



David Lamendola  
Director  
Government Affairs for NY & CT

158 State Street  
Room 900c  
Albany, NY 12207  
Ph: 518-396-1086

**Senate Bill 351  
AN ACT CONCERNING TELECOMMUNICATIONS COMPANIES'  
AUDITS AND FILINGS.**

I respectfully submit this language into the record, for the March 4<sup>th</sup> Public Hearing of The Energy & Technology Committee, in support of SB 351 - AAC Telecommunications Companies' Audits and Filings.

This bill would amend section 16-32 of the General Statutes to help reduce consumer costs related to an outdated statute that requires certain public service companies, including certain telephone companies, to obtain an independent audit of its annual report filed with the Department of Public Utility Control (DPUC). Nothing in the proposal prohibits the DPUC from requesting that a telecommunications company have an annual comprehensive audit and report made of its accounts and operations by an independent public accountant on an "as needed" basis.

Verizon supports this proposed legislation. Under existing law, the DPUC may require an annual audit of a telecommunication company's accounts and operations whenever it deems it necessary, but the Commission is also mandated to require an audit every year even though it may not be needed. An annual audit is required regardless of whether or not the Commission has any belief or desire that the audit be performed. In addition, the audits are expensive, lengthy and often do not justify their expense.

In 1995, Verizon worked collaboratively with the New York State Public Service Commission to address a similar requirement as a cost savings measure to consumers. As an example, the 1989 management audit of Rochester Telephone exceeded \$750,000 in cost, took nine months to complete and produced no tangible results to the benefit of Rochester Telephone's customers. At that time, the cost of the audit however was passed through to customers. A similar proposed audit of Verizon's successor, NYNEX, would likely have taken over a year to complete and cost in excess of \$2 million. Realizing that customers often times absorbed these costs, the New York Commission quickly recognized the need to update this statute to reduce costs for services to consumers.

In Connecticut, the same legislation is warranted because regulators should be looking for ways to minimize costs to consumers while trying to help companies that are weathering the sluggish economy across the nation. At this juncture, the mandate to perform audits of a provider's accounts and operations has become less relevant and consequently more burdensome on the customers who are supposed to be protected by the law in the first instance.

For the above reasons, Verizon strongly supports this bill. Thank you.