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May 15, 2013

The Honorable Jeffrey Cohen  
Acting Secretary  
New York State Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223

Re: 13-C-0197 VERIZON NEW YORK INC

Dear Secretary Cohen:

On May 3, 2013, Verizon New York Inc. ("Verizon") submitted a proposed tariff setting forth the standards and conditions that would allow it to discontinue wireline service and instead offer wireless service as its sole service offering in any particular area. The proposed tariff also requests authorization to provide a wireless service, "Voice Link",<sup>1</sup> as the sole offering in the Western portion of Fire Island. The Attorney General's Office ("OAG") requests that the Commission not take formal action on Verizon's proposed tariff at the Commission's May 16, 2013 meeting, and instead set a schedule for an in-depth review of the proposal.

As proposed, the tariff applies to any New York area where Verizon has its franchise. Paragraph C.3 provides:

The Telephone Company may offer service using wireless as its sole service offering in an area if the company: (a) certifies and demonstrates that a substantial portion of its facilities in the area is destroyed, rendered unusable, or beyond reasonable repair, or (b) demonstrates that the use of wireless to serve specified customers, or groups of customers, is otherwise reasonable in light of the geographic location, the availability of competitive facilities to serve those customers or groups of customers, or in light of other criteria acceptable to the Commission.

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<sup>1</sup> Voice Link is a hybrid voice-only service that transmits calls wirelessly to the customers' premises where it is then delivered by wire to traditional home telephones. It requires installation of a device in each customer's building that is plugged into a power source and contains backup batteries that allow it to operate for a limited time if power is lost.

Changing from wireline to wireless service has great significance to hundreds of thousands of Verizon's New York customers. Yet, as drafted, the proposal is not sufficiently developed to clearly outline when such a change would be warranted. For example, the proposal lacks any definition of what "criteria" would suffice to expand the wireless service, or what standards would apply to "availability of competitive facilities." As such, before the Commission sets the standards that will be used to allow these types of significant changes, any decision should have the benefit of a complete and thorough analysis, as well as public review. That review would provide time to evaluate the benefits and detriments of this service proposal, and clarify the proposed criteria and standards. We strongly recommend that the Commission take action on Verizon's proposal only after a full record has been compiled, with reasonable opportunity for public input and interested parties to examine Verizon's factual assertions.

The Commission has long encouraged telephone carriers to provide customers with facilities capable of supporting Internet access so that residents and businesses may fully benefit from Internet usage. Until now, Verizon and other New York landline telephone service providers have maintained traditional copper wireline networks that enable customers to access a variety of communications services and features. However, wireless services such as Voice Link would have the effect of eliminating Digital Subscriber Line ("DSL") access to customers who rely on this as their sole means to connect with the Internet. In rural areas where no FiOS or cable Internet alternative is available, such customers would be denied any viable means to use the Internet for distance learning, shopping, job searching, research, keeping in touch with friends and family, interacting with government agencies, etc. Wireless service such as Voice Link would also deny other communications services to customers including fax machine transmission, medical alert and home alarm systems. In the modern age, this is a serious hardship that demands careful evaluation before the Commission adopts the proposed tariff.

Furthermore, unlike the traditional copper wireline network, which is self-powered, Voice Link requires connection to an electrical outlet in the customer's home or business. This increases customers' vulnerability to power outages. Despite the battery backup feature of Voice Link, if utility electric power is interrupted, customers would be limited to two hours of talking time. This would be inadequate during prolonged outages. In just the last two years, in the aftermath of Hurricane Irene and Superstorm Sandy, New Yorkers experienced how their lives can be disrupted and their ability to cope in emergencies made more difficult without working telecommunications, particularly as power outages continued for many days and even weeks. Similar prolonged power outages have caused Upstate residents extreme hardship after ice storms and river flooding events. We are concerned that the short-duration battery backup feature of Voice Link will not adequately serve customers during major disasters and emergencies, when they most need telecommunications to protect their health and safety and reach family members.

OAG is particularly concerned that Verizon will rely on this provision to abandon its copper landline network in rural areas across New York. Verizon CEO McAdam publicly announced last year that the company wished to replace landline with wireless service wherever it had not built FiOS facilities, which includes most of the company's New York service territory:

[T]he vision that I have is we are going into the copper plant areas and every place we have FiOS, we are going to kill the copper. We are going to just take it out of service and we are going to move those services onto FiOS. We have got parallel

networks in way too many places now, so that is a pot of gold in my view.

And then in other areas that are more rural and more sparsely populated, we have got LTE built that will handle all of those services and so we are going to cut the copper off there. We are going to do it over wireless.<sup>2</sup>

Given the short notice period, neither the OAG nor other interested parties have had a reasonable opportunity to fully evaluate these effects on consumers nor how Voice Link service might impact small business customers. Before action is taken on the proposed tariff, the Commission should seriously weigh the effects of losing wireline services on all customers, and evaluate the effectiveness of any alternatives that may be available. Also, because Verizon states, "Voice Link pricing will generally be aligned with the pricing of current landline service packages," the Commission should weigh whether it is reasonable to charge the same amount for Voice Link service that lacks so many valuable features included in the traditional landline rates.

Regarding the request to discontinue service in Fire Island, although Verizon raises valid points, the Commission should at a minimum closely review Verizon's assertion that Voice Link is more reliable than traditional wireline networks in coastal areas susceptible to severe storms. There are many critical questions that need to be answered. For example, has Voice Link been demonstrated to have greater storm-resistance capability over landlines? It is worth noting that during Hurricane Irene and Superstorm Sandy, many wireless cell sites lost service along with landline networks. Has the PSC investigated whether there are reasonable means available to make copper landline networks more storm resistant? In other equally vulnerable parts of the country, such as the Florida Keys, utilities use concrete poles that can withstand high winds in place of wooden poles. Perhaps such storm hardening of Verizon's wireline service would provide more reliable and better public service than Voice Link.

Such a large scale change for so many customers should not be approved without careful analysis and deliberation. For the reasons stated above, the Attorney General's Office requests that Verizon's tariff proposal not be approved in a summary manner, and that no action be taken until after hearings and a record have been compiled that allows the Commission to weigh all aspects of the proposal.

Sincerely,



Keith H. Gordon  
Assistant Attorney General

CC: Keefe B. Clemmons,  
Verizon Counsel

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<sup>2</sup> See Thompson Reuters Street Events Edited Transcript of June 21, 2012 1:00 P.M. G.M.T interview of Verizon Chairman and CEO Lowell McAdam at Guggenheim Securities Symposium.