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**Remarks of Stefanie A. Brand,  
Director of the N.J. Division of Rate Counsel  
Regarding S2664 (The "Market Competition and Consumer Choice Act;"  
alters State regulation of competitive services provided by  
telecommunications and CATV companies.),  
Presented at the Senate Economic Growth Committee Meeting**

**January 31, 2011**

Good morning. My name is Stefanie Brand. I am the Director of the Division of Rate Counsel. I would like to thank Chairman Lesniak and Members of the Senate Economic Growth Committee for the opportunity to testify today regarding Bill S2664, "The Market Competition and Consumer Choice Act;" which alters State regulation of competitive services provided by telecommunications and CATV companies.

I would like to start by emphasizing that this bill represents a significant shift in State policy that should not be implemented in haste. This is not a matter of eliminating red tape or unnecessary regulation. If the legislature enacts this legislation, it will be leaving consumers on their own when dealing with telephone and cable companies. I can tell you from the calls and inquiries we receive from consumers, that many have problems with their telephone and cable companies

regarding billing, or the terms or quality of their service. While competition may place restraints on these companies in terms of prices for their more cutting edge services, there is no real choice for many consumers and no competitive protections when it comes to terms and conditions of service. This bill would leave New Jersey's residents at the mercy of cable and telephone companies with respect to these issues. It is a profound shift in consumer protection and it should not be undertaken without careful consideration and input from all interested constituencies. This bill has only been available for public review for a few days, and I urge that the Committee not vote on the bill without greater discussion.

It is important to note that much of the telephone and cable industry is already deregulated. With respect to prices, competition is such that only basic residential and single-line business telephone service and basic cable are regulated. For anything more, such as triple plays, bundled services, expanded basic or premium cable channels, prices are not regulated except by the restraints posed by competition. However, consistent with federal law, the state continues to regulate "terms and conditions of service," in other words, service quality, billing, consumer rights and fair disclosure. The public still needs these protections.

The bill purports to limit deregulation to areas where two or more companies provide telephone service. However, since wireless is included, this effectively means deregulation statewide. Under this bill, captive consumers can no longer be assured that they will:

- be provided with safe, adequate and proper service (N.J.S.A. 48:2-23)
- be free from unreasonable discrimination in rates or undue preferences in service (N.J.S.A. 48:3-1, 3-4)
- not be refused service without reason (N.J.S.A. 48:3-3)
- not simply be dropped if their phone company ceases to operate in New Jersey (N.J.A.C. 14:10-12)
- not be protected from slamming (N.J.A.C. 14:10-11)
- receive a credit for outages (N.J.A.C. 14:10-2.3)
- have billing errors corrected (N.J.A.C. 14:10-2.2)
- receive adequate service quality (N.J.A.C. 14:10-1A.9-1A.14)
- receive public, educational and government channels on their cable system (N.J.S.A. 48:5A-28)
- have equipment that meets electric code and is in good repair (N.J.A.C. 14:10-1A.13, -1A.15)

These are only some of the protections that will be eliminated by this bill. The bill would also allow cable and telephone companies to add service or equipment charges that were not previously imposed similar to what we have seen in the airline industry.

Municipalities as well will suffer. In addition to not having an assurance that their public stations will be carried, the bill will eliminate the requirement of no charge internet and telephone service outlets to fire stations, public schools, police stations, libraries and other municipal buildings. The bill also conflicts with the federal law requirement that local regulators ascertain community need in reviewing franchise renewals.

The bottom line is that this bill removes critical consumer protections and municipal benefits and grants cable and telephone companies the ability to reduce service quality and consumer benefits. There is no competitive restraint on their actions when it comes to these consumer protections and if they act contrary to the public interest we will have no recourse to force them to change their practices. This bill should not move forward without full discussion and fair debate. I urge you not to vote this bill out of committee.

Thank you very much for the opportunity to testify. I am available to answer any questions.