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March 18, 2011

Re: PROTECT CONSUMERS - VOTE NO ON S2664

Dear Senators,

On behalf of the more than one million New Jersey residents our organizations represent, we are writing to **urge you to vote NO on S2664**, the so-called "Market Competition and Consumer Choice Act." S2664 is a radical deregulation scheme that if passed, will hurt consumers and municipalities and could eliminate good New Jersey jobs. This bill, rather than promoting fair and robust market competition, is an unnecessary and dangerous give-away to telephone and media corporations. In particular, S2664 could be devastating to fixed, low and moderate-income families who are among the hundreds of thousands of NJ households with only basic telephone service and who are already struggling to maintain this essential lifeline to the outside world.

S2664, if passed, will wipe out important consumer protections. Under this proposal, consumers would no longer be assured that they will:

- Have access to basic landline telephone service at an affordable price.
- Be provided with safe, adequate and proper service
- Be free from unreasonable discrimination in rates or undue preferences in service
- Avoid being refused service without reason
- Avoid being dropped if their phone company ceases to operate in New Jersey
- Not be protected from slamming
- Receive a credit for service outages
- Have billing errors corrected
- Receive adequate service quality
- Have equipment that meets electric code and is in good repair

Under S2664 cable and phone billing errors could go uncorrected and the current requirement that consumers receive credits for service outages will be eliminated. Basic landline telephone services, (unlimited incoming calls and outgoing local calls), could be eliminated for hundreds of thousands of NJ residents and/or only offered in more expensive and often unaffordable "bundled" packages. S2664 also eliminates current legally-required services for municipalities. This will likely increase costs for taxpayers. Furthermore, the bill will:

- Limit the obligation of a cable company to provide cable and internet connections to municipal and school buildings at no charge to a municipality. Currently all municipal buildings are eligible for this benefit but the bill would limit the obligation to just one municipal building;

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- Eliminate the requirement for the cable companies to provide a return feed to allow cable-casting of live municipal events. Programming and public meetings could not be live cablecast;
- Eliminate the requirement for cable companies to meet or surpass any existing line extension policy or to meet any applicable consumer protection requirements, all of which are currently required. Municipal buildings more than 150 feet from the road might incur costs to receive service.

Municipalities and taxpayers have a right to expect these services in consideration for the company's use of the municipal rights of way and should not be waived simply because there may be a more competitive business environment for some telecommunications services.

Oversight must also be maintained to insure telecommunications consumers and taxpayers are protected in the event of company mergers and sales. Recent history of these business transactions in other states have led to disasters for business and residential consumers including a trail of bankruptcies, defrauded shareholders and network outages. S2664 would eliminate regulatory review of these proposed deals. Vote NO on S2664 to insure that our state's interests are protected and that customers are protected from company practices that could undermine local telephone services through shoddy asset sales.

S2664's proponents argue that competition will keep the telecommunications corporations in check. Yet there is no evidence to establish that robust price or quality competition actually exists within important markets, including basic telephone service, at sufficient levels to control prices and insure quality services. On the contrary, in 2008 when Verizon petitioned for a similar deregulation scheme before the NJ Board of Public Utilities, (BPU), no party could document the existence of competition for basic telephone service and the Board rejected their petition for radical deregulation.

In other parts of the country where these industry proposed deregulation schemes have been approved, consumers have suffered. For example, the December 2009 survey of states by the National Association of State Utility Consumer Advocates found that out of twenty states surveyed with deregulation in place, seventeen of those states had seen rate increases. And the reported increases ranged from eight percent per year to one hundred percent increases in rates. In fact, the only decreases in phone rates for basic services were in three states where basic phone services are still fully regulated.

Consumers' legitimate concerns relative to the quality of these services should also not be ignored. In their June 2010 report to the Governor and Legislature, *The Effects of the System-wide Cable Television Franchise in New Jersey*, the BPU quantified that service interruption complaints has skyrocketed over 140% in three years.

We urge you to consider the individuals and families who only have basic land line telephone service - it is your Mom, Dad, Grandfather or Grandmother with the same phone on their kitchen wall for decades, many of whom are fixed and low income. In 2008 there were 1.3 million residents just like them. Their basic phone service is their only link to the outside world. Without these lifelines, they can't call a doctor in an emergency, the pharmacy or loved ones. S2664's proponents want the public to believe that if a 75 year old grandmother loses this service or can no longer afford it because the rates have skyrocketed, the onus should be on her to shop the market—which likely doesn't exist for this service—or pay a higher unaffordable rate that will require her to sacrifice other necessities like food, medicine, heat and/or electricity.

Most of the telecommunications and cable industries have been deregulated for years. New Jersey has rightly seen fit to ensure basic and universal access to the lifeline of communications is protected for our most vulnerable citizens, that our municipalities and taxpayers are provided with the services needed to inform our local discourse and serve our first responders and provide the necessary oversight required to protect our citizenry when corporations consider mergers

and other sales. S2664 would unnecessarily eliminate these needed protections and represents an unwarranted shift in current state policy.

We urge you to Vote “No” on S2664.

If you have questions or concerns, please contact Jackie Cornell-Bechelli, NJCA’s Political & Legislative Director at jackiec@njcitizenaction.org or 732-246-4772 ext 21.

Thank you for your careful consideration of this important issue.

Sincerely,

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Health Care for All - New Jersey
Sherryl Gordon, Executive Director
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