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**STATEMENT OF VERIZON  
Regarding Raised Senate Bill No. 417  
An Act Concerning Call Centers and the Timely Repair of Public Utility Poles**

This bill would create a new section 16-247a of the General Statutes in an attempt to essentially mandate that telecommunications companies employ in-state call centers by requiring telecommunications companies to provide annual reports on the locations of their call centers and requiring the state Department of Information Technology, when procuring telecommunications systems, to give preference to telecommunications companies with in-state call centers. The proposed bill would also require the adoption of regulations governing the manner in which public service companies repair damaged utility poles and the timing of such repairs.

Verizon strongly opposes this legislation. As an initial matter, the measure seeks to micromanage reasonable and efficient business decision making by mandating that telecommunications corporations provide certain call center services to customers from centers located within their respective in-state service territories. This bill is based on the specious argument that call center services provided from a location within a specific geographic region somehow provide a greater level of responsiveness and sensitivity to customer concerns and questions. Most of the specific services handled by call centers are done electronically (such as determining customer financial responsibility, determining required deposit or billing rates, preparing service orders, investigating bills and credit arrangements). The physical location of the call center has no bearing on the timeliness and responsiveness of addressing customer concerns.

This protectionist legislation is inappropriate in today's telecommunication marketplace. For example, by increasing the costs of local businesses such as Verizon, and by encouraging retaliatory measures from other states, the bill would harm, rather than protect the legitimate economic interests of the State. For example, if Connecticut were to enact this measure, what would stop New York or other neighboring states from trying to stop their states from handling calls that are now handled within Connecticut?

A similar measure was advanced by the New York Legislature in 2008, but Governor Paterson rightly recognized that the bill was manifestly unconstitutional because it discriminated against out of state businesses in violation of the Commerce Clause (see veto message 138 attached).

In addition, Raised Bill 417 flies in the face of the restructured, competitive premise of Connecticut's telecommunications industry and would increase costs to consumers by restricting a provider's ability to efficiently managing the costs associated with the operation of their call centers and by requiring that additional and unnecessary regulations be imposed on those companies in connection with their management of damaged utility poles. Given the highly competitive market for telecommunications services in Connecticut, providers of such services already have ample incentive to make sure their poles are repaired in a timely fashion and available to serve their customers.

This proposal will ultimately place unreasonable limits on business activity and for these reasons, we urge you to oppose this legislation.

VETO MESSAGE - No. 138

TO THE ASSEMBLY:

I am returning herewith, without my approval, the following bill:

Assembly Bill Number 606, entitled:

"AN ACT to amend the public service law, in relation to utility service call centers"

NOT APPROVED

This bill requires every gas corporation, electric corporation and municipality furnishing utility services in New York ("utilities") to provide call center service assistance "using services located within this state and within the utility's service area" to: (1) determine customer financial responsibility; (2) take requests for new or additional services; (3) determine deposit required or billing rate; (4) prepare meter and service orders and obtain access to meters; (5) explain company rates, regulations, policies, procedures, equipment and common practices; (6) investigate trouble order forms and initiate high bill investigations; (7) handle payment and other credit arrangements such as obtaining deposits, financial statements and payment plans; and (8) refer customers to social service agencies and other assistance programs (collectively, "services").

Three justifications are offered for this bill: (1) call center employees located within a utility's service area will have a better understanding of local conditions than employees located elsewhere; (2) employees located within a service area will be more responsive to customer needs; and (3) the bill will preserve New York call center jobs. However, these justifications do not withstand scrutiny.

The first justification is inconsistent with the nature of utility service areas in New York. Utility service areas are not analogous to neighborhoods or communities. They are often very large and in some cases cover widely disparate areas of the State, and some of the State's largest utilities serve hundreds of thousands of customers in service areas that cover tens of thousands of square miles. In these circumstances it is unrealistic to expect an employee located within such a service area to know "local conditions" throughout the service area.

No evidence is provided to support the second claim, that call center employees located within one of these vast service areas will be more responsive to utility customers than employees situated elsewhere, including at a location outside the service area but within the State. Moreover, the Public Service Commission (PSC) has established qualify standards for customer service. Utilities can incur substantial penalties if they do not meet these standards.

Rather than preserving New York call center jobs, this legislation could have the effect of eliminating such jobs. For example, this bill does not specify how the enumerated services must be provided. There-

fore, a utility faced with the burden of complying with this bill might choose to provide some of the services through a highly automated call center, such as one using automated voice response units, in lieu of using "live" call center employees. This approach, which has been suggested by some utilities, could cost New York jobs rather than preserve them. In addition, the enactment of this legislation could prompt other states to retaliate by enacting similar laws that would adversely impact New York businesses. This too could cost New York jobs and hurt New York's economy.

In addition, I am concerned that this bill could adversely impact the quality of call center services and possibly even utility service itself. Locating some call center operations outside a utility's service area enables utilities to provide call center services during emergencies, storm events, and service disruptions when local call centers may be overwhelmed, inaccessible to employees or out of service completely. Utilities also share call center services as backup to handle unanticipated call volume and in the event of outages. Enactment of this bill could cause a major disruption of these beneficial operations. Indeed, this bill would mandate that call centers handling "emergency service" be located in a utility's in-State service area. It would be imprudent to risk these impacts especially given the bill's questionable value.

This bill also raises some significant legal issues. For example, as the Department of Public Service and other parties have observed, the bill's mandate is too vague to discern what is required for compliance. For example, the bill: (1) does not specify that all of the enumerated

services must be provided by call centers within the State and a utility's service area - only that the enumerated services "shall" be provided - making the extent of the services which must be provided unclear; (2) does not define "call center service assistance"; and (3) does not specify the nature or the services that must be provided (i.e., "live" operators, call routing services, automated voice response units).

This bill also appears to violate the Commerce Clause. For example, it discriminates against out-of-state call center businesses by prohibiting them from providing call center services to the utilities. This result cannot be supported by the bill's justifications, and most of the enumerated services are unrelated to health and safety. Additionally, this bill applies to some categories of utilities but not others, and does not apply to call centers operated by other industries. No justification is offered for these distinctions which appear to be entirely arbitrary.

Finally, to the extent that compliance with this bill would impose significant new financial burdens on the utilities, this bill could result in higher rates for utility customers without any corresponding benefits for New Yorkers.

The parties who have commented on this bill have represented their respective interests admirably and I am extremely grateful for their comments. In addition, the proponents and opponents of this bill have raised some legitimate concerns. Therefore, while I cannot approve this bill, I am directing my staff to be available to meet with these parties in an effort to determine how some of these concerns might be addressed outside the legislative process.

The bill is disapproved.

(signed) DAVID A. PATERSON