



No Dial Tone

Or Will the NJ Board of Public Utilities Cut the Last Line of Affordable Basic Local Telephone Service in New Jersey?

Availability and Price Survey of Basic Local Telephone Phone Service Providers in New Jersey

**A Report by New Jersey Citizen Action
and
The New Jersey Citizen Action Education
Fund**

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NJ Citizen Action

As the state's largest citizen watchdog coalition, New Jersey Citizen Action works to protect and expand the rights of individuals and families and to ensure that government officials respond to the needs of people rather than the interests of those with money and power. NJCA is a nonprofit 501 (c)(4) organization founded in 1982, with over 60,000 individual members and 110 affiliate organizations representing a population broadly diverse in terms of race, class, gender, ethnicity, age, sexual orientation and disability. NJCA seeks to advance a progressive political agenda through collective action and individual empowerment in communities around the state. NJCA makes a difference for New Jersey by winning real improvements in people's lives. For our entire 25 year history, Citizen Action has fought for fair and affordable utility rates and has fought for the interest of consumers in numerous utility matters including the deregulation of NJ's energy industries, residential electric and gas rates, the establishment of NJ's Universal Service Fund that provides affordable gas and electric bills to low income consumers, the proposed merger of PSEG and Exelon, and the regulation of federal and state telephone, internet and cable television services.

NJ Citizen Action Education Fund

The New Jersey Citizen Action Education Fund (NJCAEF) is a nonprofit 501 (c)(3) organization founded in 1983. NJCAEF's primary mission is to increase economic opportunity for low- and moderate-income people through financial education, homeownership preparation and loan counseling programs. We work to promote the empowerment of low- and moderate-income people through research, education, direct counseling and other asset-building services. We are the only statewide provider of no cost financial literacy and homeownership preparation programs and services in New Jersey, with a concentration in urban communities. NJCAEF employs a comprehensive approach to assist families with making financial decisions that have positive economic impact, not only on the individual, but the community as a whole.

Executive Summary

Telecommunication services are a vital part of our daily life. We depend on the telephone to call for help in an emergency and to stay connected with our family, our friends - literally the rest of world. Lack of affordable telephone service produces negative consequences for the individual, New Jersey and society. In the event of a health emergency, family crisis or national or other disaster, lack of connection to the telephone network could have dire consequences for those without telephone service. Without access to basic, affordable telephone services thousands of New Jerseyans would be unable to reach loved ones or call for help when tragedy strikes.

Premature deregulation of New Jersey's energy markets failed to create competition in NJ's retail residential electricity and gas markets and has led to skyrocketing rate increases year-after-year for residential consumers. The telecommunications giants' current nationwide rush to deregulate local telephone service markets will likely result in the same - huge telephone rate increases for consumers. The experience in state's that have already deregulated local phone service confirms that the premature deregulation of local phone services results in price increases for consumers.

As part of the industry's push for the radical deregulation of all mass market telecommunications services, (all local telephone services), Verizon-NJ and Embarq have petitioned the New Jersey Board of Public Utilities (BPU or Board) for the complete deregulation of all local phone services. They claim adequate competition exists in the marketplace and that such competition will serve to constrain or hold down prices for consumers. Verizon and Embarq currently provide basic local telephone service to consumers at \$8.95 and \$7.80 respectively. Basic local telephone service allows customers to make unlimited local calls and receive unlimited incoming calls.

On February 14, 2008 in testimony provided to the BPU, New Jersey Citizen Action, after researching the impacts of local telephone service deregulation in other states, reviewing the companies' and the NJ Public Advocate's testimony, urged the Board to reject the companies' petition as they had failed to establish that adequate competition does indeed exist in NJ's local telephone service marketplace.¹ Subsequent to public hearings conducted in the matter, and to further test the companies' claim that adequate competition exists in NJ's local telephone services market, the New Jersey Citizen Action Education Fund (NJCAEF) surveyed (shopped)

the 161 local telephone service providers listed on the BPU's website to determine the price and availability of basic local phone service in NJ.

NJCAEF shopped only for basic local phone service because it is one of the most vital lifeline services used by 1.3 million NJ consumers. Consumers depend on the phone to get help in an emergency and keep in touch with family and loved ones. The Public Advocate's Director of Rate Counsel also testified on Jan 10, 2008 that rates for basic phone service could jump from \$8.95 a month to over \$30 per month, (335%), a move that will make phone service unaffordable to many NJ consumers and will likely force tens of thousands of more consumers to pay for services they don't want or need.

The BPU identifies 161 local telephone service providers in New Jersey. The NJCAEF survey, conducted from March 26, 2008 to April 2, 2008, found insufficient, if any, competition in NJ's basic local telephone service market. Specifically, the shopping survey revealed:

- Out of the 161 companies, only one (1), CloseCall America, offered a price that is competitive with Verizon-NJ's basic service plan. The presence of one competitor does not equal a competitive marketplace, but is rather evidence that there are significant barriers preventing other companies from offering competitive basic service plans.
- 63% of the companies listed on the BPU list do not provide any basic telephone service in NJ, have gone out of business, or only provide telephone service to businesses;
- 19% of the companies on the list only provide basic local phone service to NJ residential subscribers as part of a high priced bundled package, which includes services like call waiting, caller ID and call forwarding;
- 10% of the companies on the BPU list provide residential stand-alone basic local phone service in NJ. However, this number is misleading because one of these companies is actually a Verizon-NJ affiliate (VIC-RMTS-DC, LLC, who offers basic local phone service at the same price as Verizon-NJ) and another 3 companies were acquired by or are affiliates of AT&T. Taking this into account only 7.5% of the companies on the BPU list offer stand-alone basic local phone service in New Jersey, but as the survey revealed, at a substantially higher rate than Verizon-NJ and Embarq.

With the exception of CloseCall America, the 12 providers who offer basic telephone service to residential NJ customers currently charge significantly higher rates than Verizon – NJ and Embarq. The rates charged by these companies are, at a minimum, 67% higher than the rate charged by Verizon-NJ and Embarq.

Also of note is that CloseCall America – the only company to offer basic local phone service at a price similar to Verizon-NJ – is a small operation. It has only 78 employees and an

estimated \$8.9 million in sales nationwide. By contrast, Verizon-NJ has approximately 8,300 employees and generates an estimated \$1.066 billion annually in New Jersey alone. It is unlikely that CloseCall America can sufficiently compete with a telecommunications giant like Verizon-NJ.

The evidence of steeply rising telephone prices in prematurely deregulated markets is clear. In Ohio, basic local phone service increased by 15% over the last two years, the maximum allowed under Ohio's deregulation scheme. Local service deregulation in California has left ratepayers with directory assistance service increases of 114% and bundled service for businesses have gone up by as much as 16.5%. In less than two years California consumers have seen prices double for mass market services like caller ID, call waiting and home phone wire repair. Due to concerns that basic local phone services will likely rise in the same way as these other phone services, the California legislature is considering legislation that would halt if not reverse the complete deregulation of basic local phone services that is set to take place in January 2009.

Without competition to constrain costs, Verizon-NJ and Embarq will have the ability, and profit incentive, to increase their prices to just below their least expensive bundled packages of services, a move that will pressure, if not force, consumers into choosing higher cost products that they don't want or need. While this might be good for Verizon-NJ's share holders, this is not good for NJ consumers, already saddled with an exceedingly high cost of living.

The BPU must reject Verizon-NJ and Embarq's petition to radically deregulate NJ's local phone market. The BPU must continue to regulate these local telephone rates and insure that consumers have affordable and reliable services.

Introduction

Telecommunication services are a vital part of our daily life. We depend on the telephone to call for help in an emergency and to stay connected with our family, our friends - literally the rest of world. Without access to basic, affordable telephone services thousands of New Jerseyans would be unable to reach loved ones or call for help when tragedy strikes.

The vast majority of the landline telephone distribution networks in New Jersey, (the structures that are necessary to bring telephone service into homes and businesses), are owned and managed by Verizon-NJ, Embarq and the Warwick Valley Telephone Company. The companies, technically referred to as Incumbent Local Exchange Carriers (ILECs), are those that

own and maintain the hard-wire telecommunication distribution networks through which landline communication flows. For the privilege of owning and controlling this infrastructure (paid for by ratepayers through our rates), in a post regulated environment, and to mitigate market (monopoly) power, ILECs must provide certain basic local telephone services to NJ customers at a regulated rate set by the New Jersey Board of Public Utilities, (BPU or Board) . ILECs must also permit other telecommunications companies, (Competitive Local Exchange Carriers - CLECs), access to this infrastructure, for a fee, in order to foster competition in the marketplace.

In November 2007, Verizon-NJ asked the BPU to investigate and then reclassify mass-market retail services provided by Incumbent Local Exchange Carriers (ILECs) in the State of New Jersey as competitive. If this radical deregulation is granted, Verizon-NJ and Embarq will be able to set their own non-regulated price for basic local phone service, as well as individual or “à la carte” mass market services including directory assistance, call waiting, caller ID, call forwarding, voice messaging, call blocking and wire repair service.

Verizon-NJ (later joined by Embarq) claims that ILECs compete directly with services offered by Competitive Local Exchange Carriers (CLECs) as well as other “non-traditional” competitors, including wireless carriers, cable companies and Voice over Internet Protocol (VoIP) providers², companies who offer phone services through the internet. On November 28, 2007, the BPU commenced an investigation of the competitiveness of mass-market retail services provided by ILECs in New Jersey. The Board determined that reclassification, (deregulation), would be granted if Verizon-NJ and Embarq prove: (1) ease of market entry; (2) presence of other competitors; and (3) availability of like or substitute services in the relevant geographic area³.

In testimony presented to the BPU on February 14, 2008, New Jersey Citizen Action urged the board to reject the companies’ petition on the basis that the companies had failed to establish that sufficient competition exists in the local telephone service market to constrain prices. Premature deregulation will lead to higher prices for consumers, lower the quality of services and reduce access to phone services for many seniors, low-income households, people with disabilities and others who live on a fixed income.

The Department of the Public Advocate, Division of Rate Counsel (Rate Counsel) also opposes the radical deregulation of these mass market telephone services, also citing the lack of competition in these markets. Rate Counsel asserts that the significantly higher costs of CLEC,

VoIP and wireless services place them in separate product markets from basic local telephone service. Moreover, Rate Counsel finds that Verizon-NJ and Embarq have failed to provide evidence of sufficient competition to constrain the cost of basic local phone service.⁴ Additionally, AARP testified in opposition to the proposed deregulation, citing the negative impacts of higher rates on older residents.

Rate Counsel's expert witness, Susan M. Baldwin, testified that besides degrading telephone service quality,⁵ deregulation of all local telephone services could also lead to price increases of over a half billion dollars per year for NJ ratepayers.⁶

Other states that have deregulated their mass market telephone services have seen their rates increase dramatically. For example, since Ohio deregulated its basic local telephone service rates have increased by 15% in just two years, the maximum allowed by the state, and it is likely that the cost would have increased even further if a cap was not put in place.

In California, Verizon has increased the cost of directory assistance services by 114% and their business bundled service plans by as much as 16.5%. The prices that AT&T charges for "à la carte" services including caller ID, call forwarding/waiting, three-way calling/speed dialing, blocked ID call rejection and home phone wire repair have almost doubled in less than two years. Due to concerns over steeply rising prices resulting from a lack of sufficient competition, the California legislature is now seriously considering reversing the final phase of its radical deregulation scheme to entirely deregulate local phone services by January 2009⁷.

Residential basic local phone service allows the customer to receive incoming calls and make unlimited local calls. Verizon-NJ and Embarq currently offer this service for the regulated price of \$8.95/month and \$7.80/month,⁷ respectively. These two companies serve 82% of NJ's customers who purchase and use stand-alone local telephone service⁸. An estimated 1.3 million New Jerseyans continue to rely on basic local phone service from Verizon-NJ⁹ and Embarq provides such services for another estimated 58,100 residents¹⁰.

To further test the companies' assertion that adequate competition from CLECs exists in NJ's mass market telephone services market, and specifically for basic local phone service, NJCAEF surveyed the 161 companies listed on the BPU's website as providing local telephone service to determine the extent of the availability of basic local phone services and at what price.¹¹

Background: Why This Survey

Of the 56 telephone services the company seeks to deregulate, NJCAEF focused our survey on the price and availability of basic local phone service for four reasons:

1. ***Basic Local Service is a Lifeline service.*** Lack of affordable telephone service produces negative consequences for the individual, New Jersey and society. In the event of a health emergency, family crisis or national or other disaster, lack of connection to the telephone network could have dire consequences for those without telephone service. While Verizon-NJ's claims that wireless service and VoIP are substitute services, consumers continue to subscribe to wire-line telephone services because of affordability and its history of service reliability and quality. In fact, Verizon-NJ's parent company, Verizon Communications, has itself determined that large numbers of customers rely on basic local service. On March 27, 2008 Verizon released its survey of 800 consumers aged 18 and over who pay a landline phone bill and found:¹²
 - Eighty-three percent (83%) of the respondents intend to continue their landline home phone indefinitely, a strong vote of consumer confidence for landline voice service in a survey group that included a large number of participants who also have a cell phone (74%).
 - Ninety-four percent (94%) of the respondents cited reliability and ninety one percent (91%) cited safety as the key factors for retaining landline service.
 - Seventy-six percent (67%) of landline phone owners use their landline phone every day.
2. ***At least 1.3 million New Jerseyans stand to be impacted by the radical deregulation of basic local service.*** Affordable basic local service is particularly important to low, moderate and fixed income residents, who have the least sophisticated telecommunication needs and the least amount of money to spend.
3. ***The Public Advocate finds that deregulation will produce the largest cost increases in the residential local basic service market.*** The Advocate estimates that costs could rise

by \$360 million each year for Verizon-NJ customers and \$15.5 million or more each year for Embarq customers.¹³

4. ***Unlike a government agency, NJCAEF does not have the staff and other resources to conduct a larger survey.*** However, the BPU should conduct a study of all 56 services in order to make a fair determination of the existence, or lack thereof, of mature competition in these markets.

Methodology

Between March 14, 2008 and April 2, 2008 NJCAEF staff, (like any consumer shopping for services), contacted each company listed by the BPU via telephone to determine if they provide basic local phone service and at what price. NJCAEF staff sought the following information:

1. Does the company provide stand-alone basic local phone service to NJ residents? If yes, what price does the company charge for stand-alone basic local phone services - unlimited local calling, the ability to receive incoming calls and make 911 emergency calls?
2. Does the company provide basic local phone service as part of a package of services? If yes, what is the cost of the cheapest package?

Data was primarily collected from company sales representatives. In some cases, due to the inability to reach a customer service representative or inaccurate telephone numbers published on the BPU list, NJCAEF visited the company website.

Information could not be ascertained from 12 companies because the phone was not answered after repeated attempts; information could not be provided by the sales representatives; and/or the information could not be determined from the website address listed by the BPU.

Where available, NJCAEF representatives attempted to confirm information provided by sales representatives with information posted on the companies' website between March 26 and April 2, 2008.

Survey Results:

While it would appear at first blush that the existence of 161 local telephone service providers listed by the BPU is evidence of a robust market, the reality is in stark contrast. 63%, or 101 of the 161 companies, do not provide basic local services, have gone or are going out of business, did not provide any telephone services in NJ, or did not provide services to residential customers in NJ.

Besides Verizon-NJ and Embarq, the survey identified only 16 companies (10%) that claimed to provide residential stand-alone basic local phone service in NJ. However, of these 16, one is a Verizon-NJ affiliate (VIC-RMTS-DC, LLC, which offers basic local phone service at the same price as Verizon-NJ) and 3 companies are subsidiaries of or affiliates of AT&T. This leaves NJ consumers with 12 companies, besides Verizon-NJ and Embarq, who provide basic local phone service to residential customers in New Jersey. But the story doesn't end here.

Of the 12 companies that provide stand alone basic local phone service in New Jersey, the overwhelming majority charge prices that are considerably higher than the current price charged by Embarq (\$7.80/mo) and Verizon-NJ (\$8.95). 83% or 10 of these companies provide basic local service at a price that is at least 67%, higher than Verizon-NJ's annual price.

Warwick Valley Telephone Co., an ILEC that owns its distribution lines, provides basic local phone service for \$12.50/mo, 40% higher than Verizon-NJ and 60% higher than Embarq. And it is not a state-wide competitor - the company only provides basic local service in 3 municipalities in Northern New Jersey (Upper Greenwood Lake, Vernon and Franklyn Borough),¹⁴ potentially serving 38,000 residents out of NJ's total residential population of 8.7 million.

Our survey identified on only one company, CloseCall America, that provides basic local phone service throughout New Jersey at a price similar to Verizon-NJ's. CloseCall provides service to residential customers for \$8.94/mo, 1 cent/month cheaper than Verizon-NJ. Their basic service price is 15% higher than Embarq's.

Also of note is that CloseCall America – the only company to offer basic local phone service at a price similar to Verizon-NJ – is a small operation. It only has 78 employees and an estimated \$8.9 million in sales nationwide. By contrast, Verizon-NJ has approximately 8,300 employees and generates an estimated \$1.066 billion annually in New Jersey alone. It is unlikely

that CloseCall America can sufficiently compete with a telecommunications giant like Verizon-NJ.

Embarq is also not a state-wide competitor. It only provides service to 26 municipalities in the North Western part of New Jersey. To show the limited service area covered by Embarq, see the map of their service area in Appendix B.

After CloseCall America, the lowest price offered for basic local telephone service in NJ is from AT&T affiliates (SBC Long Distance LLC, TCG Delaware Valley Inc, and Teleport Communications of NY Inc), which provide basic local telephone service starting at \$14.95/mo. This rate is 67% higher than Verizon-NJ's and 92% higher than Embarq's price for basic local phone service. It is also noteworthy that AT&T is trending away from offering local phone services to residential customers, recently ceasing residential marketing efforts in seven states.

Of the 161 BPU listed companies, 19% (30) provide basic telephone service as part of a bundled package of services. These bundled packages require consumers to buy other services including call waiting, caller ID and call forwarding, regardless of whether or not they want them. Prices for these packages start at \$17.95 (Cleartel Communications), more than double Verizon and Embarq's current rate for basic telephone service. The majority of these 30 companies (80%) are priced \$29.95 and higher.¹⁵

The remaining basic local service providers charge between \$19.99 (123% more than Verizon-NJ and 156% more than Embarq) and \$54.30/month (507% more than Verizon-NJ and 596% more than Embarq).

Table-A below compares the rates charged by all basic local service providers to the regulated rates charged by Verizon – NJ and Embarq.

TABLE – A COMAPRISON OF NJ’S BASIC LOCAL SERVICE RATES

Basic Local Provider	Cost/month	% Cost Comparison Verizon – NJ	% Cost Comparison Embarq
AT&T Communications of NJ	\$14.95	+67%	+92%
Budget Phone	\$54.30	+507%	+596%
CloseCall America	\$8.94	-0.001%	+15%
Dpi TeleConnect	\$29.99	+235%	+284%
PNG Telecommunications	\$27.99	+213%	+259%
1-800 RECONEX	\$29.99	+235%	+284%
Smart Choice Communications	\$21.95	+145%	+181%
Smart Communications & Cellular	\$39.95	+346%	+412%
Spectrotel	\$19.95	+123%	+156%
Talk America	\$24.95	+179%	+220%
United Systems Access Telecom	\$24.95	+179%	+220%
Warwick Valley Telephone Company	\$12.50	+40%	+60%

Note: Companies that were identified as affiliates of Verizon-NJ or AT&T are not included in this comparison.

Conclusion

Based on this shopping survey, research any consumer would do to shop for services at the best possible price, it is clear that the Board must reject the radical deregulation of telephone services sought by Verizon-NJ and Embarq. There is insufficient competition in the basic local phone service market and almost no market alternatives for Verizon-NJ’s and Embarq’s basic local phone service. Prematurely deregulating telephone services in this market is, as testified to by the Public Advocate, likely to lead to swift and dramatic increases in consumer telephone bills. The existence of only one company currently providing the service at a competitive price to Verizon-NJ, but 15% higher than Embarq is not evidence of a sufficiently mature market that will serve to constrain consumer prices.

It is clear that competitive forces do not exist in our current market place to restrict Verizon-NJ and Embarq from raising the price of basic local phone service. Without competition to constrain costs, Verizon-NJ and Embarq will have a strong profit incentive to

raise the cost of their basic local phone services in order to move consumers toward their bundled packages of services. Like in many cable television pricing schemes, consumers are forced to pay for services they do not want or need. The cheapest Verizon-NJ bundle that includes basic telephone services is \$25.99/month¹⁶ or nearly 3 times more than the current price for their stand alone basic local service. While an increase in local telephone rates would hurt vulnerable populations the most, no ratepayer in New Jersey who seeks reliable and affordable basic local phone service should be forced to pay unreasonable and unaffordable telephone rates. New Jerseyans are already facing higher water, natural gas, and electricity rates. The Board must continue to regulate the price of local telephone services in New Jersey and reject Verizon-NJ and Embarq's petition for radical deregulation.

¹ <http://www.njcitizenaction.org/telcopress2008feb14.html>

² *Letter to the N.J. B.P.U. Regarding Verizon's Request for Investigation of Competitiveness of ILEC-Provided Mass Market Retail Services* (November 14, 2008), at 2.

³ *Id.*, at 2

⁴ *Id.*, Reply Testimony of Susan M. Baldwin on Behalf of the New Jersey Division of Rate Counsel (January 10, 2008), Redacted Version at 41-42

⁵ *Id.*, at 10

⁶ *Id.*, at 4

⁷ *Id.*, at 58

⁸ *Id.* at 26

⁹ *In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services As Competitive*, N.J. B.P.U Docket No. TX07110873, Reply Testimony of Susan M. Baldwin on Behalf of the New Jersey Division of Rate Counsel (January 10, 2008), Redacted Version at 150, see footnote 294.

¹⁰ *Id.* at 152, see footnote 297.

¹¹ *Letter to the N.J. B.P.U. Regarding Verizon's Request for Investigation of Competitiveness of ILEC-Provided Mass Market Retail Services* (November 14, 2008), at 2.

¹² Verizon Communications News Release: *New Survey Shows 83 Percent of Consumers Continue to Rely on Landline Voice Service for Its Quality, Safety Features - Verizon Survey Shows Vast Majority Plan to Retain Their Home Phone Service Indefinitely*. March 27, 2008. Available at: <http://newscenter.verizon.com/press-releases/verizon/2008/new-survey-shows-83-percent-of.html> (Viewed April 10, 2008)

¹³ *In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services As Competitive*, N.J. B.P.U Docket No. TX07110873, Reply Testimony of Susan M. Baldwin on Behalf of the New Jersey Division of Rate Counsel (January 10, 2008), Redacted Version 149-152.

¹⁴ http://www.wvvc.com/index.php?option=com_content&task=view&id=34&Itemid=87 (viewed April 15, 2008)

¹⁵ ACNCommunication Services, Inc. indicated that they currently have a first year rate of \$9.99/mo, which would go to \$19.99/mo after one year of service. They also indicated that the normal price of service was \$22.95.

¹⁶ <http://www22.verizon.com/Residential/Phone/Local+And+Regional+Calling+Plans/Local+And+Regional+Calling+Plans.htm>. See "Verizon Local Package", which includes unlimited local service, unlimited Directory Assistance and choice of up to 3 calling features (i.e. Caller ID, Call waiting, Home Voice Mail).

Appendix A

Company	Basic	Basic Cost	Package	Cheapest Package
4 Connection, LLC	NO		NO	
AboveNet Communications	NO		NO	
Acceris Management & Acquisitions	NO		NO	
Access Point. Inc.	NO		NO	
ACNCommunication Svcs. Inc.	NO		YES	\$9.99 for 1st yr. promotion, then \$19.99
Airespring, Inc.	NO		NO	
ASIA Talk Telecom	NO		NO	
Alpha Phone Inc.	Could Not Determine Any Information			
American Network Services, Inc.	NO		NO	
AmeriMex Communications Corp.	NO		NO	
A.R.C. networks Inc.*	NO		YES	\$29.95
AT&T Communications og nj,LP	YES	\$14.95	YES	\$23.95
ATX Licensing, Inc.	NO		YES	\$30
BCN Telecom, Inc.	NO		NO	
BridgeCom Inernational, Inc*	NO		YES	\$29.95
Broadband Centric Corp.	NO		NO	
Broadview Networks, Inc.*	NO		YES	\$30
Broadview NP acquisition Corp.	NO		YES	\$30
Broadwing Communications, LLC	NO		NO	
Budget Phone, Inc.	YES (NO)	\$54.30	YES	\$54.30
BullsEye Telecom, Inc.	NO		YES	\$39.00

Company	Basic	Basic Cost	Package	Cheapest Package
Business Automation Technologies, Inc.	NO		NO	
Business Telecom, Inc.	NO		NO	
Cablevision Lightpath , NJ, Inc.	NO		YES	\$64
Capital telecommunications, Inc.	NO		NO	
Cat Communications International, Inc.	NO		YES	\$39.99
Cavalier Telephone Mid-Atlantic	NO		YES	\$24.95
CCG Communications LLC	NO		NO	
Citibroadband Wireless, Inc.	NO		NO	
Clear End, LLC	NO		NO	
Cleartel Communications	NO		YES	\$12.95
CLM Telecom, LLC	NO		NO	
CloseCall America	YES	\$8.95 plus \$9.99 fees	YES	\$35.47- price includes \$9.99 fees
Comtech 21 LLC	NO		YES	\$28.95
CTC Communications	NO		NO	
Comcast Business Communications, Inc.	NO		YES	\$33 for the first, \$39.95
Comm Partners, LLC	Could Not Determine Any Information			
Computer Network	NO		NO	
Comtel telecom Inc.	NO		NO	
Conversent Communications of NJ, LLC	NO		NO	
Cooperative Communications Inc.	NO		NO	
Cordia Communications, Corp	NO		YES	\$34.95
Cornerstone Telephone Company, LLC	NO		NO	
Covad Communications	NO		NO	

Company	Basic	Basic Cost	Package	Cheapest Package
Covista	NO		YES	\$23.45
Cypress Communications	NO		NO	
Dialalot.com, Inc.	Could Not Determine Any Information			
Digital Speed Communications	NO		NO	
Digizip.com Inc.	NO		YES	\$39.99
DSCI Corp.	NO		NO	
Dpi TeleConnect, LLC	YES	\$29.99	YES	\$46.99
DSLnet Communications, LLC	NO		NO	
Dynalink Communications, Inc.	NO		NO	
EC-Eye Communications	Could Not Determine Any Information			
Econodial, LLC	Could Not Determine Any Information			
Elantic Networks	NO		NO	
Enhanced Communications Network, Inc.	NO		NO	
Expert Networks, Inc.	NO		NO	
Extent Systems, Inc.	NO		NO	
Fiber Technologies Networks	NO		NO	
First Communications LLC	NO		NO	
Gillette Global Networks, Inc.	NO		NO	
Global Crossing Local Services., Inc.	NO		NO	
Global Naps	NO		NO	
GOES Telecom	NO		NO	
Granite Telecommunication, SVCS.	NO		NO	
Hotline, Inc.	NO		YES	43.00 Includes an estimate of taxes

Company	Basic	Basic Cost	Package	Cheapest Package
Hotwire Communications LTD	NO		NO	
IDT America Corp.	NO		YES	\$33.95
Industry Retail Group	NO		NO	
Infotelecom	Could Not Determine Any Information			
Insite Solutions, LLC	Could Not Determine Any Information			
InterGlobe Communications, Inc	NO		NO	
International Telecom, LTD	NO		NO	
Inter-Tel Net Solutions, Inc	NO		NO	
Keyspan Communications Corp.	NO		NO	
KMC Data LLC	NO		NO	
Level 3 Communications	NO		NO	
Lightship Telecom, Corp	NO		NO	
Lightyear Network Solutions	NO		YES	\$19.99
Line Systems, Inc.	NO		NO	
Litecall Inc.	Could Not Determine Any Information			
Litespan, Inc.	Could Not Determine Any Information			
Local Fiber, LLC	NO		NO	
Looking Glass Networks, Inc.	NO		NO	
Megallan Hill Technologies	NO		YES	37.95
Manhattan Telecommunications of NJ, Inc.	Could Not Determine Any Information			
Master Call Communications, Inc.	NO		YES	39.99
Matrix Business Technologies, Inc.	NO		NO	
McGraw Communications, Inc.	NO		NO	

Company	Basic	Basic Cost	Package	Cheapest Package
MCI	NO		NO	
MEG Radio Inc.	NO		YES	39.99
Monmouth Telephone & Telegraph	NO		NO	
National CLEC Services	Could Not Determine Any Information			
Nationsline New Jersey, Inc.	NO		YES	39.99
Navigator Telecommunications, LLC	NO		NO	
NEON Connect, Inc.	NO		NO	
NetCarrier TeleCom, Inc.	NO		NO	
Neutral Tandem New Jersey	NO		NO	
New Horizons Communication	NO		NO	
New Jersey DataNet Telecom, LLC	Could Not Determine Any Information			
New Rochelle Telephone Corp.	NO		YES	34.95
New Edge Netwroks, Inc.	NO		NO	
Next G Networks	NO		NO	
Next Gen Telephone Inc.	NO		NO	
NextLink Wireless Inc.	NO		NO	
NJ CLEC, LLC	NO		NO	
Northstar Telecom, Inc.	NO		YES	29.95
NOS Communications, Inc.	NO		NO	
Nytel Corporation	NO		NO	
OnFiber Carrier Services	NO		NO	
PaeTec Communications, Inc.	NO		NO	
Pelzer Communications Corp.	NO		YES (only w/internet connection)	\$50.00

Company	Basic	Basic Cost	Package	Cheapest Package
Pac-West Telecomm	NO		NO	
PNG Telecommunications, Inc.	YES	\$27.99	YES	\$27.99
PPL Telecom	NO		NO	
Qwest Communications Corp.	NO		NO	
QX Telecom, LLC	Could Not Determine Any Information			
RCN Communications	NO		NO	
1-800 RECONEX, Inc.	YES	\$29.99		
Remi Retail Communications, LLC	NO		NO	
RNK Telecom	NO		NO	
SBC Long Distance, LLC	YES	\$14.95	YES	\$23.95
Simlab Communications LLC	NO		NO	
Smart Choice Communications, LLC	YES	\$21.95		
Smart Communications & Cellular Inc.	YES	\$39.95 plus tax		
SNiP Link, LLC	NO		NO	
Spectrotel, Inc.	YES	19.95		
Sprint Communcations	NO		NO	
Sterling Telecom, Inc.	NO		NO	
Sunesys, Inc.	NO		NO	
Talk America Inc.	YES	24.95		
TCG Delaware Valley, Inc.	YES	\$14.95	YES	\$24.99
TelCove	NO		NO	
Teleport Communications of NY, Inc.	YES	\$14.95	YES	\$23.95
Telespire Inc.	Could Not Determine Any Information			



Company	Basic	Basic Cost	Package	Cheapest Package
Telscape Communication, Inc.	NO		NO	
Think 12 Corp	NO		NO	
Time Warner Telecom of NJ, LP	NO		YES	\$39.95
Touchtone Communications, Inc	NO		NO	
Transbeam, Inc.	NO		NO	
TransBNational Communications	NO		NO	
Trucom Corporation	NO		NO	
UCN, Inc.	NO		NO	
US LEC of Pennsylvania, Inc.	NO		NO	
United System Access Telecom, Inc.	YES	24.95(plus tax and fee10.00)		
United Telecom, LLC	NO		NO	
United Telephone Company of NJ, Inc. D/B/A Embarq	YES	\$7.90	YES	\$29.95
VCI Company	NO		NO	
Verizon New Jersey, Inc.	YES	\$8.95 + \$9.05 in fees/taxes	YES	25.99 unlimited local, caller id, directory asst.
VIC-RMTS-DC, LLC	YES	8.95(tax and fees;subtotal about 17.00)	YES	25.99 unlimited local, caller id, directory asst.
Warwick Valley Telephone Co.	YES	12.50(plus tax)	YES	
Witel Local Network, LLC	NO		NO	
Winstar of New Jersey, LLC	NO		NO	
World-Link Solutions, Inc	YES (NO)	19.95(plus tax)	YES	\$39.99
Xchange Telecom, Corporation	NO		YES	\$46.95
XO New Jersey, Inc	NO		NO	
Xtel Communications Inc.	NO		NO	
Ygnition Networks Inc.	NO		YES	29.95(plus tax)

Company	Basic	Basic Cost	Package	Cheapest Package
Yipes Enterprise Services	NO		NO	
Ymax Communications Corp.	Could Not Determine Any Information			

Appendix B

NEW JERSEY

- 1 Andover
- 2 Belle Mead
- 3 Belvidere
- 4 Blairstown
- 5 Bloomsbury
- 6 Branchville
- 7 Califon
- 8 Chester
- 9 Clinton
- 10 Columbia
- 11 Flemington
- 12 Franklin Boro
- 13 Frenchtown
- 14 Great Meadows
- 15 Hampton
- 16 High Bridge
- 17 Hope
- 18 Lake Mohawk
- 19 Lebanon
- 20 Long Valley
- 21 Montague
- 22 Newton
- 23 Oldwick
- 24 Oxford
- 25 Sussex
- 26 Whitehouse

-  EMBARQ SERVING AREA
-  LATA

