William Caton
Acting Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, D.C. 20554

Re: Application by Verizon-New Jersey Inc. for Authority to Provide In-Region InterLATA Services in the State of New Jersey, CC Docket No. 01-347.

Dear Mr. Caton:

Broadview Networks, Inc. ("Broadview") respectfully submits this letter in response to the Commission's request for comment on the New Jersey Board of Public Utilities ("NJBPU") *Final Order* setting UNE rates in New Jersey.[1]

Broadview currently offers local voice, long distance, and data telecommunications services to residential and business customers in New Jersey. Broadview provides that service to many of its voice customers by purchasing unbundled loops ("UNE-L") from Verizon and connecting those loops to Broadview's own network and switches. Its DSL services are provisioned via unbundled xDSL loops from Verizon and connected to Broadview's data equipment. The new substantially higher hot cut non-recurring charges ("NRCs") and digital subscriber line ("DSL") non-recurring charges adopted by the NJBPU in its *Final Order* will force Broadview to substantially scale back, or even abandon, its current facilities-based entry plans in New Jersey.

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[1] Decision & Order, In the Matter of the Board's Review of Unbundled Network Element Rates, Terms and Conditions of BellAtlantic-New Jersey, Inc., Docket No. TO00060356 (March 7, 2002) ("Final Order").

The NJBPU's *Final Order* increases Verizon's hot cut rates from $32.16/line to $159.76/line (copper-to-copper hot cut) and $184.82/line (IDLC hot cut). Those rates are, on their face, substantially overstated. Indeed, Broadview's internal costs of performing a hot cut is no more than $10.

In any event, the hot cut NRC increase in New Jersey extends the time period over which Broadview is able to recover its up front cost of obtaining a customer from substantially less than a year to more than two years. That significantly constrains Broadview's ability to raise capital because the investment community generally requires up-front costs to be recovered within about 18 months. It also threatens the economic viability of Broadview's residential, small business, and medium business services because Broadview would not have enough time to recover the up-front cost of acquiring those customers. Thus, unless the NJBPU substantially lowers New Jersey hot cut NRCs, Broadview will have to substantially scale back, or even abandon, its New Jersey local offerings.

The *Final Order* also increases the rates for engineering queries by five times, and because that rate applies to every order, it increases Broadview's acquisition cost for each customer by five fold. Moreover, the work orders and line conditioning (load coil and bridge tap removal) charges have increased by up to 16 fold, further increasing Broadview's costs and greatly reducing the number of customers to which Broadview could economically provide service. No legitimate explanation is provided for the rate increases. As a result of these increases, Broadview may be required to scale back, or even eliminate, its New Jersey DSL entry plan.

Respectfully submitted,

/s/ Rebecca H. Sommi
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