



Consumer Chat

The Newsletter of the Ratepayer Advocate

RATEPAYER ADVOCATE OPPOSES VERIZON RATE INCREASE

On October 30, 2000 the Ratepayer Advocate made a motion at the Board of Public Utilities to dismiss the Verizon-New Jersey petition to raise local telephone rates dramatically, require customers to take services they may not need or want, and declare the state's local telephone marketplace competitive.

The Ratepayer Advocate's motion alleges that Verizon, through its witnesses and testimony before the BPU, has failed to prove its case. The BPU has put the regularly scheduled evidentiary hearings on the Verizon proposal on hold pending its decision on the Ratepayer Advocate's motion.

If the BPU approves the motion, Verizon will be forced to go back to the drawing board and devise a new alternative plan of regulation proposal. If not, the regularly scheduled hearings will resume.

Basic residential telephone service currently costs from \$5.40 to \$8.19 per month. If Verizon's plan is approved by the BPU, the most basic low-use measured service will cost \$15.00 and unlimited local usage will cost \$17.50 per month. Customers will be required to purchase 25 minutes of regional toll calling and three enhanced services (like Call Waiting or Voice Mail).

We believe that consumers should have a choice as to how little or how much telephone service they receive, whether it be basic service or a full range of enhanced services. We also would like to see customers have a choice in who is providing that service, whether that means staying with Verizon or having the option of switching to another local phone carrier.

The Ratepayer Advocate supports a competitive marketplace and telephone competition, but we do not believe there is currently any significant local telephone competition in the State of New Jersey. Verizon's plan would mean that ratepayers would be compelled to pay two to three times what they currently pay for local residential telephone service without any choice of service provider. We find that unacceptable.

We are also concerned that ratepayers on fixed or low incomes continue to receive the low-cost service they now enjoy. We also would like to see assurances that the current discounts being provided by Verizon to schools and libraries for data services and Internet connections will be retained for a fixed period of time.

The BPU also needs to hear from residential and business customers of Verizon. If you were unable to attend any of the public hearings, you can write to the New Jersey Board of Public Utilities, Two Gateway Center, Newark, NJ 07102.

Blossom A. Peretz, Esq.,
Ratepayer Advocate
State of New Jersey
Div. of the Ratepayer Advocate
31 Clinton Street, 11th floor
P.O. Box 46005
Newark, NJ 07101
Tel. (973) 648-2690
Fax (973) 624-1047
e-mail: njratepayer@rpa.state.nj.us

REASONS FOR NATURAL GAS PRICE INCREASES

The Division of the Ratepayer Advocate is advising residential consumers that the worldwide increases in natural gas prices is having an impact on their monthly bills. Currently, natural gas prices are double the normal seasonal levels, which means higher heating bills for consumers this winter.



Natural gas prices are higher because of limited production, higher demand from other utilities and high demand from industry and consumers. Recent mild winters caused natural gas surpluses, which slowed new gas production. Natural gas producers have begun to drill for new supplies of gas, but they will not be available until next spring.

The high demand for electricity during the summers of 1997 and 1998 caused utilities to look for other energy sources, such as natural gas, to generate peak power. The strong U.S. economy has increased demand for natural gas. With the increased factory production and booming construction that is part of a robust economy, gas usage has grown significantly.

NEW JERSEY ENERGY CHOICE PROGRAM

If there was ever a time to shop for energy suppliers, this is it. With natural gas prices at double normal seasonal levels and high electricity prices, the Ratepayer Advocate is urging residents to take this opportunity to learn more about New Jersey Energy Choice.

Restructuring of the electric and natural gas utilities has brought choice to all New Jersey energy consumers. Customers now have automatic savings on electricity rates and the ability to choose the companies that supply your electricity and natural gas.

As of September 2000, there are 95,566 customers being served by competitive suppliers. That number includes 70,288 residential customers and 25,278 non-residential customers. This number is still an extremely low percentage of the energy customers in New Jersey.

For more information about your opportunity to choose call **1-877-NJ5-5678** or visit **njenergychoice.com**

Visit us on the web
<http://www.njin.net/rpa>

RATEPAYER ADVOCATE PRESSES FOR PROMPT ACTION TO IMPLEMENT UNIVERSAL SERVICE FUND

The Ratepayer Advocate is representing consumers in an effort to create a Universal Service Fund for New Jersey. The fund would assist residential customers having difficulty paying their utility bills. The Electric Discount and Energy Competition Act provided for this fund so that low-income consumers will share in the benefits of energy competition.

We are urging the Board of Public Utilities to implement an interim Universal Service Fund program during the 2000-2001 heating season and the full program for the 2001-02 heating season. The Board has postponed its decision on this issue, even though the Act requires the Board to determine the programs and funding levels that will be included in the Universal Service Fund.

The Universal Service proposals under consideration by the Board reflect very different approaches. The Ratepayer Advocate has submitted a detailed proposal for a comprehensive Universal Service program, designed to create affordable energy bills for New Jersey's low-income consumers and funded through a statewide Universal Service charge. This approach is supported by consumer advocacy organizations, along with government and community social service agencies. The utilities are proposing to maintain the status quo by either opposing new programs and instead relying on their own individual programs or asserting that decisions on new programs should be delayed. Neither of the utilities' approaches benefit New Jersey consumers.

The Key Features of the Ratepayer Advocate's Proposed Universal Service Program Are:

- A basic rate assistance program based on affordability, structured as follows:
 - 1) Assistance should be available to households with incomes at or below 150% of the federal Poverty Level, with a reasonable amount of rates affordability assistance reserved for households with incomes up to 200% of Poverty having special needs.
 - 2) Benefits should be portable. They should be available to low-income consumers who buy their commodity service either from a utility or a competitive third-party supplier.
 - 3) Benefits should include fixed bill credits, arrearage forgiveness, a crisis intervention program, effective education and outreach, and an automatic enrollment process.
 - 4) The rate affordability program should be administered as a statewide program by State's Low Income Heating Assistance Program (LIHEAP) office.

(continued on page 4)

UNIVERSAL SERVICE *(cont'd.)*

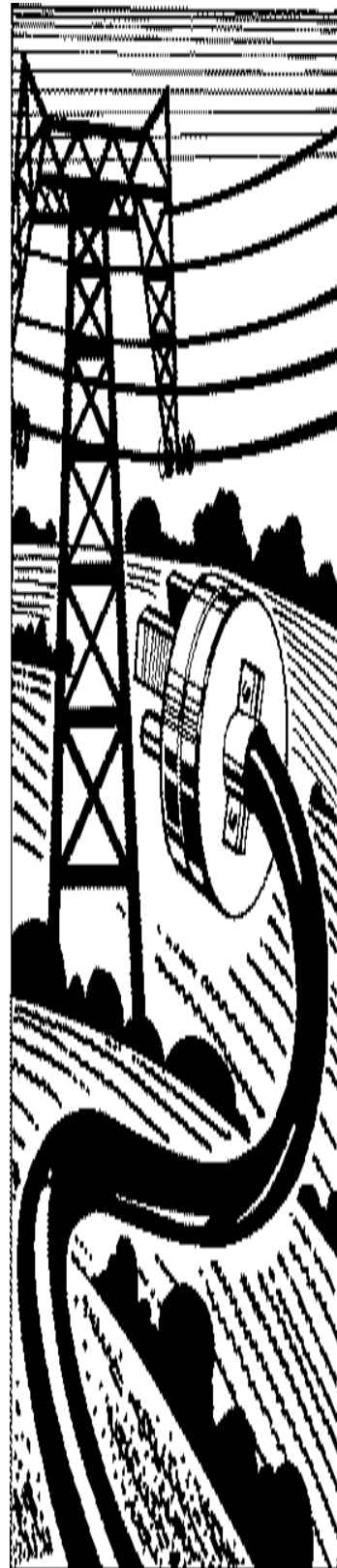
- The Universal Service program should include the following additional components:
 - 1) Effective low-income energy efficiency programs.
 - 2) A statewide Assistance in Aggregation Program, to help low-income consumers realize the benefits of competition through aggregation.
 - 3) A statewide low-income guarantee pool, to encourage competitive suppliers to serve low-income consumers, by providing them with the ability to transfer some of their risks of non-collection to a guarantee pool.

- A statewide fund, funded through a non-bypassable charge on all utility customers.

- The utilities' recovery costs through the Universal Service Fund should be limited to incremental costs, net of savings realized as a result of the program. Savings and costs already reflected in rates, should be quantified and passed through to ratepayers through annual evidentiary proceedings before the Board.

- The utilities should be required to submit reports tracking both the performance of the Universal Service Fund and the impact of competition on low-income consumers. The utilities should be subject to penalties for failure to submit reports on a timely basis.

- The interim program to be implemented for the upcoming winter heating season should operate as a geographically discrete ramp-up to a statewide program. There should be no pilot program.



ASSISTANCE FOR PEOPLE IN NEED

The Ratepayer Advocate is working to keep energy prices down and to make sure information is available about programs to help low-income people because we know this season's energy rate increases will be a burden for many New Jersey residents.

LIHEAP: Qualified customers can apply for the Low Income Home Energy Assistance Program (LIHEAP). This is a federally-funded program designed to help consumers in need of financial assistance to pay for heating costs. In New Jersey it is operated jointly by the Department of Human Services and the Department of Community Affairs. Households receiving food stamps may receive automatic heating benefits through their County Welfare Agency. Eligibility for the program is based on total household income. Gross monthly income limits are set at 150% of the Federal Poverty Guidelines.

For more information, call the LIHEAP hotline at 1-800-510-3102.

NJSHARES: New Jersey Statewide Heating Assistance and Referral for Energy Services (NJSHARES) is a non-profit corporation organized to provide assistance to individuals and families living in New Jersey who are in need of **temporary help** in paying their energy bills. New Jersey SHARES energy fund program will provide energy grants for New Jersey residential customers who do not receive monthly public assistance payments. These customers must also have demonstrated a good faith effort to pay their energy bills, but are currently experiencing financial difficulties and have exhausted all other available assistance.

For more information, contact NJSHARES at (609)443-8818.

We also encourage contributions to New Jersey SHARES. The mailing address is:

New Jersey SHARES
299 Ward Street, Suite B
P.O. Box 1415
Hightstown, NJ 08520

Individuals can also donate through local utility providers, who often provide matching funds.



ENERGY SAVING TIPS

With the rising costs of energy, conservation is key to keeping your bills down.

- Set your thermostat at the lowest comfortable setting—65 degrees to 68 degrees for most people. At night, set the thermostat down to a lower setting.
- Use a programmable thermostat to change settings so that you heat your home only when occupied.
- During the day, keep shades up and draperies open on the sunny side of the house. Close them at night.
- Wear warm clothing while indoors.
- Have a qualified professional check your furnace to make sure it is operating efficiently and safely.
- Change/clean your furnace filter monthly.
- Caulk and weatherstrip windows and doors. Also check the exterior of the home for places where caulking has deteriorated and recaulk any gaps.
- Add insulation to attics and crawl spaces. Heating ducts and hot water pipes can also be wrapped with insulation.
- Wrap your water heater with an insulation blanket.



REQUEST A SPEAKER FOR YOUR ORGANIZATION'S COMMUNITY OUTREACH:

The Division of the Ratepayer Advocate is available to speak to your group on a variety of utility topics. We can tailor topics to fit your organization's needs.

Name _____

Organization _____

Topic of Interest _____

Address _____

City _____

State _____ Zip _____

Phone number _____

**Please fax your request to (973) 624-1047 or mail to:
N.J. Division of the Ratepayer Advocate
P.O. Box 46005
Newark, N.J. 07101**

