



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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TELECOMMUNICATIONS

IN THE MATTER OF THE BOARD'S REVIEW OF )  
VERIZON NEW JERSEY INC.'S SERVICE QUALITY )  
ISSUES )

ORDER

)  
)  
)  
) DOCKET NO. TO12020156

**Parties of Record:**

**Gregory M. Romano, Esq.**, Verizon New Jersey Inc., Basking Ridge, NJ  
**Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel, Trenton, NJ

**BY THE BOARD:**

The Board of Public Utilities ("Board"), through enabling legislation found in N.J.S.A. 48: 2:13, has been vested with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." Pursuant to N.J.S.A. 48:2-21.16 (a)(5), the Board also has the authority (i) to approve alternative forms of regulation to address changes in technology and the structure of the telecommunications industry; (ii) to modify the regulation of competitive services; and (iii) to promote economic development. In addition, the Board is empowered to review the plan for alternative regulation and approve the same after notice and hearing provided certain specifically enunciated criteria have been met. N.J.S.A. 48:2-21.18.

Verizon New Jersey (VNJ or Company) is a public utility that provides telecommunications services throughout the state and as such is subject to the jurisdiction of the Board. The company is the Incumbent Local Exchange Carrier (ILEC)<sup>1</sup> in 525 municipalities in all or part of all 21 counties in New Jersey, including all of Cumberland County. Verizon operates under a Plan for Alternative Regulation<sup>2</sup> which was approved by Board Order dated August 19, 2003.

<sup>1</sup> "Incumbent Local Exchange Carrier" means a facilities-based telecommunications carrier with a Board approved tariff in effect prior to February 8, 1996, which authorizes the carrier to provide telecommunications services in New Jersey.

<sup>2</sup> Pursuant to N.J.S.A. 48:2-21.17, "'Alternative form of regulation' means a form of regulation of telecommunications services other than traditional rate base, rate of return regulation to be determined by the board and may include, but not be limited to, the use of an index, formula, price caps, or zone of rate freedom."

This plan, known as "PAR-2" replaced Verizon's initial plan for alternative regulation known as PAR-1 which supplanted traditional "rate base, rate-of-return" regulation. It is commonly referred to as "incentive" or "price-cap" regulation.

The PAR-2 is a comprehensive plan which, among other things, contains a set of 21 performance standards, agreed to by the company, which set forth the minimum service quality standards that the company must meet. Compliance with the service quality standards is an integral part of the success of the alternative regulation plan. The standards measure, among other things, out of service repair data, repair commitments negotiated with customers, installation intervals and customer contact information.

The PAR-2 includes these reporting requirements designed to provide indicia of compliance with the PAR-2. These data, along with input from actual users of Verizon's services, are reviewed by Board Staff. Information provided by the company through its quarterly reports, coupled with a number of complaints received by the Board, raised concerns that service quality problems exist in VNJ's service territory and convinced the Board in 2012, *sua sponte*, to initiate an investigation into the magnitude and causes of the service related issues which are impacting consumers in New Jersey.

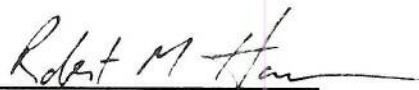
Specifically, the Board was advised of significant issues concerning the provision by Verizon of safe, adequate and proper landline service in Greenwich Township and Stow Creek, both of which are located in Cumberland County. In response, the Board launched an investigation into the quality of service provided by Verizon throughout the state. See, In the Matter of the Board's Review of Verizon New Jersey, Inc.'s Service Quality Issues, Docket No. TO12020156, Order dated March 12, 2012 ("Statewide Service Quality Order").

As part of this investigation, Board Staff and Verizon have met and the Company has responded to discovery questions regarding steps the company has taken to improve the quality of service in its service territory, including Greenwich Township and Stow Creek. In addition, a public hearing was held in May, 2012, in Stow Creek to hear the concerns of residents of these two communities. While the Company has made efforts to repair its facilities serving Stow Creek and Greenwich Township, Staff has indicated to the Board that it remains concerned about the adequacy and reliability of Verizon's service in these two towns. Staff has recommended and the Board agrees that Verizon must be directed to make further service quality improvements in Stow Creek and Greenwich Township, to ensure that the residents and businesses in these two municipalities are provided a level of service that will meet the requirement of safe, adequate and proper service.

Therefore, as a result, due to the unique circumstances in Greenwich Township and Stow Creek, specifically that they have no cable service and very limited wireless service, the Board **HEREBY DIRECTS** Verizon to upgrade and replace, as necessary, the infrastructure that is used to provide service to Stow Creek and Greenwich Township, Cumberland County, in order to provide a level of service that meets the Company's statutory obligation of safe, adequate and proper service. Verizon is **FURTHER DIRECTED** to submit to the Board no later than May 29, 2013, a network service quality improvement plan that (i) includes the use of advanced technologies; and (ii) identifies critical milestones associated with the system upgrade, including a completion date of the upgrade of no later than December 31, 2013.

DATED: 4/29/13

BOARD OF PUBLIC UTILITIES  
BY:



ROBERT M. HANNA  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER



MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:



KRISTI IZZO  
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'S REVIEW OF VERIZON NEW JERSEY INC.'S  
SERVICE QUALITY ISSUES - DOCKET NO. TO12020156

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