

STATE OF NEW YORK

Public Service Commission

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FOR RELEASE: IMMEDIATELY

08119/08-C-0405

VERIZON'S SERVICE QUALITY MEETS STANDARDS

— Company Improves Overall Performance, Some Improvements Still Needed —

Albany, NY—11/12/08—The New York State Public Service Commission (Commission) today received a report from Staff of the Department of Public Service (Staff) indicating Verizon New York Inc.'s service quality performance, as measured under the Commission's service standards, met most of the thresholds for performance this quarter.

“Overall, Verizon met the Commission's performance threshold for service quality 90 percent of the time,” said Commission Chairman Garry Brown. “While there was slippage in this quarter as to how quickly lines are repaired in some parts of the state, we anticipate Verizon will devote the needed attention to return service levels to meet our expectations.”

According to Staff's findings, Verizon achieved its best aggregate, statewide third-quarter performance in the last five years on its customer trouble report rate (CTRR) metric. However, performance in other service quality metrics declined in the quarter.

Under the Commission's standards, 80 percent of lines that are out-of-service are expected to be repaired within 24 hours. The Commission's telephone service standards require all local exchange carriers to report customer trouble report rates.

Since Verizon serves more than 500,000 access lines, it must also report on eight other metrics of the telephone service standards, addressing such issues as the timeliness of repairs and installations, responsiveness of customer call centers, and network call completion performance.

Detailed results by metric and entity are measured as required by the service standards and tracked by Staff. The service standards contain four groups of metrics measuring maintenance, installation, network, and answer time performance, and other regulatory requirements related to service quality.

Verizon's service quality performance is measured under two CTRR metrics. One CTRR metric measures Verizon's group performance for all of its 539 central offices, in which 85 percent are expected to meet a threshold of 3.3 or less trouble reports per hundred access lines per month. The statewide metric was not met in any month this past quarter, primarily due to widespread inclement weather conditions throughout the state. However, on an overall basis, the company achieved its best statewide performance during any third quarter in the last five years on CTRR.

The other CTRR metric addresses individual central offices, in which each central office is expected to meet a threshold of 5.5 or less trouble reports per hundred access lines per month. Eleven central offices had to file service inquiry reports for consistently exceeding the individual central office threshold level as a result of bad weather this quarter. The affected central offices are smaller and primarily serve more rural areas. Staff continues to analyze the performance associated with these smaller, more rural central offices.

Turning to performance regarding timeliness of repairs, Verizon met the established monthly thresholds during this quarter in its twenty-eight repair service bureaus 58 percent of the time. This quarter's performance was down from last quarter's 90 percent and lower than the comparable third quarter 2007 performance of 80 percent.

Timeliness of repair performance was down in July and August compared to the long-term trend due to the previously mentioned weather impacts. Also, during the summer months of this year, Verizon did not retain temporary workers as it had in prior years. Verizon continues to perform targeted plant replacements, utilize overtime, and borrow force from other areas and functions in an attempt to maintain performance in this category.

Staff in its report noted that the overall performance for timeliness of repairs is in decline. Staff has met with Verizon on this issue to discuss the company's efforts to address this situation and it reviews the company's plans in this regard. Staff, however, anticipates that Verizon will provide the necessary attention to this issue on a going-forward basis.

In December 2006, the Commission directed Verizon to focus on, among other things, seven repair service bureaus—South Nassau, South Westchester, South Queens, North Queens, North Nassau, East Suffolk, and North Westchester—that had chronic poor out-of-service greater than 24 hours performance during the preceding two years.

In response to the Commission's December 2006 Order, Verizon filed a Service Improvement Plan in February 2007, to address the Commission's service quality concerns. The Commission accepted the company's two-year plan in March 2008. Six of the seven bureaus performed substantially the same or better on the out-of-service over 24 hours metric for this quarter as compared to the same period last year.

Also, as a group, the seven targeted repair service bureaus achieved their best performance during any third quarter in the last five years on the service standard out-of-service over 24 hours metric.

Verizon serves approximately 6.4 million access lines from 539 central offices. It is the largest incumbent local exchange carrier in New York State serving about 75 percent of the access lines in the state.

Staff's report concerning the quality of telephone service provided by Verizon during the third quarter of 2008, when available, may be obtained from the Commission's Web site at www.dps.state.ny.us by accessing the Commission's Documents section of the homepage and referencing Case 08-C-0405. Many libraries offer free Internet access. Staff's report may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).