



NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

TELEPHONE SERVICES UPDATE

RATEPAYER ADVOCATE WINS BENEFITS FOR NEW JERSEY RATEPAYERS IN VERIZON-NEW JERSEY PROCEEDING

State consumers who use Verizon for local telephone service are eligible to receive special benefits under a new regulatory program supported by the Ratepayer Advocate. Low-income citizens are eligible for automatic enrollment into Lifeline, a reduced-telephone-charge program. Schools and libraries will receive new and advanced technology through the Access New Jersey program and all consumers are benefiting from the savings earned from the merger of Bell Atlantic and GTE (Verizon is the company created by that merger). This plan represents a victory for the Ratepayer Advocate, which worked to ensure benefits for all New Jersey consumers, including low-income persons and schools and libraries.

The Ratepayer Advocate is currently monitoring and fully supports the Board of Public Utilities and Verizon's efforts to implement the automatic-enrollment plans for Lifeline, and to ensure that schools and libraries technology programs will be funded through 2014.



FCC ADOPTS NEW RULES FOR NETWORK UNBUNDLING OBLIGATIONS OF INCUMBENT LOCAL PHONE CARRIERS

In February 2003, the FCC announced the adoption of rules that will continue to allow competitive telecommunications carriers to compete against Verizon and other carriers. The Order is not expected to be released until late April 2003. The rules adopted concern the obligations of incumbent local exchange carriers, like Verizon, to make elements of their networks available on an unbundled basis to new entrants. The new framework provides for a significant state role in implementing these rules. The Ratepayer Advocate will work with the Board of Public Utilities and Verizon to ensure that all New Jersey consumers benefit in the implementation of the new FCC framework.

This FCC action resolved various local phone and broadband competition issues, and addressed a May 2002 decision by the U.S. Court of Appeals for the District of Columbia which overturned the Commission's previous Unbundled Network Elements (UNE) rules. Among others, the FCC required that, within nine months, states must determine whether local switching, a crucial UNE for competitive carriers, should continue to be provided by Verizon and other incumbent carriers. The Ratepayer Advocate will be actively involved in this proceeding to ensure that the decision of the Board of Public Utilities benefits all New Jersey consumers.

While the FCC continued to require incumbent carriers like Verizon to provide unbundled access to copper loops—which allows competitors to offer voice services—it eliminated the high frequency portion of the loop (HFPL) as a UNE—which allows competitors to provide cost-effective DSL services. During a three-year period, competitive carriers must transition their existing customer base served via the HFPL to new arrangements that will make it more expensive to provide service. New customers may be acquired only during the first year of this tran-

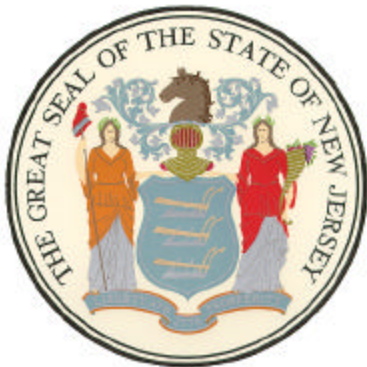
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FCC ADOPTS NEW RULES (CONT.)

sition. In addition, during each year of the transition, the price for the high-frequency portion of the loop will increase incrementally towards the cost of a loop in the relevant market. This new rule will hurt competitive carriers who rely on Verizon's infrastructure to provide high-speed Internet access, such as DSL.

CRAMMING

“**Cramming**” occurs when telephone subscribers are billed for unauthorized services, or for services that were not provided. Frequently, “crammed” charges are not fully explained, and the companies providing those services are not clearly identified. Consumers are urged to examine their telephone bills very carefully, to look for charges identified only as “service charge,” “membership,” “calling plan,” “other fees,” “service fee,” or similarly vague terms. **Cramming** may occur either intentionally, or unintentionally. In either event, customers should contact their local telephone company, and the company that billed for the service. Customers, when reviewing bills, should look for services or provider names that they do not recognize. Although a “cram” charge may be relatively small, the \$2.00 you might not notice is a windfall for the “**crammer**” who wrongfully assesses the charge on thousands of customers.



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FAST FACTS FOR CONSUMERS UNDERSTANDING YOUR PHONE BILL

To help consumers understand the various charges and items on their monthly phone bills. Here's a quick reference describing some of these local and toll charges:



Federal Universal Service Charge

This charge is part of a federal program to provide local telephone service for low-income consumers, schools and libraries, rural healthcare providers and those who live in areas of a state where the cost of providing telephone service is extremely high. In New Jersey, this fund also helps support the Lifeline program as well as technology for schools & libraries.



FCC Local Number Portability Line Charge

This charge covers the cost of technology that allows consumers to keep the same phone number when they change local service providers within the same exchange area.



Residential Line Charge

Your local phone bill includes this basic monthly charge for the dial tone that enables you to make and receive calls, maintains the connection between your home and the telephone company's central office, allows you to be listed in and receive a copy of the telephone book, and make a limited number of calls for directory assistance.



FCC Charge for Network Access

This charge permits your local phone company to recover a portion of the costs of completing long distance calls on their local networks. This is also known as the Subscriber Line Charge.



Optional Services

Optional services available to consumers for an additional monthly fee include caller ID, call waiting, voice mail, and an inside wire maintenance plan. Consumers may purchase these services individually or in a group. These optional charges show up as separate line items on your telephone



Taxes

Every customer pays both state and federal excise taxes for telephone service.