



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

OFFICE OF CABLE TELEVISION  
AND TELECOMMUNICATIONS

IN THE MATTER OF THE BOARD INVESTIGATION ) ORDER  
REGARDING THE RECLASSIFICATION OF )  
INCUMBENT LOCAL EXCHANGE CARRIER (ILEC) )  
SERVICES AS COMPETITIVE – PHASE II ) DOCKET NO. TX11090570

**Parties of Record:**

**Stefanie A. Brand, Esq.,** Director, New Jersey Division of Rate Counsel  
**Colleen A. Foley, Esq.,** Saul Ewing LLP, on behalf of United Telephone Company of New Jersey, Inc. d/b/a CenturyLink  
**Richard Fippen, Esq.,** on behalf of Verizon New Jersey Inc.

BY THE BOARD:

**BACKGROUND**

The Board of Public Utilities (the Board) initiated a proceeding to consider whether certain rate regulated services of an incumbent local exchange carrier, Verizon New Jersey Inc., satisfied statutory requirements for reclassification as competitive services on October 13, 2011. On May 19, 2015, the Board entered an Order adopting a Stipulation of Settlement (the 2015 order)<sup>1</sup> between Staff and Verizon New Jersey Inc. (Verizon) reclassifying Verizon’s four remaining rate regulated services as competitive. The services declared competitive were (i) residential basic exchange service; (ii) single line business basic exchange service; (iii) non-recurring charges for installation of residential service; and (iv) residential directory assistance.

The 2015 order established rate caps,<sup>2</sup> where annual rate increases would not exceed specified amounts for a five-year transition period. It further provided that existing service quality

<sup>1</sup> See, In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive – Phase II, Order Adopting Stipulation on Reclassification of Services as Competitive, Docket No. TX11090570 (May 19, 2015).

<sup>2</sup> (a) For residential basic exchange service and single line business basic exchange service, annual rate increases shall not exceed \$1 in years one (1) through four (4) or \$2 in year five (5); (b) Non-recurring charges for residential service connection and installation shall not exceed the current cap of \$50 for a period of three (3) years from an effective date of any Board Order approving this Stipulation and annual increases to those charges shall not exceed \$5 in years four (4) and five (5); and (c) Verizon agrees to provide residential customers with one free Directory Assistance call per month for a period of one (1) year from the effective date of any Board Order approving Stipulation.

standards would remain in effect for residential basic local exchange service and single line business basic exchange for three years, and, thereafter the Board would determine whether the existing standards would continue for the remaining two years. The 2015 order did not release Verizon from any of its obligations then existing under all applicable Board orders and rules to respond in a timely manner to complaints received.

## **DISCUSSION AND FINDINGS**

Since the enactment of the Telecommunications Act of 1992 (the 1992 Act), L. 1991, c. 428, codified at N.J.S.A. 48:2-21.16 to -21.21, the Board has reviewed petitions for alternative forms of regulation for Incumbent Local Exchange Carriers (ILECs) and considered the reclassification of certain telecommunications services as competitive. On August 19, 2003, the Board approved for Verizon a revised Plan for an Alternative Form of Regulation (PAR-2), replacing its Plan for an Alternative Form of Regulation (PAR-1) earlier approved by the Board on May 6, 1993.<sup>3</sup> The Board required Verizon, by the PAR-2 order, to abide by updated service quality metrics and performance standards with procedures for Board monitoring and review for carrier provisioning of quality New Jersey telecommunications services.

By Order dated October 13, 2011, the Board initiated a proceeding under its 1992 Act authority to review the question of whether certain rate regulated ILEC services satisfied statutory requirements for reclassification as competitive services. This proceeding as it related to United Telephone Company of New Jersey, Inc. d/b/a CenturyLink (CenturyLink) was resolved on March 20, 2013.<sup>4</sup> Thereafter, by the 2015 Order, the Board adopted the Stipulation recommending all of Verizon's mass market retail services be deemed competitive and the Board concluded the proceeding.<sup>5</sup>

The retail service quality standards applicable to Verizon were referenced in the 2015 order adopting the stipulation and contained in the PAR.<sup>6</sup> The standards measure carrier provisioning of adequate service, including out of service repair data, repair commitments negotiated with customers, installation intervals, and customer interaction. The metrics measure performance of carrier provisioning of safe, adequate and proper service to subscribers to avoid marginal levels of service. Carrier compliance with service quality metrics and performance standards and the associated reporting requirements is essential to satisfactory customer service. Accordingly, carrier adherence to service quality standards best ensures the provisioning of safe, adequate and proper telecommunications service. Therefore, until such time as the Board engages in a review of the standards, the Board **HEREBY FINDS** that the existing standards set forth in Verizon's PAR and the reporting requirements associated therewith will continue to remain in full force and effect.

Additionally, with respect to Verizon's quarterly reporting on the 21 metrics in Attachment A to this order, Board Staff stated that, since June of 2016, Verizon has ceased providing data on metric number 5 – Repeat Out of Service Trouble Reports as % of Initial Out of Service

<sup>3</sup> See, In the Matter of the Application of Verizon New Jersey Inc. for Approval (I) of a New Plan for an Alternative Form of Regulation and (ii) to Reclassify Multi-Line Rate Regulated Business Services as Competitive Services, and Compliance Filing, (August 19, 2003).

<sup>4</sup> See, In the Matter of the Board's Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier Services as Competitive – Phase II. (March 20, 2013).

<sup>5</sup> On April 3, 2017, the New Jersey Superior Court, Appellate Division affirmed the ILEC Phase II order, rejecting procedural and substantive challenges raised by the Division of Rate Counsel ("Rate Counsel"). In re Board's Investigation Regarding the Reclassification of Incumbent Local Exchange Carriers Service, as Competitive, No. A-4769-14T2 (App. Div. April 3, 2017)(slip op. at 7).

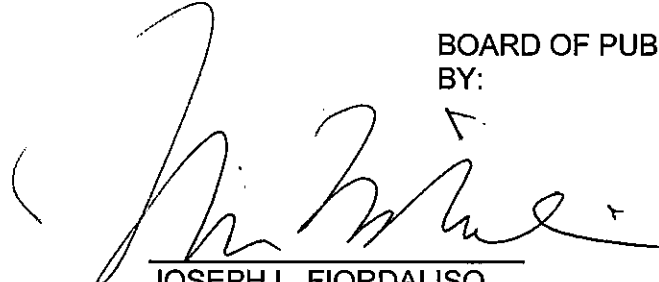
<sup>6</sup> The twenty-one standards are included in Attachment A to this order.

Reports-Business, and metric number 7 - Average Business Local Repair Service Interval in hours. When notified, Verizon stated that there are no regulated customers for these two metrics as the services were deemed competitive. However, regardless of the competitive status of the service, the Board **FINDS** that its PAR-2 order and 2015 order did not relieve Verizon of the reporting requirement, therefore Verizon shall report its data on these two metrics by the effective date of this order and continue to do so until further notice.

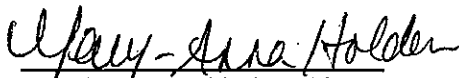
This Order shall be effective on June 1, 2018.

DATED: 5/22/18

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

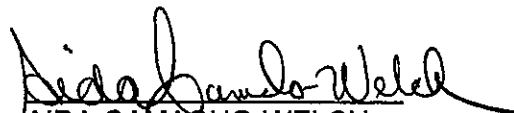


UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

IN THE MATTER OF THE BOARD INVESTIGATION REGARDING THE RECLASSIFICATION  
OF INCUMBENT LOCAL EXCHANGE CARRIER (ILEC) SERVICES AS COMPETITIVE –  
PHASE II

DOCKET NO. TX11090570

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ATTACHMENT A

Verizon New Jersey Retail Service Quality Standards

1. Customer Trouble Report Rate Per 100 Access Lines
2. Out of Service Troubles cleared within 24 Hours
3. Percent of Commitments Met As Negotiated with Customer
4. Repeat out Service trouble reports as a percentage of initial out of Service Reports Residential
5. Repeat out of Service Trouble Reports as a percentage of Initial out of Service Reports-Business
6. Average Local Residential Repair interval in Hours
7. Average Business Local Repair Service Interval Hours
8. Percent Service Order Provisioning Completed within 5 Working Days
9. Percent of Service Ordering Provisioning Appointments met
10. Installation Interval for Local Service in Days for Residential
11. Installation Interval for Local Service in Days for Business
12. Percentage Installation Commitments Met for Local Service Residential
13. Percent of Installation Commitments Met for Local Service Business
14. Percent of Calls Completed in the Toll/Access Network
15. Percent of Offices Above Dial Tone Speed Objective
16. Percent of Switching Offices Performing at or Above Call Completion Objective
17. Percent of Directory Assistance Calls Answered within 10 Seconds
18. Percent of Toll and Local Assistance Calls Answered within 10 Seconds
19. Percent of Customers Reaching Business Office within 20 Seconds for Business & Residential
20. Percent of Customers Reaching Repair within 20 Seconds for Both Residence and Business
21. Verizon Monthly Complaints Per 10,000 Lines