

H. 5542

TESTIMONY OF PAUL R. CIANELLI

NEW ENGLAND CABLE & TELECOMMUNICATIONS ASSOCIATION

THE ENERGY & TECHNOLOGY COMMITTEE

HOUSE BILL 5542: AAC CONSUMER PROTECTION FOR UTILITY CONSUMERS

TUESDAY, MARCH 20, 2012

My name is Paul Cianelli and I am the President of New England Cable & Telecommunications Association (NECTA). NECTA represents Connecticut's cable telecommunications companies which compete to provide advanced broadband, voice and video products and services to our state's business and residential consumers. NECTA respectfully opposes Section 3 of House Bill 5542.

Section 3 would amend the existing service outage credit statute to: 1) prohibit all utilities from assessing a late payment fees in any month in which a customer experiences a service outage for more than twenty-four consecutive hours, and 2) require all utilities to provide outage credits in any monthly billing cycle in which a customer experiences a service outage for more than twenty-four consecutive hours. The service outage credit would be calculated by multiplying the customer's daily service charges and fixed charges by the number of days that the utility fails to provide service to the customer. These two provisions would not apply in circumstances where a customer does not receive utility service for reasons of non-payment.

The cable industry understands how much our customers have come to rely upon the advanced telecommunications products and service that we provide to them. During major service outage events, we are fully prepared to quickly deploy the personnel and equipment that are necessary to restore our services as soon as possible. As demonstrated by our performance last year, our front-line employees, in-state call centers and hands-on management are uniquely aligned in their goal of restoring service during outages in as seamless and safe a manner as possible. However, when services cannot be delivered to our customers (for whatever reason) we are committed to taking the necessary steps to ensure they receive the proper credit.

NECTA believes that this proposed change should not apply to cable companies because our customers are already effectively protected by the state's existing outage credit law. Pursuant to the provisions of 16-331L, cable companies are required to provide outage service credits to customers in circumstances where they experience a service outage for more than 24-hours. The current outage credit structure has been in place since 2007, and was modeled on 16-333e(b), that was in existence for many years.

The experience of our customers following Tropical Storm Irene and the October Storm demonstrates the fact that the current outage credit law is working. Under the regulatory oversight of the Public Utility Regulatory Authority (PURA), cable operators provided customers with over \$3.6 million in outage credits following Tropical Storm Irene and the October Winter Storm. It should be noted, that following each storm, PURA took formal action to obtain information (publicly filed with the agency) to ensure that each cable operator was meeting its statutory obligations. Our compliance with the outage credit statute is being reviewed by PURA as part of the agency's ongoing comprehensive Storm Outage Review docket.

Significantly, last year the Attorney General's office concluded that the cable industry routinely exceeded its statutory and contractual obligations. Attorney General Jepsen stated that:

"After determining that their Connecticut customers lost service, these companies [cable television companies] put their customers first. They recognized the real hardships many people across the state experienced from an extended loss of power following the Oct. 29 snowstorm. The companies should be recognized and commended for doing the right thing," See attachment, "Attorney General Providers for Storm-Related Customer Credits."

In today's highly competitive telecommunications marketplace, the cable industry must work hard to ensure that customers are satisfied with our service or we will lose them to competitors

such as satellite companies, telephone companies and online video services like Netflix, Hulu, Roku and many others. As result, consumers have the ability to aggressively advocate for their interests on outage credits (as they do on other service quality issues) to ensure they are only paying for services that were actually delivered to them. As general rule, cable operators make every reasonable effort to address their concerns and complaints to make sure we retain them as satisfied customers.

In addition, subsection (a) of Section 3 of HB 5542 is unreasonably punitive and discriminatory against one segment of the business community. Late fees are necessary charges to recover the costs and administrative processes associated with customers who do not pay their bills on time. Assessing a late fee helps direct these costs to the responsible party instead of making the on-time paying customers bear the burden of higher administrative expenses caused by someone else.

Cable companies typically bill fifteen to thirty number of days in advance. Even a temporary disruption to mail services due to a storm should not have an impact on customers' ability to make a timely payment. In those unusual circumstances where a customer's payment might get delayed due to trouble with mail service, cable companies must have the flexibility to assess those situations on a case-by-case basis and make adjustments as necessary to satisfy its subscriber. Establishing a blanket rule would limit that flexibility and instead direct resources away from situations where they might otherwise voluntarily waive a late fee for a customer in good standing that typically pays on-time.

Finally, establishing such a rule for cable companies and utilities when no such rule exists for other industries – such as credit card companies, banks, satellite television, wireless telephone and government – all of which typically assess late fees for untimely payments appears to single out one segment of the business community in a punitive way for events outside their control. Unless the state, as a matter of policy, believes that a disruption in mail service due to a storm should excuse the assessment of late payments assessed by all businesses than it would be inappropriate and unreasonable to discriminate against utilities and cable companies in the manner contemplated by subsection (a) of Section 3.

Conclusion

NECTA opposes the proposed changes to the state's outage credit statute that are contained in

Section 3 of HB 5542. We believe the existing outage credit law already effectively ensures that cable customers are appropriately compensated for service disruptions that exceed 24 hours in duration. NECTA also opposes the elimination of late fees under certain circumstances in subsection (a) of Section 3 of HB 5542.



STATE OF CONNECTICUT
ATTORNEY GENERAL GEORGE JEPSEN

November 22, 2011

**ATTORNEY GENERAL COMMENDS SERVICE PROVIDERS
FOR STORM-RELATED CUSTOMER CREDITS**

(HARTFORD) – Attorney General George Jepsen Tuesday commended those cable, satellite television and telecommunications companies providing storm-related credits to Connecticut customers, which in many cases, exceed what the law and their service contracts required.

“After determining that their Connecticut customers lost service, these companies put their customers first. They recognized the real hardships many people across the state experienced from an extended loss of power following the Oct. 29 snowstorm. The companies should be recognized and commended for doing the right thing,” Attorney General Jepsen said.

The companies responded to letters the Attorney General sent on Nov. 10, encouraging them to provide full, pro-rata credit to Connecticut customers who were unable to access their services because they had no electricity or their service was interrupted. The Attorney General had also asked that the credits be given without the need for individual requests by customers.

Most of the companies said they were willing to provide those credits to customers, but in some cases, were unable to accurately track which customers were without service and for how long. They said customers should call to report the period they were without service and credits would be issued accordingly.

“Now that power has been restored, I urge Connecticut consumers who lost services to contact their service providers to make sure they receive the credits now being offered,” Jepsen said.

The companies providing positive responses and their policies include:

AT&T: “We will give U-Verse TV customers in Connecticut who experience a service outage for longer than 24 hours a pro-rated credit. In addition, we will voluntarily give similar credits for U-verse Voice and U-verse High Speed Internet service customers who experienced a service outage for longer than 24 hours. Customers are not required to take any action: the credits will be applied automatically on the customer bill for impacted customers within the next several billing cycles.

“In addition, as we did following Tropical Storm Irene, we will give traditional AT&T residential telephone customers whose service is out longer than 24 hours a pro-rated credit if the customer reported the outage us.

“If a customer has other concerns about service outages, the customer should contact us at 1-800-288-2020 and talk directly to a service representative. If a customer has questions about their wireless service, they should call 1-800-331-0500.”

Cablevision: "In light of your letter and the extraordinary circumstances surrounding the storm, the company will grant customers credits for services, if they were unable to access their services due to a power outage. While Connecticut law provides for consumer credits for qualifying outages for cable service only ... Cablevision has been providing a credit to customers on an individualized basis for all their services. Customers will be credited when they notify us that they had a service outage. We are extending our normal period to request refunds to 45 days from the date of the storm."

Charter Communications: "Our customers are the focus of our business, and in these difficult circumstances we are providing full credit to all of our customers who report their outage. To receive a credit for time without service, all Charter customers need to do is call us at 1-888-438-2427 or visit one of our three local offices to request credit. We are providing credit to customers for the entire time they were without service, from the time they lost power to the time their Charter services were fully restored, and we are providing credit for all services."

Comcast: "Comcast fully complies with, and exceeds Connecticut law with respect to issuing pro-rata credits to customers who have experienced service outages. Comcast cannot affirmatively identify the extent to which each and every customer was impacted by the storm, and since each customer's situation is different, Comcast assesses credit requests on a case-by-case basis in order to determine the appropriate credit for the customer. In order to receive a credit, a customer must contact Comcast and identify the time period during which they did not have access to Comcast services."

Cox Communications: "Cox has adopted a simple, fair and straightforward policy with respect to service credits for the winter storm; we will issue credits for lost service on an individual customer basis for the period of time that a customer was unable to use Cox services, even if the cause of the service disruption was due to the loss of commercial power. This policy applies to Cox's cable, telephone and high-speed Internet services. ... We need our customers to call us after their service is restored to report that they were without Cox services, and for how long. We then credit their accounts from the time of the service outage until service was actually restored."

Dish Network: "DISH subscribers who indicated that they were without service due to the storm were provided a credit for their time without service. In addition, DISH subscribers who needed to suspend their service due to storm damage were allowed to do so at no charge. Further, DISH has waived service and equipment fees for subscribers who needed to have their satellite equipment realigned, reinstalled or repaired due to the storm."

MetroCast Communications of Connecticut: "In the case of service outages caused by [the Oct. 29 storm], as soon as one of our customers notified us of an interruption in service (even if caused by a loss of commercial power), we issued a credit for all services lost. The credit equals a prorated amount of the affected customer's monthly charges for all MetroCast services, calculated based on the number of days during which such services were interrupted, and are included in the customer's next invoice."

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