

STATE OF NEW YORK

Public Service Commission

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GREATER COMPETITIVE FLEXIBILITY CONSIDERED FOR VERIZON — Possible Reporting Changes Designed to Keep Pace with Dynamic Telecom Industry —

Albany, NY—06/17/10—The New York State Public Service Commission (Commission) today began a process which could potentially lead to the adoption of a service quality improvement plan for Verizon, the state's largest wire-line telephone company, that would satisfy the Commission's core interest of protecting customers while at the same time allowing competition to set the level of service quality whenever possible.

“The ability of Verizon to retain existing customers and obtain new customers in a competitive market rest on a combination of factors, including its mix of service offerings, price and service quality,” said Commission Chairman Garry Brown. “While we continue to ensure adequate service quality, it appears that our service quality regulations have not kept pace with the level of competition in the telephone market. This proposed course of action will help assure adequate service quality protections for vulnerable customers who rely on Verizon's traditional wire-line service while giving Verizon flexibility to compete in the market.”

As part of the proceeding, suggestions will be sought as to possible changes to Commission regulations regarding the mandated time it takes for Verizon to repair certain customers' telephones. The change would provide additional flexibility to Verizon in its ability to manage its repair workforce and allow the company to focus on core customers.

On an aggregate basis, Verizon met the Commission's telephone service standards during the first quarter of 2010. It continues to perform well with respect to customer trouble report rate, which is the primary indicator for network reliability. However, Verizon has been struggling to meet requirements related to the timeliness of repair, measured by the percentage of out-of-service troubles not cleared within 24 hours and within 48 hours.

Verizon contends that the timeliness of repair metrics are outdated and do not reflect the profound market technology and customer preference changes that have occurred in the last two decades.

The company notes that the timeliness of repair metrics were established in the 1970s, a time when customers did not have immediate alternatives (e.g., cell phone, instant messaging, etc.) or alternative service providers (e.g., customers can leave and select other companies if they are dissatisfied). Thus, the company argues, customers are now less impacted by being out of service than they used to be, and, in fact, many customers request a repair interval greater than 24 hours for their convenience.

The Commission's service quality metrics were last updated in 2000. Verizon wants to revise the way timeliness of repair is measured. The company is proposing to exclude instances where customers request or accept repair appointments beyond the 24 hour and 48 hour windows and in "no access" situations, where Verizon is unable to enter a customer's premises or obtain access to the necessary facilities.

Another possible change considered would be to limit the existing timeliness of repairs rules to core customers, or customers who may not have wire-line alternatives, subscribe to Lifeline service, or are characterized as having special needs.

In addition to directing Verizon to amend its service quality improvement plan, the Commission will invite interested parties to comment on the proposed amendments as well as the continued merit, relevancy and need for enforcement of the answer time and installation metrics, and the refocus of resources and focus to core customers.

The Commission's decision today, when issued, may be obtained by going to the Commission Documents section of the Commission's Web site at www.dps.state.ny.us and entering Case Number 10-C-0202 in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission orders may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).