



NEW JERSEY DIVISION OF THE RATEPAYER ADVOCATE

TELEPHONE SERVICES UPDATE

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

As of June 2002, 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 will be 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 will benefit from the savings earned from the merger of Bell Atlantic and GTE (Verizon is the company created by that merger). The new 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 working with the Board of Public Utilities and Verizon to implement the automatic-enrollment plans for Lifeline, and to ensure that schools and libraries technology programs will be funded through 2014.



NEW JERSEY ON THE ROAD TO LOCAL TELEPHONE COMPETITION

New Jersey residents will soon have a choice of local telephone service providers. Under the Federal Telecommunications Act of 1996, local telephone companies such as Verizon are required to lease parts of their telephone network to competitors. The New Jersey Board of Public Utilities, working with the Ratepayer Advocate, Verizon, and other telephone companies, has recently established new rates that are expected to encourage and promote competition.

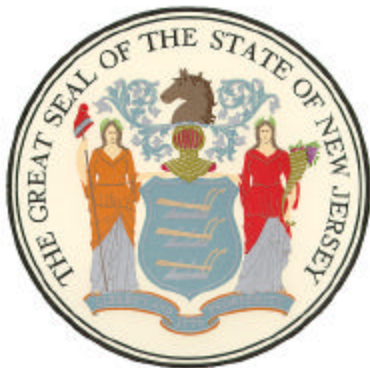
The goal of the Telecommunications Act is to provide customers with competitive choices when selecting a telephone service provider on the theory that when companies compete, subscribers receive better service at lower prices. Ideally, competition should be available from companies that own and maintain their own telephone networks. Congress, however, recognizing the enormous expense of building a new telephone network of wires, cables, poles, and electronic equipment, directed existing local telephone companies, such as Verizon, to lease "space" on their networks to competitors.

After many months of extensive investigation and hearings which included the Ratepayer Advocate, the Board of Public Utilities, Verizon, and several telephone companies, the Board established rates that are expected to promote and encourage competition in the state. Both AT&T and WorldCom have introduced plans to provide local service to New Jersey residential customers.

BOARD TO REVIEW DIRECTORY ASSISTANCE/411

In August 1999, the Board approved Verizon's request (then Bell Atlantic) to reclassify directory assistance/411 and other services as "competitive." Under New Jersey law, rates for "competitive services" are not regulated. The Ratepayer Advocate opposed this reclassification, and appealed the Board's decision. In July 2001, the Appellate Court, ruled in favor of the Ratepayer Advocate, and directed the Board to reconsider the matter, which it was currently doing until Verizon filed a new application in October 2001.

On-going proceedings at the Board, including Verizon's applications for a new regulatory structure and to provide long-distance service have delayed the reconsideration of the directory assistance request. The Board has asked Verizon to update the information that the company provided last year, and has scheduled hearings on the request for January 2003.



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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 fee 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 a separate line item on your telephone



Taxes

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