

Legislative Memorandum from:



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COMMENTS ON THE FOLLOWING LEGISLATION

Raised Bill Number 5542

AN ACT CONCERNING STORM PREPARATION AND EMERGENCY RESPONSE

Before the Joint Committee on Energy and Technology - March 20, 2012

This bill would require the Public Utilities Regulatory Authority ("PURA") To disclose the salaries of certain executives of public utility holding companies, to limit the ratepayer funds used to compensate such executives, to credit certain utility customers for food losses during prolonged service outages and to require certain utility companies to waive late fees and credit customers during prolonged service outages.

Verizon opposes Section One because this legislation would interfere with and place overreaching regulations on a company's ability to attract and retain qualified management professionals. In a competitive environment, imposing unnecessary regulations on Verizon is inapposite since we no longer operate in a traditional rate-of-return manner. Verizon does not have "ratepayers" like the electric utilities, who are still guaranteed a rate-of-return. Investments Verizon makes are at the risk of our shareholders, not our customers or the "ratepayers" of the past when we were operating our company in defined service areas as a monopoly. 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. Applying this provision to Verizon today, does not make sense and we respectfully suggest telephone providers be exempted under this section just as the cable industry is rightly treated.

Verizon also opposes Section Three because it 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, Verizon provides good customer service to its customers. We forgive late fees and issue credits to customers' accounts under many different

circumstances as a gesture of good will and to retain customers. In a competitive market, Verizon should be permitted the freedom to issue credits as we feel appropriate under the circumstances. In addition, this measure undermines a national policy that Verizon Wireless has adopted in its customer agreement that customers sign, on credit for dropped calls and on late payment charges. The proposal creates a different policy in one state that will negatively impact the consumer economic benefits of a national uniform policy. Verizon Wireless not a monopoly public utility and competes aggressively against other wireless providers who all have national consumer-friendly policies, practices and products to win in the marketplace. Different requirements in each state will only lead to customer confusion and added cost.

For all the above reasons, Verizon respectfully requests that this measure not advance.