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STATEMENT OF AT&T CONNECTICUT

Regarding Raised Bill No. 5542
AN ACT CONCERNING CONSUMER PROTECTION FOR UTILITY CONSUMERS
Before the Committee on Energy and Technology
March 20, 2012

Proposal:

Section One of Raised Bill No. 5542 would limit the compensation of the directors, officers, executives and employees of public service companies and holding companies that control public service companies. Section Three would prohibit a public service company, holder of a certificate of video franchise authority, electric supplier or telecommunications company from assessing any late fee to a customer under certain circumstances, and mandate those companies to credit the customer's monthly bill if the customer was out of service for more than 24 hours.

Comments:

AT&T opposes Sections One and Three of Raised Bill No. 5542 because the language would make it more difficult for public service companies to attract and retain qualified officers and directors, executives and other employees to lead these organizations. In addition, the proposed prohibition against late fees under certain circumstances and mandatory credits for out-of-service outages are unnecessary as companies routinely issue good will credits to customers for all types of issues.

Section One: Section One would limit the amount of compensation a public service company or holding company that controls a public service company could pay to any director, officer, executive or employee using funds received from ratepayers of such public service company.

Public service companies are highly complex enterprises, and it is important for these companies to be able to attract and retain qualified employees. The bill does not consider the size of the company or the scope of a director's or officer's responsibilities; all matters that play a significant role in determining appropriate compensation. Setting a fixed limit on compensation could interfere with a company's ability to hire the best person for a particular position. Such a result is not in the best interest of the state or public service company customers. In addition, the language in Raised Bill No. 5542 is extremely broad and would cover not only officers and directors but also executives and employees.

In addition, Section One would also require public service companies to notify the PURA of the salaries of the directors and officers of its holding company on an annual basis. This creates an additional administrative burden on these companies.

Finally, the language in Section One ignores the fact that telephone companies covered by the proposed statute are neither monopoly providers nor are they rate-of-return regulated entities. AT&T does not have "ratepayers" like electric companies for example, we have customers. Investments we make are at the risk of our shareholders, not ratepayers like rate-of-return companies. In addition, since telephone companies operate in a highly competitive marketplace, customers have the opportunity and choice to take their business elsewhere unlike customers of monopoly providers.

Section Three: Section Three would prohibit a public service company, holder of a certificate of video franchise authority, electric supplier, or telecommunications company from assessing any late fee to a customer if the due date of that bill occurs during any period in which the customer was without service for more than 24 hours, as long as the lack of service was not due to the customer's nonpayment. In addition, Section Three would require these same companies to credit the monthly bills of customers if they were without service for more than 24 hours.

Like all companies, AT&T understands and appreciates the importance of good customer service. We forgive late fees and issue credits to customers' accounts under many different circumstances as a gesture of good will and to retain customers. These credits are often greater than the pro-rata amount that Section Three would require. Companies should be permitted the freedom to issue credits as they feel appropriate under the circumstances. The requirements in Section Three are not needed, particularly in the competitive telecommunications market, where companies must ensure customer satisfaction, or lose that customer to another provider.

In addition, the requirements could be difficult to implement from an operational perspective, requiring companies to incur additional expense that will be passed on to the customers.

Conclusion:

AT&T opposes Sections One and Three of Raised Bill No. 5542 and urges the Committee to reject them.