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Revised Verizon pact draws concern

Consumer watchdog urges state to avoid deregulation

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Critics of a revised settlement agreement that would resolve outstanding issues with Verizon say state regulators should not deregulate any telephone services.

"Maryland can do better than this deal with Verizon," said Rion Dennis, political director of Progressive Maryland.

The original agreement was negotiated by Verizon, the staff of the Maryland Public Service Commission and the Office of the People's Counsel, which represents consumers. It tackled several concerns before the commissioners, including complaints from customers who were left without service for long periods and the prices that consumers pay to maintain local calling rates to a different geographical area.

It also provided \$100,000 to promote the low-cost "Lifeline" telephone service available to low-income Marylanders and called for deregulating some bundled telephone services.

Verizon said that deregulating these bundled plans would give it price flexibility in a market where consumers can choose to make calls via cable, wireless or voice over Internet. In the spring, the office of the People's Counsel said the agreement guaranteed continued access to traditional landline services and reasonable pricing while forestalling complete deregulation.

But in April, commissioners rejected the agreement, stating in a written order that Verizon needed to pay higher penalties to consumers if it continued to fail to restore telephone service promptly. The original agreement called for \$1 million in bill credits to those who had been left without service for days or where technicians failed to show up to appointments, plus \$1 million for each quarter if Verizon continued to fall short of standards.

The commission stated the penalties were too low to motivate Verizon to comply with state regulations to properly maintain service. In the new agreement, Verizon increased the amount of bill credits it would pay to customers from \$4 million to \$6 million. It also adjusted the standards so that the company couldn't improve its average response times by including repairs to business customers.

Verizon's revised agreement links the ability to raise basic residential telephone rates to whether Verizon meets expectations about response times, said Karen Campbell, Verizon's vice president and chief policy officer for the Maryland and Washington region.

If the company meets those requirements, the plan also would allow Verizon to raise basic monthly telephone rates annually by up to \$1.

"We lose the ability to increase any basic residential rates to the extent that we don't meet service quality standards in the revision," she said.

The commission will expect rebuttal testimony by the end of the month and will issue a written order.

Dennis' organization calls for the PSC to compel Verizon to take a number of steps, including increasing penalties to the level of price increases and studying its copper network to determine what would be required to maintain the system. "We believe some very vulnerable communities will be affected by this," he said, including seniors and residents in rural areas or Baltimore, which have no access to FiOS services, or fiber optic service that provides television as well as Internet and telephone.

Mark Balsamo, the president of a chapter of the Communications Workers of America that represents 1,200 Verizon workers in Maryland, spoke at a news conference Friday. He said the company has shifted workers from maintaining basic telephone service delivered over copper wires to FiOS installation. Verizon also announced layoffs of 1,078 positions, about 670 of them technicians based in Maryland.

"Our customers deserve better service than they've gotten," Balsamo said.

Verizon spokesman Harry Mitchell said the company identified 8,000 surplus positions nationwide. "We need to be able to adjust our force," he said. "We don't do these things in a vacuum. We have to look at customer service, and maintaining and providing good customer service is top of mind for us."

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