



## STATEMENT OF AT&T CONNECTICUT

**Regarding Raised House Bill No. 5506  
An Act Concerning the Taxation of Telecommunications Company Property and  
Utility Deposits for Business Customers  
Before the Committee on Energy and Technology  
March 16, 2010**

**Proposal:**

Section 1 of Raised House Bill No. 5506 would require taxpayers subject to taxation under section 12-80a of the general statutes to submit the list of personal property required to be provided to each municipality in which the taxpayer owns property no later than the thirtieth day of November each year.

Section 2 of Raised House Bill No. 5506 would require the Department of Public Utility Control (Department) to initiate a docket to examine the collection of deposits by a public service company from any prospective or current customer other than a residential or prospective residential customer. The Department would be required to examine the maximum deposit amount that a public service company could charge, the criteria to be used to determine creditworthiness of the customer, the criteria for when such deposits must be returned, and the provisions for collecting deposits from customers moving from one location to another within the service area of the same company.

**Comments:**

AT&T does not oppose the adoption of Section 1 of Raised House Bill No. 5506. This is consistent with the date the taxpayer's list of personal property subject to tax under section 12-80a must be provided to the Commissioner of Revenue Services and the Office of Policy and Management; AT&T has no objection to this requirement.

AT&T opposes the adoption of section 2 of the Bill and urges the committee to reject it.

Section 2 of Raised House Bill No. 5506 would require the Department to conduct a proceeding to review the security deposit practices of all public service companies and to consider imposing limits on the deposits such companies can charge their business customers as well as regulate administration of the associated business processes. While AT&T understands the desire to assist business customers who may be facing difficult economic circumstances, the Bill would not cover those business customers who obtain communications services from companies that are not public service companies. AT&T's competitors that are not public service companies would not be required to participate in the proceeding and would not be subject to any limits imposed as a result of the investigation, even though these companies provide competing services to the same business customers. Further, states are preempted from regulating services which utilize VoIP technology and these services are a large part of AT&T's competition. AT&T strongly recommends that in the interest of having a more level playing field the requirements of this bill not apply to services offered by a telephone company.

Since the examination required by this legislation would not apply equally to all providers, requirements adopted as contemplated in this legislation could place AT&T in the position of becoming the first and last stop for any company with bad credit or – for that matter – the intent to not pay its obligations. That means AT&T would face the prospect of having to cover millions of dollars a year in losses while our competitors would not be subject to these same losses. And any business that wanted to avoid having to pay a deposit – whether it is a legitimate business interested in paying its bills, or not – would know that, because this law that applies only to AT&T, they could get service from AT&T subsidized by our shareholders.

Unlike public service companies which are subject to rate of return regulation and can include debts in their overall rate base, AT&T would have no mechanism to recover losses from businesses that don't pay their bills other than for its shareholders to pay those costs. AT&T's shareholders did not cause these costs and should not be responsible for covering them.

In addition, customers, even very small businesses, utilizing telecommunications services as opposed to utility services like gas, electric, or water, can run up very high bills in a very short period of time. So while losses to other public service companies would likely be manageable, losses to AT&T by virtue of the services it provides could be enormous, even in a short period of time.

The inclusion of AT&T in the required investigation and any resulting requirements is unnecessary. AT&T's customers have choices. No deposit is required if a prospective customer establishes their credit worthiness or if an existing customer makes timely payments. Customers not able to establish acceptable credit risk can avoid paying a deposit by electing toll restricted service, while they establish a timely payment history. If calls incurring a toll charge are contemplated, prepaid toll is available. Commercial and business customers vary greatly in size and in the complexity of services they obtain. The issues of deposits and credit risk are generally handled in negotiations and in contract, making any oversight by the Department unnecessary. And if a customer decides that these options do not meet their needs – there are generally alternatives available from competitors.

**Conclusion:**

AT&T opposes section 2 of Raised House Bill No. 5506 and urges the Committee to reject it.