

**Legislative Memorandum from:**



**April Horton**  
Director  
State Government Affairs  
New York & Connecticut

3050 Cruger Ave  
4<sup>th</sup> Floor  
Bronx, NY 10467  
(212) 321-8388

**OPPOSING THE FOLLOWING LEGISLATION**  
**A6239 (Assemblyman Dinowitz)**  
**S4550a (Senator Savino)**

This bill seeks to amend the executive law and public service law to create the State Office of the Utility Consumer Advocate. The bill's sponsors claim that New York State does not have an independent state agency that represents the interests of residential utility customers, and thus the Utility Consumer Advocate would serve as an independent advocate.

Verizon opposes this bill because it creates an additional redundant and unnecessary agency to be funded, in part, by telephone corporations, based on the false premise that the interests of residential utility customers, including telephone customers, are not adequately represented, or even capable of being represented, by existing state regulatory agencies.

NYS Public Service Commission

Utility customers in New York State are already represented by the Public Service Commission. In addition to its general obligation to render decisions consistent with the public interest – which includes the interests of residential utility customers – the counsel to the Commission is expressly charged with “represent[ing] and appear[ing] for the people of the state...in all actions and proceedings involving any questions” under the Public Service Law, and if directed, with intervening in any action or proceeding in which any such question is involved, and prosecuting and expediting such actions and proceedings. (PSL Article 1, Section 12).

The Office of Consumer Services as defined on its website, “assists consumers in resolving complaints with their regulated utility company and ensures that utilities comply with consumer protection rules and regulations.” This branch of the Public Service Commission is tasked with insuring that utility companies regulated by the Public Service Commission are responsive to the needs and concerns of their consumers and to the public. Of course, in the telecommunications market in New York, the highly-competitive nature of that market further insures that providers of those services will be responsive to the needs of their customers.

Pursuant to Section 18-A of the Public Service Law, telephone companies like Verizon, along with non-telephone utility companies, are already assessed annually to support the Commission's operations. In 2009, this amount was tripled and an additional 1% was piled on top of and swept into the general fund. This year's Executive Budget contemplates rolling back the

surcharge slightly for all customers and eliminates it for industrial customers. At a time when New York is trying to be more business friendly and reduce regulatory burdens on companies doing business in the state, this proposal goes in the wrong direction.

Unfortunately, A6239/S4550a relies on 18-A for funding this new state entity. This expanded assessment would need to be approved by many members of the legislature that have voiced opposition to the expansion of the 18-A surcharge -- and to raise taxes on the very group of customers that the supporters claim to protect in order to create a redundant consumer advocate office. Moreover, the Commission is not the only existing agency charged with protecting the interests of residential utility customers in New York State. Others include:

New York Department of State, Division of Consumer Protection

The Utility Intervention Unit: Represents consumers at utility rate and policy proceedings before state and federal regulators to advance cost effective and quality service.

New York State Attorney General's Office, Consumer Frauds and Protection Bureau

The Bureau of Consumer Frauds and Protection, part of the Economic Justice Division, prosecutes businesses and individuals engaged in fraudulent, misleading, deceptive or illegal trade practices. In addition to litigating, the Bureau mediates thousands of complaints each year from individual consumers.

Telephone corporations like Verizon provide services in a highly-competitive market. Creating yet another agency to perform activities that are already within the scope of the Commission or addressed by other existing state agencies, and doing so at the expense of telephone companies in addition to gas and electric utilities, is completely unnecessary, and inconsistent with the Governor's mandate to reduce government waste.

For these reasons, we respectfully urge the defeat of this bill.