. Verizon's letter arose out of the August 4 public hearing in this case in which hundreds of residents testified about poor telephone and broadband service quality. The letter discusses actions Verizon has taken since August 4 and general statements about future plans to improve service. Please accept this letter as Rate

Counsel's response to Verizon's letter and in support of Rate Counsel's continuing request for formal action by the Board in this matter.¹

The testimony at the August 4 hearing was very detailed and consistent. The testimony, and the information that has been submitted by the petitioners in this case, demonstrate chronic conditions of poor service quality. Residents talked about losing service whenever it rains, persistent crackling on their lines, wires entangled in trees, and frequent outages. They detailed their extensive efforts to get Verizon to fix the problem and the difficulties they encountered with getting the company to provide adequate service. They also testified that once they made their problems known to the press or elected officials, Verizon would only then show up to fix their problem.

Verizon, on the other hand, testified at the hearing that it had invested substantially in the area and that service was fine. Verizon's letter is in a similar vein. While it is certainly an improvement that Verizon has specifically addressed the problems of many of the commenters that night, their actions are not sufficient to address the systemic problems in this area. It is precisely this type of haphazard approach by Verizon that has resulted in the current, chronic state of disrepair and subpar telephone and DSL service that has plagued Verizon customers throughout the Southern New Jersey towns for years. The Board must initiate a formal review process that is detailed and transparent and results in an Order setting forth specific actions Verizon is required to undertake and specific measures to ensure Verizon's compliance in a timely fashion. Any process short of this, in the face of the extensive testimony and evidence

¹ Rate Counsel incorporates by reference herein the arguments contained in its prior filed comments in this matter urging the Board to issue a procedural schedule initiating an evidentiary proceeding.

presented by the Petitioners in this case, would be an abrogation of the Board's obligation to ensure safe, adequate and proper service.

Verizon's letter discusses three potential actions: 1) deployment of fiber infrastructure in Lower Alloway's Creek; 2) relief of DSL congestion at remote terminals and thus increased customer opportunity to receive functioning DSL service through Verizon Central Offices connected to Estell Manor, Weymouth and Maurice River; and 3) reduction of outages by repairing copper and eliminating open plant conditions throughout the areas. (Verizon letter, at p.2). While these actions are certainly welcome, they do not resolve all of the issues raised by the petition or the August 4 hearing. Moreover, the letter does not set forth any specific timeframe for these actions or any method of enforcement.

As has been requested previously by the Petitioners and Rate Counsel, as well as the citizens who testified, the Board should conduct an investigation that goes beyond simply accepting Verizon's representations. That has been the posture in the past and it simply has not worked. The Board has a statutory obligation to oversee Verizon's actions and to probe whether the measures set forth in its letter are sufficient to address the chronic problems that have been identified. Rate Counsel appreciates the urgency in resolving service issues. However, urgency should not cloud or preclude an effective review of Verizon's proposed solutions to those service issues. The Board must ensure that any plan that is put into effect is comprehensive, enforceable and likely to succeed.

The Board should also look at other options to resolve these issues. Rate Counsel notes that these service quality complaints might be resolved by the deployment of fiber optic

infrastructure throughout all of the affected Towns. Verizon has already begun the migration of customers in certain northern and central New Jersey wire centers from copper onto its fiber infrastructure, pursuant to the Federal Communications Commission's August 6, 2015 Tech Transition Order.² Perhaps a plan to accelerate the migration in Southern New Jersey might help to resolve some of these issues. In addition, several residents testified that Verizon had brought fiber to their neighborhood or even their street, but had not provided it to nearby homes. (Board August 4, 2016, Public Hearing 3:30 P.M. Transcript, Testimony of Nelson Bilg, at pp.63-65). The Board's investigation should look at the feasibility of extending those lines.

Verizon's letter states that it plans to deploy fiber "but not necessarily fiber-based service" to approximately 900 households in Lower Alloways Creek who apply under its BFRR program. (Verizon letter, at p. 2). This plan raises many questions including but not limited to:

- What does deployment of fiber "but not necessarily fiber-based service" mean?
- Why can't fiber-based service be deployed?
- Why will the planned deployment of fiber in Lower Alloway's Creek only reach 900 households? What was the basis for that decision?
- How many Lower Alloway's Creek households will remain without functional telephone and broadband service after the contemplated limited fiber deployment?
- Why can't fiber deployment and migration be planned throughout all 17 Towns?

These questions should be explored in the context of this proceeding.

In addition, Verizon states it "is aware that customers in Estell Manor and Weymouth are actively submitting BFRR applications and stands ready to provide broadband to additional towns in Southern New Jersey or other towns in the state that satisfy the BFRR requirements." (Verizon

² *In the Matter of the Wireline Competition Bureau Short Term Network Change Notifications Filed By Verizon New Jersey, Inc.*, WC Docket No. 15-131. Adopted August 6, 2015 and Released August 7, 2015, ("*Technology Transitions et al., Order and FNPRM*"), herein referred by Rate Counsel as the ("*Tech Transition Order*").

letter, at p. 3). However, testimony provided during the August 4th public hearings explained that Verizon's census tract requirement made it virtually impossible for certain residents that did not have any other service provider options to qualify under the BFRR program. One Mayor testified that the BFRR process left as much as 40% of his town's residents without broadband service and that "even when the BPU had a directive to Verizon to give service to folks to [sic] the BFRR program, it's not working. They're not completing the job, they're not finishing the job." (Board August 4, 2016, Public Hearing 6:30 P.M. Transcript, Testimony of Mayor Stephen Lee, at pp.64-69, quote at p.66 lns. 18 - 21). Verizon fails to address these concerns in its letter, leaving questions as to how Verizon will provide broadband service to these customers.

Verizon proposed and the Board approved the BFRR program in order to meet Verizon's obligations under PAR-2. Verizon has claimed that they have not received any applications, and use that to inaccurately argue that competition for broadband services exists in these towns. However, the public testimony not only contradicted the existence and availability of competing providers, but also described misinformation provided to customers regarding the BFRR program by Verizon sales representatives and Verizon's refusal to provide service under its BFRR program to area customers. (Board August 4, 2016, Public Hearing 3:30 P.M. Transcript Testimony of Ms. Sherri Liepe, at pp.55-56). Verizon's letter does not provide any more information on this topic. This is clearly an area that needs further clarification for the Board and the parties and requires Board supervision and monitoring to ensure compliance.

Regarding DSL service, Verizon states that it has eased congestion in certain Southern Jersey Central Offices ("COs") and thus improved DSL service for 450 existing DSL customers in the towns of Estell Manor, Weymouth and Maurice River and has completed 233 migrations

of existing DSL customers in those three towns (100 in Estell Manor, 90 in Weymouth, and 43 in Maurice River). The company says it will be working to complete additional migrations by the end of September, enabling approximately 400 additional addresses to order DSL service in these Towns and approximately 2000 additional addresses in Upper Pittsgrove, Downe, Commercial, Mannington, Pilesgrove, South Harrison. (Verizon letter, at pp.3-4). However, questions remain, including the number of households that will remain without functional telephone and DSL service after September and the Company's plans for those customers.

Lastly, Verizon states that over the last two years it has invested "approximately \$100 million dollars in proactive preventative maintenance of the copper network in South Jersey. Verizon notes it is on target to invest an additional \$300,000 by the end of 2016 replacing copper cables or sections of cable as part of its annual Infrastructure Improvement Program. (Verizon letter, at pp. 4-5). It is evident from the testimony at the hearing that the \$100 million dollars spent on proactive preventative maintenance during the last two years failed to resolve the chronic state of disrepair of South Jersey's telephone and DSL service. Therefore, it is unclear whether the additional spending will be more successful. Board review and supervision is necessary to ensure that Verizon's proposed spending will effectively restore fully functioning telephone and broadband service to thousands of Verizon South Jersey customers.

At this point, focused BPU oversight is clearly necessary to solve the outstanding service problems plaguing South Jersey customers. While any effort by Verizon to work on these problems is welcome, the Board must take a greater role in ensuring that the company's actions achieve the safe, adequate and proper service these customers are entitled to by law. The Board

Board Secretary Asbury – Ltr.
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should issue a procedural schedule that allows the Board and the parties to explore the appropriate measures to fix the copper wire system, the feasibility and timing of fiber deployment, and other potential upgrades that will ensure adequate service. The process should also address how the Board will oversee Verizon's implementation of any measures that are ordered and the consequences of noncompliance. After years of chronic subpar telephone and DSL service, Southern New Jersey customers deserve nothing less than a comprehensive process that ensures compliance with the Board's statutory obligations pertaining to safe and adequate utility service.

Rate Counsel respectfully submits the above comments for the Board's consideration and asks that a procedural schedule be issued. Enclosed with this original please find ten (10) copies. Kindly return a date stamped "Received" or "Filed" copy to our office for our records.

Thank you for your attention to this matter.

Respectfully Submitted,



STEFANIE A. BRAND,
DIRECTOR

NEW JERSEY DIVISION OF RATE COUNSEL

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w/encls.

c: Service List

**I/M/O Verizon New Jersey Discontinuance
of Land Line Telecommunications
Maintenance, Facilities and Infrastructure
BPU Docket No.
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DM #94482

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