

STATE OF NEW YORK

Public Service Commission

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VERIZON'S SERVICE QUALITY PLAN REVISED — Plan Focuses Service Quality Improvements on “Core” Customers —

Albany, NY—12/16/10—The New York State Public Service Commission (Commission) today approved Verizon New York Inc.'s (Verizon) revised Service Quality Improvement Plan (SQIP) to comply with the Commission's recent directive to focus service quality improvements on “core” customers — residential and business customers without competitive wireline alternatives and those on Lifeline or characterized as having special needs.

“In the recent past, we concluded that for many of Verizon's customers there was a diminishing need for regulatory action to ensure timely repairs due to the prevalence of competitive telecommunications alternatives,” said Commission Chairman Garry Brown. “Therefore, our action provides Verizon with the ability to focus on core customers to help assure adequate service quality protections for vulnerable customers or for those who rely exclusively on Verizon's traditional wireline service, while providing the company additional flexibility to compete.”

In recognition that the Commission's service quality regulations have not kept pace with the level of competition in the telephone market, the Commission required Verizon to file a revised SQIP consistent with its June 2010 Order (Case 10-C-0202).

The revised SQIP provides for identification of a group of core customers who either lack adequate access to competitive alternatives or are particularly vulnerable by reason of poverty, age, or disability; a plan for meeting timeliness-or-repair metrics for such core customers; and

significant streamlining of service quality reporting requirements with respect to non-core customers.

The Commission today strengthened Verizon's revised SQIP. If the company fails to meet timeliness of repair performance thresholds, a show cause order would be issued which would require Verizon to demonstrate why a penalty action should not be commenced by the Commission. The penalty provisions will become effective beginning March 2011.

In other matters regarding Verizon, the Commission received a report (Case 10-C-0017) from Department of Public Service staff indicating that Verizon's service quality performance, as measured under the Commission's service standards, generally met most of the thresholds for performance during the third quarter. While there was improvement in the number of customer trouble calls, the company's timeliness or repairs declined. Results of service quarter reporting do not reflect changes adopted by the Commission in Verizon's revised SQIP discussed above.

In another report to the Commission, Staff indicated that it has tentatively concluded that Verizon has met the requirements for termination of its Network Review Plan (NRP), subject to certain conditions. The NRP was implemented to address issues related to the installation of the Verizon's fiber-to-the-premises (FiOS) network in various communities across New York (Case 08-V-0835). Also, Staff recommended the Commission provide an opportunity for comments regarding the findings of an independent audit of the company's FiOS installations before making any final decisions to terminate the NRP and implement a Supplemental Remedial Plan (SRP) to address the audit findings and other concerns, going forward.

Additional information concerning any of the above-referenced matters can be obtained by going to the Search section of the Commission Web site at www.dps.state.ny.us and entering the appropriate case number in the input box labeled "Search for Case/Matter Number." Many libraries offer free Internet access. Commission documents may also be obtained from the Commission's Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500).