



# **2004 - 2005 Annual Report**

New York State  
Department of Public Service  
Public Service Commission

*George E. Pataki, Governor*  
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## ELECTRIC

### Wireless Equipment Attachment to Niagara Mohawk Transmission Towers

The Commission in April of 2004 approved a set of comprehensive procedures designed to facilitate the attachment of wireless equipment to existing transmission towers and facilities owned by the Niagara Mohawk Power Corporation (Niagara Mohawk) throughout the state. The “wireless attachment procedures” address the need to protect the reliability of Niagara Mohawk’s existing transmission facilities, ensure a complete environmental review for each attachment proposal, and safeguard the utility’s property rights.

*“New York has always been a forward-thinking state. We believe that the future of wireless services will be marked by continued expansion and that the Commission can help ensure that such expansion in our state is in the public interest,” Commission Chairman William M. Flynn said. “These procedures can serve as a model for the sensible, cost-effective attachment of wireless equipment to utilities’ transmission facilities to help increase wireless coverage areas in New York.”*

While the Commission does not exercise regulatory authority over wireless services or the siting of wireless tower facilities, it does exercise authority over the use of regulated utility property. Niagara Mohawk had petitioned the Commission for permission to enter into agreements with wireless providers to attach equipment to the utility’s transmission facilities, leading to the set of procedures, developed in consultation with the Commission’s staff, on which the Commission made its determination. The wireless attachment procedures approved by the Commission apply not only to all new proposals by wireless service providers to use Niagara Mohawk’s transmission facilities, but also to all existing attachments to the company’s facilities.

## Transfer of Con Edison Properties in Manhattan

In May 2004, the Commission approved Consolidated Edison of New York, Inc.'s (Con Edison) sale of four properties on First Avenue in New York City to East River Realty Company, LLC (ERRC), formerly known as FSM East River Associates, LLC).

The First Avenue properties that were no longer needed to support Con Edison's utility operations comprised of approximately 9.2 acres and included the former Kips Bay Generating Station site (616 First Ave., between 35<sup>th</sup> and 36<sup>th</sup>), a parking lot (685 First Ave., between 39<sup>th</sup> and 40<sup>th</sup>), the Waterside Steam Station (700 First Ave., between 38<sup>th</sup> and 40<sup>th</sup>), and a former office building site (708 First Ave., between 40<sup>th</sup> and 41<sup>st</sup>).

*"In determining whether to approve this sale, we had considered many factors, including Con Edison's need for the property, the manner in which the sale was conducted, potential environmental impacts, and the interests of ratepayers, the city the State and the local community," said Public Service Commissioner William M. Flynn. "The decision represents the culmination of years of work by Department Staff, the community, Con Edison and ERRC, and I think it's fair to say that we conducted a comprehensive and exhaustive assessment of implications of the proposed sale and subsequent redevelopment of the properties."*

The sale price for the properties was anticipated to range from \$300 million to about \$680 million, depending on the level of rezoning approved by New York City. After deducting the net book costs of the properties and other costs associated with the sale transaction, the remaining net proceeds from the sale were to be retained and used for the benefit of Con Edison ratepayers. The Commission deferred consideration of the accounting and rate treatment of the net proceeds until the rezoning process was completed and the transaction was consummated.

## Aggressive Renewable Energy Policy for New York State

In September 2004, the Commission approved a renewable energy policy designed to increase to at least 25 percent by 2013 the proportion of electricity sold to consumers in New York

State that is generated from renewable resources. By establishing a policy framework that seeks to increase the amount of renewable energy purchased by consumers from 19.3 percent to at least 25 percent by the end of 2013, New York State, under Governor George E. Pataki's leadership, had yet again demonstrated its commitment to pursuing a comprehensive energy strategy that includes the use of clean, environmentally sound energy technologies to meet its future energy needs.

*"The development and use of more renewable energy resources has been a long-standing policy objective of New York State, and Governor Pataki strengthened that commitment when he proposed the 25 percent goal in his 2003 State of the State address," Commission Chairman William M. Flynn said. "The policy we approved balances a wide range of interests. Not only will it help us meet our growing demand for electricity, but it also will provide additional benefits by increasing fuel diversity for our state's generation portfolio, reducing our exposure to fossil fuel price spikes and supply interruptions, increasing economic development activity from a growing renewable energy industry, and improving our environment. Our decision was based on a detailed examination of the costs, benefits, and potential impacts on system reliability of implementing an efficient and forward-thinking renewable energy policy for New York State."*

To meet the 25 percent target, it was estimated that New York State would need to add approximately 3,700 megawatts (MWs) of renewable resource generation capacity. By 2013, the Renewable Portfolio Standard (RPS) Program was forecasted to reduce statewide air emissions of nitrogen oxide (NO<sub>x</sub>) by 6.8 percent, sulfur dioxide (SO<sub>2</sub>) by 5.9 percent, and carbon dioxide (CO<sub>2</sub>) by 7.7 percent, with a greater proportion of emission reductions expected in New York City and Long Island.

In addition to establishing the 25 percent goal and a start date of January 1, 2006, the policy framework addressed the fundamental components of New York's RPS Program, including: determining what types of facilities should be eligible for participation in the RPS Program, choosing an appropriate procurement structure, and identifying issues that must be addressed during the RPS implementation phase. Other key policy decisions included establishing two tiers of eligible resources, recognition of the importance of the state's existing green marketing

Program by relying on it to provide at least one percent of the renewable sales necessary to meet the overall 25 percent goal, and a commitment to a review of the RPS in 2009.

## Interconnection Standards for DG/On-site Power Systems to Local Utility Systems

Uniform electricity interconnection standards in the state were expanded by the Commission in November 2004, to facilitate the installation of larger on-site-power generators to help meet customers' power needs. This action was the latest in a series of steps based on a Commission initiative implemented in late 1999 that established technical standards—that is, an “interconnection protocol”—designated to make it easier for customers with “distributed generation” or “DG” units throughout New York State to connect their self-generating electric service to utility facilities to supplement power purchased from utilities or energy service companies (ESCOs).

*“Connecting a self-generating unit to a utility’s local delivery system presents technical and operational challenges,” Commission Chairman William M. Flynn explained. “As our staff monitored the experiences of customers throughout the state that have done so since we began this initiative, we noted refinements to our connection protocol that we could make to expand it. We’ve made it possible to accommodate even larger power generating units, while also opening up all of the local utility delivery systems in the state to such connections to provide more choice and flexibility to customers.”*

The Commission expanded the standard interconnection protocol from up to 300 kilowatts (kW) of electricity generated by DG systems to a maximum of two megawatts (MW) and facilitated their connection to all local utility delivery systems in the state. The new ceiling is intended to facilitate connection of larger commercial and industrial customers, such as manufacturing facilities or office buildings, who may wish to install on-site generators to control costs, improve reliability or diversify their energy purchases. The new interconnection standards apply to all DG technologies regardless of the fuel used to generate electricity, which is particularly beneficial to renewable technologies such as photovoltaics, small-scale wind turbines, or fuel cells.

## Rigorous Program of Annual Testing and Inspection of Electric Facilities

In December 2004, the Commission approved comprehensive electric safety standards designed to ensure the public safety of electric systems. The safety standards include requirements that the regulated electric utilities in New York State annually test all of their publicly accessible transmission and distribution facilities for stray voltage and inspect all of their electric facilities at least once every five years. To assure compliance with the safety standards, the Commission established strict recordkeeping, certification and reporting requirements and rate adjustments for failure to achieve specified performance targets for the testing and inspection programs.

*"The safe and adequate delivery of electric service is a top priority of this Commission, and the very thorough electric safety standards we approved reflect our commitment to New Yorkers everywhere to ensure that utility services are provided as safely as possible," Commission Chairman William M. Flynn said. "The Commission has broad, statutory authority under the Public Service Law to establish specific safety standards applicable to all electric utilities subject to its jurisdiction. The requirements we directed the utilities to meet constitute a comprehensive and rigorous stray voltage-related testing and inspection program."*

In response to the tragic death of Ms. Jodie Lane resulting from contact with a Consolidated Edison Company of New York, Inc. electric service box on January 16, 2004, the Commission directed Department of Public Service staff to examine Consolidated Edison's approach to safeguarding the public from exposure to stray voltage and to determine whether changes to that approach are necessary. In July 2004, the Commission expanded this matter to examine the stray voltage and other safety-related activities taken by all of the electric utilities subject to its jurisdiction. The safety standards were based on staff's investigation, on the results of stray voltage testing conducted by Consolidated Edison and other New York utilities, and on the public comments received since July 2004.



The safety standards contain a number of requirements governing regulated electric utilities, including annual stray voltage testing on electrical facilities to which the public is potentially exposed, regardless of whether they are served by underground or overhead systems. The testing is to be performed on all manholes, service boxes, transformer vaults, pad mounted transformers, poles and other facilities that conduct electricity and are readily accessible to the public. Also, each utility is required to test streetlights that it owns and municipal-owned streetlights and traffic signal poles to which it directly provides power.

### **Development of Renewable Energy Sources Accelerated**

Also in December 2004, the Commission accelerated a program to foster development of renewable energy generation in New York State in 2005, so that qualified generators could take advantage of federal tax credits scheduled to expire at the end of 2005.

The federal tax credits, known as the Production Tax Credit or “PTC,” held the potential of saving electricity customers throughout the state tens of millions of dollars by reducing renewable generating costs for individual projects. The New York State Energy Research and Development Authority had estimated total project cost savings, and thus customer savings, which could be in the range of \$97 million depending on the extent of renewable energy developed in 2005.

The December 2004 decision by the Commission advanced the implementation process so that projects could begin generating electricity by the end of 2005 to take advantage of the federal tax credits. Renewable energy resources eligible for the federal tax credits included wind, solar, landfill gas, and biomass. While certain renewable energy generators, including hydroelectric projects, were not eligible for the federal tax credits, they were still able to participate in the accelerated RPS procurement process.

### **\$6.5 Million in Tax Refunds to Central Hudson Customers**

Lastly in December 2004, the Commission approved a plan to allocate almost all of a \$6.5 million state tax refund, with interest, obtained by Central Hudson Gas and Electric



Corporation (Central Hudson) from the sale of its fossil-fuel electric generation facilities and its share of the Nine Mile Point Unit 2 nuclear generation facility, to the company's electric customers. Staff of Department of Public Service, New York State Consumer Protection Board, and Multiple Intervenors supported allocation of the \$6.5 million refund to Central Hudson's customers.

The \$6.5 million refund was to be placed in a Benefit Fund for future use to benefit Central Hudson's electric customers. As part of that customer benefit effort, about \$1.5 million would be used to reduce customer electric bills during the 2005 summer peak electric usage season in the form of a credit on bills. The individual amount of the credit, as well as the timing of it on summer bills, varied among customers depending on their usage and electric service category. A residential customer's credit appeared on bills in July and August. Commercial and industrial customers received a credit on their 2005 June, July and August bills.

## **PSC/NYSERDA Demand-Response Workshops**

The Commission and the New York State Energy Research and Development Authority (NYSERDA) in March 2005, conducted a workshop in New York City to provide an opportunity for facility and property managers of private and public companies, schools, local governments, colleges and universities to learn how to reduce their energy use and their energy bills, earn incentives for doing so under certain circumstances, and help strengthen the reliability of the state's electric system. This demand-response workshop, was just one element in the state's comprehensive Demand-Response Initiative designed to help New York meet its growing energy needs.

*"The state's demand-response programs are a critical component of our aggressive and comprehensive efforts to maintain system reliability and moderate price volatility when demand is high," Commission Chairman William M. Flynn said. "This workshop provides an opportunity for large-use energy customers to understand how demand response measures help meet the state's energy needs, maintain reasonable energy rates, and reduce customer operating costs."*

Since 2001, approximately 2,300 large-use energy customers throughout the state have participated in various New York Independent System Operator (NYISO) demand-response programs, realizing incentives totaling \$14.7 million for helping to reduce the average statewide peak demand for electricity by over 800 megawatts—enough electricity to meet the needs of about 800,000 residences.

To promote customer energy load-reduction use, the Commission, NYSERDA, and the NYISO have been instrumental in facilitating utility and state demand-response programs. The utility and state programs include: Emergency Demand Response; Distribution Load Relief; Voluntary Real-Time Pricing; Installed Capacity Program/Special Case Resources; Day Ahead Demand Reduction; Energy-Efficiency Programs; New York energy \$mart Peak Load Reduction; and, Steam Air-Conditioning.

### **New Three-Year Rate Plan for Consolidated Edison**

In March 2005, the Commission approved a three-year rate plan that established new electric service delivery rates for Consolidated Edison Company of New York, Inc. (Consolidated Edison) and included provisions to assist low-income customers, facilitate competitive supply choices for customers via the retail market, strengthen network reliability, encourage energy efficiency and strengthen and expand customer service performance mechanisms.

The rate plan provided for customer sharing of company earnings above certain levels, and substantially reduces the size of the delivery rate increase in comparison with the amounts originally requested by Consolidated Edison. Under the provisions of the rate plan, for the first time since 1992, Consolidated Edison's annual revenues from electric delivery service rates would increase by \$104.6 million starting April 1, 2005 and by \$220.6 million on April 1, 2007.

To help offset electric load growth expected over the next few years, thus reducing the need for additional central generation, distribution and transmission facilities, the rate plan established mechanisms to promote energy efficiency and the use of distributed generation and peak load management initiatives where it is cost-effective to do so. The rate plan continues and

strengthens customer service performance and system reliability targets designed to ensure that customers receive a high level of service and that outages are minimized to the greatest extent possible.

The approved rate plan contained funding for a \$37.5 million program to assist low-income electricity customers. This amount is in addition to approximately \$14 to \$15 million that the Commission previously allocated for the benefit of the company's low-income electric customers.

Under the new rate plan, customers can also take advantage of a new retail marketing program designed to increase competition and customer choice. Consolidated Edison is required under the rate plan to take a number of additional steps to facilitate energy competition in New York City and Westchester County, including a broad outreach and education program.

### **Flat Rock Wind Power Electric Transmission Line Project**

The Commission issued, with conditions, a Certificate of Environmental Compatibility and Public Need (Certificate) in April 2004 to Flat Rock Wind Power, LLC (Flat Rock) to construct a 10.3 mile-long overhead 230-kilovolt (kv) electric transmission line to connect the proposed Flat Rock Wind Power Generating Facility in the Town of Martinsburg to Niagara Mohawk Power Corporation's (Niagara Mohawk) 230-kV Adirondack -Porter Line in the Town of Watson, both located in Lewis County. The line would enable the transmission of electricity from a clean, renewable source to the New York State power grid. Also, the transmission line would be consistent with the state's current long range energy goals, including the objectives identified in the 2002 State Energy Plan.

The Flat Rock Wind Power Generating Project would consist of approximately 185 wind turbine generators with a total capacity of approximately 300 megawatts. The proposed project itself required certification by the Commission under Section 68 of the State Public Service Law.

## **Electric and Gas Rate Plans for RG&E, Sale of Ginna Generating Station**

In May of 2004, the Commission approved multi-year plans governing Rochester Gas and Electric Corporation (RG&E) electric and gas rates and the proposed sale of RG&E's Robert E. Ginna Nuclear Generating Station (Ginna Station) to R.E. Ginna Nuclear Power Plant, LLC, a member of the Constellation Energy Group, Inc. (Constellation).

Under the rate plans, RG&E would freeze electric and gas base delivery rates through 2008. The company also would be allowed to make certain changes in the way it collects supply costs and costs associated with retail access programs that enable customers to purchase natural gas and electricity from competitive suppliers. The new rate plans limit bill impacts to about 1.1% and 2.7%, for electric and gas customers, respectively. Further, the electric plan provides that \$343 million of the \$360 million in net proceeds from the sale of the Ginna Station would be used for ratepayer benefits, including \$110 million in customer refunds over the next three years.

Other key features of the electric and gas rate plans include: stronger service quality and reliability standards; infrastructure investment goals; an earnings sharing mechanism that will ensure customers receive a share of company earnings above specified thresholds; gas safety incentives; and, the creation and expansion of initiatives to promote competition and to facilitate the ability of energy services companies (ESCOs) to provide new choices to customers for energy supplies.

Under terms of the Ginna Station sale that the Commission approved, 90% of Ginna's available output would be sold to RG&E for 10 years. Constellation would offer employment to RG&E's Ginna plant work force (440 employees). For 18 months, Constellation would be required to provide the transferred employees total compensation that is comparable to what they were receiving prior to the transfer. Moreover, Constellation was required to extend identical employee pension benefits for a minimum of 54 months.

## **Kodak's to Provide Utility Services Within Kodak Park**

In July 2004, the Commission approved Eastman Kodak Company's (Kodak) request for a Certificate of Public Convenience and Necessity (Certificate) authorizing the company to provide electric, gas and steam services within its Kodak Park, an industrial and manufacturing site located in the City of Rochester. By allowing the company to provide utility services within the Kodak Park, it would provide incentives for businesses to locate there and encourage economic development.

At the time Certificate was issued, Kodak owned all the property within the park, and operated and maintained an extensive gas, electric, steam and water utility distribution system that provides utility services to a number of tenants. While Kodak's services to its tenants are not regulated under the Public Service Law, with the company's plan to sell real property within Kodak Park to third parties and provide the new owners with utility services, it must obtain Commission approval. By providing safe, reliable utility services to companies that locate in Kodak Park it would encourage economic development in the City of Rochester and surrounding areas.

## **Next Steps in the Evolution of Energy Competition in New York State**

In August 2004, based on a thorough examination of its pro-competitive energy policies, the Commission voted to adopt Policy Statements and an Order that further refine its goals for, and vision of, the future of competitive retail energy markets in New York State.

The Commission's policy vision and Order articulated the next steps to accelerate development of competition in the electric and natural gas markets, including direction to the nine largest electric and natural gas utilities in the state to develop individual plans to foster the further development of retail energy markets and to file in future rate cases a detailed analysis of their costs to be allocated between the utility's competitive and non-competitive services and products.

*"I think the fact that nearly 100% of the state's largest gas customers and 62% of the large utility-served commercial and industrial electric load are now being supplied by competitive energy services companies (ESCOs) is a testament to this state's approach to support long-term competitive markets," Commission Chairman William M. Flynn said. "However, we have always stated that this process is a marathon, not a sprint, and there is more work to be done, particularly for smaller-use, residential customers. Today's policy vision lays out a road map that will enable us to take the next steps so that all New Yorkers will benefit from the efficiencies, innovations and choices that are inherent in competitive markets. The bottom line is that robust competition, wherever feasible, should continue to be this Commission's long-range vision."*

The Commission's Policy Statement supported, among other competitive concepts: opening all utility retail functions – except the delivery of electricity and natural gas over local utility systems – to competition; continuing and expanding consumer outreach and education programs to keep consumers informed about developments and opportunities in the energy markets; increasing the number of large customers for whom utilities provide real-time – or spot-energy market – prices to foster the expanded use of new pricing alternatives offered by non-utility ESCOs such as fixed-price, real-time, peak and off-peak, hedged and other pricing options; and, developing statewide initiatives based on "best practices" that benefit customers.

## **Energy Supply Guide to Help Consumers Evaluate Electric/ Natural Gas Supply Offerings in the State**

In November 2004, the Commission provided an informational energy supply guide to help consumers throughout New York State as they consider choices for their electricity and natural gas supplies. The guide lists prices and other details of supply offerings from local electric and natural gas utilities and energy service companies (ESCOs) that compete with the local utilities to supply electricity and natural gas to customers.

The supply guide, would be updated monthly to reflect changing prices and supply and service offerings, as well as general information about competitive choices for energy supplies in New York State is available on the Commission's Web site at [www.AskPSC.com](http://www.AskPSC.com). Many libraries

offer free internet access. The guide and energy competition information can be obtained by mail through the Commission's toll-free consumer information line at 1-888-ASK-PSC1 (1-888-275-7721). The toll-free line can be called from anywhere within the state. The supply guide is based on information collected by the Commission's staff from electric and natural gas ESCOs that agreed to participate in its creation and from the local utilities, which provide gas and/or electricity supplies in addition to their delivery services.

## **RG&E Electric System in the Greater Rochester Area**

In December 2004, the Commission approved Rochester Gas and Electric Corporation's (RG&E) application for a Certificate of Environmental Compatibility and Public Need (Certificate) for the construction or reconstruction of various segments of its 115 kilovolt (kV) electric transmission system in the Greater Rochester area. This improvement project is collectively known as the Rochester Transmission Project (RTP).

*"The approval of the Rochester Transmission Project will reinforce RG&E's overall transmission system and its interface with the New York State bulk transmission system," said Commission Chairman William M. Flynn. "A reliable and adequate electric system serves as one of the key foundations for any economy. The Rochester Transmission Project aids future economic development in the region by ensuring that RG&E can reliably meet the needs of its customers."*

Approval of RG&E's application authorized the construction or reconstruction of transmission lines and substations on the east and west sides of the Greater Rochester area. In January 2006, RG&E submitted to all interested parties an EM&CP for Segment One for review and comment. Segment One includes construction of a new 7.5 mile 115 kV transmission line between a substation in the City of Rochester and a substation in the Town of Greece, which will be rebuilt as a part of the RTP. Also, within Segment One there would be an upgrade of existing above-ground circuits located in the City of Rochester and the Towns of Greece, Chili, Henrietta, and Brighton. Additionally, the company would construct a new substation in the Town of Ontario and expand a substation in the Town of Macedon.



## **PSC 2004-2005 ANNUAL REPORT: SITING DECISIONS**

### **Transmission Line in the City of Rensselaer, Towns of East and North Greenbush**

In March 2005, the Commission issued a Certificate of Environmental Compatibility and Public Need (Certificate) to Niagara Mohawk Power Corporation (Niagara Mohawk) to construct and operate an 8.1 mile-long overhead 345-kilovolt (kV) electric transmission line to connect Besicorp-Empire Development Company's 505-megawatt (MW) natural gas-fired electric generating facility in the City of Rensselaer to the bulk electric grid at the Reynolds Road Substation in North Greenbush.

The Besicorp Project consists of a 505-megawatt (MW) natural gas-fired electric generation facility that was approved by the New York State Board on Electric Generation Siting and the Environment in September 2004. Also on site is a recycled-newsprint manufacturing plant to which the cogeneration will provide steam and approximately 55 MW of electricity.

Following a thorough environmental and technical review of the Joint Proposal, supported by the company, Besicorp-Empire Development and the staffs of the State Departments of Public Service, Environmental Conservation, And Agriculture and Markets, the Commission determined that the facility is consistent with the state's long-range energy goals, including the objectives identified in the 2002 State Energy Plan. The Proposal included measures that minimize the impact of the construction and operation of the line on the environment, including cultural resources and agricultural lands.

### **Siting Board Approves Besicorp Generation Plant**

In September 2004, after a thorough environmental and technical review, the New York State Board on Electric Generation Siting and the Environment (Siting Board) approved, with many conditions, a Certificate of Environmental Compatibility and Public Need (Certificate) to

construct and operate a 505-megawatt (MW) natural gas-fired, electric generating facility in the City of Rensselaer, Rensselaer County. The site for the combined cycle, cogeneration facility is an 88-acre former industrial manufacturing site owned by BASF, located on Riverside Avenue in the City of Rensselaer.

Also proposed on the site was a recycled-newsprint manufacturing plant (RNMP) to which the cogeneration facility would provide steam and approximately 55 MW of electricity. The remainder of the electricity produced would be sold in the wholesale electricity market. Permitting of the RNMP was not considered by the Siting Board it is subject to a separate approval process, under the State Environmental Quality Review Act (SEQRA). The Siting Board is not involved in the SEQRA process related to the RNMP.

In reaching its decision on the cogeneration facility, the Siting Board concluded that the certificate's conditions minimize environmental impacts and that the facility is consistent with the state's energy policies and long-range planning objectives. Further, it was determined that the facility is compatible with public health and safety. One area of concern during the public review process related to the traffic impact on roads and streets surrounding the facility during the construction phase due to employees, construction workers and construction vehicles. It was determined that the conditions associated with requiring a controlled release of vehicle traffic from the construction site during peak hours, together with the use of traffic officers, would help mitigate those impacts.



## NATURAL GAS, STEAM, WATER

### **New Gas Delivery Rates Provide Opportunities Self-Generation by Residential Electricity Customers**

As part of its continuing effort to encourage the use of distributed generation technology in New York State, the Commission in July 2004 directed the major natural gas utilities to file special, cost-based gas delivery rates for residential customers who operate their own gas-powered distributed electricity generation (DG) units. The new rates, which took effect in October 2004, were designed to be simpler for prospective DG customers to understand and more appropriately tailored to residential DG gas usage.

*"Greater use of distributed generation can help reduce demands on the local electric utility system, and, in turn, improve the system's effectiveness in serving all customers, said Chairman William M. Flynn. The added diversity in the way the electric grid is utilized and the economic development potential from growing this industry here in New York all make compelling reasons to continue to identify and eliminate barriers to DG deployment. We are committed to helping transform this market."*

Due to the newness for applications of DG units in residential settings, existing natural gas delivery rates intended to benefit traditional residential customers did not reflect the specific system-cost and usage characteristics of DG customers. Delivery service under the existing rates would result in higher energy costs for potential residential DG customers. The Commission's approval advanced distributed generation as a resource for meeting the state's future energy needs by making rates for DG residential natural gas service more cost-based. Also, the Commission approved the collection and analysis of a variety of data by the utilities that relates to the use of natural gas by residential customers operating DG units over the next three years. The collected data will be used to develop future rates for such customers.

## Multi-year NYSEG Gas Delivery Rate Structure Changes

In September 2004, the Commission approved a Joint Proposal to implement certain changes to New York State Electric and Gas Corporation's (NYSEG's) natural gas delivery service rates, while maintaining the same level of overall revenues from customers. The Joint Proposal also included a natural gas economic development plan and the continuation of the company's annual \$1.75 million natural gas Affordable Energy Program designed to assist low-income customers. The Joint Proposal was developed by staff of the Department of Public Service, NYSEG, and Multiple Intervenors (large commercial and industrial customers) and addresses several outstanding issues from the multi-year rate plan approved by the Commission in November 2002.

*Commission Chairman William M. Flynn said, "These rate design changes were the latest in a series of efforts over the last several years to provide NYSEG customers fairer pricing for their particular level and location of delivery service as the natural gas industry evolves. The changes were intended to produce more accurate pricing of NYSEG gas delivery services by more closely aligning those services with their actual costs without increasing overall revenues from customers. The enhanced economic development program is critically important to create jobs and help the economy not only in those places where the program already has created the most benefits, but throughout NYSEG's service territory."*

For a number of historic reasons that date back several decades, NYSEG customers in the company's separate, non-connected service regions around the state have paid different rates for natural gas service. In addition, aside from geographic differences, customers in some service classifications had been paying more than the cost of serving them, while other classifications paid less. The delivery rate changes in the Joint Proposal were designed not only to consolidate customer rate groups and, in so doing, more precisely reflect actual costs, but also to be "revenue neutral" – that is, the changes would not increase the amount of overall revenue realized by NYSEG from delivering gas to customers. The rate changes were to be phased in over three years for residential customers and over four years for nonresidential business customers.

## **Consolidated Edison Gas and Steam Rate Plans**

In September 2004 the Commission approved the terms of multi-year rate plans for Consolidated Edison Company of New York, Inc.'s (Consolidated Edison) gas delivery and steam services. The plans become effective on October 1<sup>st</sup> and were developed by a number of parties, received widespread support – including from the City of New York – and significantly reduced by over \$150 million the delivery rate increases originally requested.

Under the plan approved by the Commission, a much smaller increase in delivery rates, totaling \$46.8 million, or about 27percent of the company's original increase requested, would take effect in October 2004 and remain frozen at that level for the next three years. Together with other changes, the gas delivery rate change resulted in system-wide average customer bill increases of about 7.5percent (assuming that gas costs remained steady). The last rate change for Consolidated Edison gas customers was a \$25 million decrease in 2002, while prior to that the last change was an increase in 1995. The company last implemented a steam rate change, a \$16.6 million increase, in 2000.

Additionally, under the terms of the plan approved by the Commission, base rate increases for steam would be phased in over a two-year period – \$49.6 million and \$27.4 million in the first and second years, respectively – but their impacts on customers effectively would be reduced to about \$20 million each year after accounting for the ERRP savings.

## **Higher Natural Gas Prices Could Impact Customer Heating Bills**

Based on an annual review of local utilities' winter preparedness, the Commission in October 2004 stated that utilities providing natural gas service in the state have adequate supplies to meet forecasted customer demands this winter and have taken steps designed to help ease the impact, as much as possible, of higher national natural gas prices on their customers.

Overall, it was estimated that price increases for natural gas supplies would result in residential bill impacts of between 5 percent and 15 percent higher than last winter, assuming normal

winter weather patterns. In addition to weather, other key factors in consumer's natural gas bills include the energy efficiency of their residences and heating systems, individual usage patterns and the overall demand for natural gas supplies in the country.

The Commission's staff implemented an extensive consumer awareness campaign to alert New Yorkers to the 2004-2005 natural gas outlook for the state and the actions they can take to control winter heating bills. The campaign focused on four major topics: energy conservation, energy competition and the choices it provides, financial assistance programs, and payment options. Staff's consumer education campaign included: grass roots presentations; statewide distribution of printed information; public service announcements; information the Commission's Web site; and, through partnerships with state and local agencies.

### **United Waterworks Acquisition of South County Water Corp.**

In May 2004, the Commission approved the sale of all of the stock of South County Water Corporation (SC Water) to United Waterworks Inc. (UWW) for \$688,000. The transfer of ownership fulfills a key Commission goal of improving services to SC Water's customers, all of whom are in the towns of Tuxedo and Warwick, Orange County, through an acquisition incentive mechanism (AIM) program designed to encourage consolidation of small water companies that have struggled with securing financing and expertise needed for system improvements to serve customers.

UWW was required to make a number of improvements to the five SC Water systems serving approximately 400 customers in Indian Kill, Blue Lake, Sterling Lake, Maplebrook and a small New York University housing complex, all in the towns of Tuxedo and Warwick. Most notably, UWW was to install a new water filtration system at Sterling Lake, a significant source of water supplied by SC Water, with an in-service date scheduled for fall of 2004. Moreover, UWW had agreed not to seek immediate recovery of the investments SC Water made for customers to replace the Indian Kill water storage tank last year.

Under the Commission's AIM approach to water company consolidations, the Commission seeks to balance customer needs and incentives to companies when considering cost-



effective mergers or stock purchases. In this particular case, SC Water customer benefits—including a rate freeze, physical improvements to the water system, UWW’s expertise and access to capital, and UWW’s capability to achieve economies of scale – are balanced against the AIM incentive for UWW. UWW’s AIM benefit would allow the company to recover the book value of SC Water’s assets in rates even though its purchase price for those assets was \$93,000 below the book value.



## TELECOMMUNICATIONS

### AT&T Commitment to Fix Remaining Bill Problems

Commission Chairman William M. Flynn announced May 2004 that AT&T Corporation had agreed to suspend the \$3.95 basic rate monthly charge, plus applicable taxes and surcharges, that might have erroneously appeared on bills recently issued to New Yorkers who disputed being AT&T long distance customers at the time the charge was billed to them.

The agreement resulted from a Commission staff effort to ensure that AT&T resolved all billing errors in New York relating to a new charge for its customers throughout the country that was filed in a tariff with the Federal Communications Commission and as a part of AT&T's Consumer Service Agreement. Thousands of New Yorkers who are not AT&T customers were billed in error in February and March for the new charge, and while the vast majority of cases had been resolved, several dozen remained outstanding during the second quarter of 2004.

### Verizon New York Rebates \$40 Million for Targets Missed in 2003

As part of its regular, quarterly review of Verizon New York Inc.'s service quality performance, Department of Public Service staff in May 2004 reported to the Commission that Verizon would issue approximately \$40 million in rebates to its customers as a result of missing two annual service quality targets during the second year of its Retail Service Quality Plan, and that the company's performance improved substantially during the first three months of 2004.

The \$40 million in rebates were issued in the form of credits on bills starting in the June 2004 billing cycle, resulting in a total of \$55 million in rebates paid by the company under the Retail Service Quality Plan during the last twelve months.

*"High service quality is the very foundation of effective, efficient telecommunications services in New York, and the Commission is committed to ensuring that companies operating in this state meet customer expectations," said Commission Chairman William M. Flynn. "With respect to performance in 2003, the \$40 million in rebates reflect but one strategy among many the Commission has initiated in recent years to protect the public interest in maintaining excellent telecommunications services. I am pleased to see that Verizon began 2004 with solid service quality performance numbers, and I believe we have put the proper incentives in place to ensure that Verizon continues to meet or exceed our carefully designed service quality targets."*

Verizon New York, the largest local exchange company in the state with approximately 10.1 million access lines, was subject not only to the Commission's general service quality standards but also to a special Retail Service Quality Plan. That plan, effective March 1, 2002 through February 28, 2005, provided customer rebates ranging between \$15 million and \$170 million if the company does not meet a set of specific service quality targets on an annual basis.

For the Retail Service Quality Plan year ending February 29, 2004, Verizon missed Commission targets for restoring service to customers within 24 hours – the "service restoration target" – and for the "localized service" comprehensive category target. Verizon's failure to meet the annual service restoration target results in a \$20 million rebate. The company issued a one-time credit of about \$35.70 on bills, beginning in June 2004, to about 627,000 customers throughout the state who experienced a service outage lasting longer than 24 hours between March 1, 2003, and February 29, 2004. Verizon's failure to meet another Commission standard – the "localized service quality" target – also resulted in a \$20 million rebate, which was paid to all of its customers throughout the state in the form of a bill credit of about \$2 per access line.

### **Vonage is a Telephone Corporation as Defined by NYS Law**

The Commission determined in May 2004 that the Vonage Holdings Corporation (Vonage), which offers competitive telephone services to New Yorkers through Voice over Internet Protocol (VoIP) technology, is a telephone corporation as defined by New York State Law and, therefore, must obtain a Certificate of Public Convenience and Necessity (CPCN).

*"Telecommunications services are a critical component of this state's economy, and our decision seeks to maximize the benefits of the emerging VoIP, while minimizing the risks to the public interest, including safety and economic interests." Commission Chairman William M. Flynn stated. "The Commission must interpret the law, and in administering it, we must weigh a number of public interests, including public safety and telecommunications network reliability. While the decision means that Vonage will be subject to some form of regulation, we are limiting the effect of our decision to allow Vonage an opportunity to address the framework of that regulation."*

In its decision, the Commission emphasized its keen interest in applying only minimal regulations to ensure that it does not interfere with the rapid, widespread deployment of new technologies. At the same time, the Commission must ensure that its core public interest concerns, including public safety and network reliability, are met. Thus, consistent with its longstanding policy, the Commission determined that Vonage, a competitive service provider, should be subject to, at most, the same limited regulatory regime which is applied to comparable competitive carriers in New York. Therefore, Vonage is not subject to economic or rate regulation, but, pursuant to Public Service Law, the company was required to obtain Commission authorization to provide telephone service (CPCN) and file a schedule of its rates.

Of particular interest to the Commission in this case was the balancing of the need to ensure the reliability of Vonage's VoIP-enabled service in providing access to effective 911/E911 emergency calling capabilities and the economic interests of advancing telecommunications services in the state. While the Commission does not guarantee the financial success of any one provider of competitive telecommunications services, it should not create unfair regulatory advantages for some providers over others.

## **Energy/Telecommunications Utilities Strengthen Physical and Cyber-System Security of Facilities To Protect the Public**

In June 2004, the Commission noted actions taken by energy and telecommunications utilities at their facilities in New York State since September 11, 2001, that strengthened physical and cyber-system security measures designed to protect the public. The evaluation of utility efforts was completed by the Commission's Office of Utility Security staff, with assistance from independent security experts.

Following the terrorist attacks of September 11, 2001, the Commission directed electric, gas and telecommunications utilities to conduct audits, with assistance from independent security experts, of their physical and cyber-system security preparedness. By June of 2004, the electric and gas utilities either had implemented, or were in the process of implementing, a total of almost 800 initiatives designed to strengthen physical and cyber-system security involving their facilities. Similarly, telecommunications companies had implemented, or were in the process of implementing, 275 such initiatives.

The Commission's Office of Utility Security staff had conducted its own analysis of the utility efforts, with assistance from selected independent security experts, and determined that physical and cyber-system security involving utility facilities in the state is greatly improved. Moreover, Commission staff, in concert with the utilities, continues to evaluate emerging technologies for continually improving security.

## **Show Cause Order Against Companies Running "Chatlines"**

A Show Cause Order against RNK Inc. (RNK) in October 2004 required the company to explain why the Commission should not pursue a monetary penalty action in New York State Supreme Court for apparent violations of a Commission order requiring telecommunications companies operating in New York to assign blockable telephone numbers to those private entities operating "chat services" on the companies' local telephone network. The Commission's requirements allow families to block access, without charge, to "chatlines" from

their residences. Chatlines are services that utilize advertised telephone numbers consumers can call to join in conversation with any number of generally anonymous callers.

Upon investigation, staff learned that RNK had been supplying telephone numbers to a chatline provider on a number of its local telephone access lines that could not be blocked by parents or family members. In addition, staff determined that RNK also had failed to file the required tariff terms with the Commission that govern its offering of such services for chatline services. Since 1998, all local telephone companies such as RNK that have chatline services operating on their networks are required to provision the service so that residential customers have the capability to block access to chatline telephone numbers from their residences.

### **PSC Audit of Verizon Retail Service Quality Improvement in 2004; but More Could be Done**

In November 2004, the Commission issued an independent audit report on Verizon New York Inc.'s (Verizon's) retail service quality processes and programs. The report was part of the Commission's formal proceeding established in 2003 to examine the adequacy of Verizon's service quality to retail customers in New York State.

The Verizon Retail Service Quality Audit Report's findings included recognition of Verizon's efforts in 2004 that had improved overall service quality for "plain old telephone" service for its customers, as well as 59 recommendations to maintain and further improve service. Verizon was directed to respond to the Audit Report within 30 days of issuance of the report, to explain the company's plans to implement the recommendations.

*"While Verizon has taken a number of steps to improve service quality this year, more can be done and the company needs to take steps to ensure there is no slippage in service quality," Commission Chairman Flynn said. "The findings of the audit serve as a solid foundation on which the company can maintain and improve service quality in the future."*



The Audit Report by Doherty and Company concluded that Verizon had reduced substantially its capital budget in recent years and that the company relies heavily on productivity improvements to meet service quality metrics. The report found that better targeting of outside plant capital dollars could improve overall service quality. To help achieve that goal, the company introduced a Proactive Preventative Maintenance Tool (PPMT), an analytical tool designed to allow the company to better identify chronic trouble areas and then allocate its outside plant dollars more effectively.

The Report identified a number of obstacles that, if corrected, should improve productivity in the New York City area. These included elimination of unnecessary dispatches of workers, complete implementation of Global Positioning System technology to incorporate dispatching, better coordination between central office personnel and field forces who rely on communications with central office staff, and allocation of improved portable data terminals used by field workers to log and transmit information.

### **Consumer Awareness Effort Regarding Free “Chatline” Blocking**

The Commission approved in January 2005 a \$170,000 monetary settlement established by four local telephone service companies in New York State that were not in compliance with the Commission’s requirement to offer residential customers the ability to block access to chatline services free of charge. This money funded a statewide, consumer education program to inform all New Yorkers of the option for free chatline blocking, regardless of which telephone company provides their local service. “Chatlines” are direct-dialed local numbers that allow any number of generally anonymous callers to engage in a live, interactive telephone conversation on a variety of topics.

*“I believe that the Commission’s action sends a clear statement about our zero-tolerance for companies that do not comply with this Commission’s blocking requirements and our intention to enforce these important consumer protections,” said Commission Chairman Flynn.*

In lieu of pursuing penalty actions against the companies, Commission staff entered into settlement agreements in which these companies agreed to make contributions totaling \$170,000 to fund an outreach and education program. The Commission's Office of Consumer Services (OCS) worked with the companies on the development of an outreach and education program that would include radio public service announcements and printed materials to be circulated to schools and community groups for distribution to parents.

### **Changes in Voice Dialing Service**

In February 2005, the Commission approved Verizon's request to withdraw its Voice Dialing Service for retail customers effective February 19, 2005. "Voice Dialing Service" is a network-based voice recognition service that allows customers to place telephone calls by speaking the name of the person or place they wish to call. This service has been particularly beneficial to those with physical disabilities. Voice Dialing Service is a non-basic, discretionary service that now can be replicated by equipment customers can buy from retail vendors.

In its request seeking Commission approval, Verizon indicated it can no longer offer the service because maintenance and service quality issues related to the lack of replacement parts and support of the manufacturer were such that it would not be viable to continue to offer the service. In terms of alternatives, there were a number of other voice-activated customer premises equipment models readily available from retail vendors with prices starting at \$50 and higher depending on the options and features. Also, many cellular telephones have the internal capability for voice dialing features.

Verizon also offered its Voice Dialing retail customers the ability to purchase, at cost, customer premises equipment called "Vocally." Vocally is a voice-activated dialer that can easily be attached to an existing telephone. The dialer can be purchased from Verizon for \$189 plus shipping and handling. Verizon also offered an Equipment Purchase/Lease Program that will allow customers with a certified eligible disability the option to purchase Vocally at cost, and spread the payments over time on the customer's monthly phone bill. Additionally, income-eligible Lifeline customers with a certified hearing, visual, cognitive, speech or mobility impairment could receive Vocally free of charge.

## PSC's Broad Regulatory Authority Over Telephone Service Quality

In testimony on March 7, 2005, before the New York State Assembly Committee on Corporations, Commissions and Authorities, Commission Chairman William M. Flynn outlined the PSC's continuing role in the oversight of telephone service quality and emphasized the Commission's broad regulatory authority to enforce the state's Telephone Service Quality Standards.

In discussing the Commission's views on service quality oversight after the recent expiration of the Verizon Incentive Plan (VIP), Chairman Flynn noted that the telecommunications industry has undergone dramatic changes in the past ten years. In fact, the industry today bears little or no resemblance to the industry that was still dominated largely by monopoly providers before the passage of the Telecommunications Act of 1996. In the face of increasing competition from cable companies, cellular telephones, and phone service provided using Voice over Internet Protocol (VoIP), traditional wireline phone companies like Verizon must continue to focus on meeting customers' service quality expectations or face the very real prospect of losing significant market share.

*"The Wall Street Journal reported in early 2005 that the Yankee Group, a noted research organization, predicts that more than 80% of households nationwide should be able to get phone service from a cable company by the end of 2007, and we believe New York State is ahead of the nation," said Flynn. "These trends offer consumers real choices. Verizon's incentive to maintain appropriate levels of service quality no longer need be primarily driven by fear of regulatory penalties because the market penalties for failure to retain and grow their business are much more severe – that is, the loss of its customers."*

Chairman Flynn testified that the VIP was a negotiated, three-year plan that was voluntarily entered into by Verizon, New York Inc. and approved by the Commission in 2002. While the VIP included provisions for automatic rebates to customers for failure to meet certain service quality targets, the rebates were by no means the only tool available to the Commission to enforce the Telephone Service Quality Standards it established in 1973. The Commission also

had recently exercised its authority to ensure that Verizon's long-term strategy is to maintain adequate service performance when it initiated an independent service quality audit. The audit was conducted by an independent consultant, Doherty and Company, and the report containing 59 recommendations for maintaining and improving service was issued in November 2004.

Going forward, Chairman Flynn told the Committee that the Commission will rely on a four-tiered approach to ensuring acceptable levels of service quality for New York's consumers. The Commission's four-tiered approach will include: continued aggressive oversight of service quality performance; implementation of recommendations contained in the independent Service Quality Audit; other available regulatory actions, including hearings, investigations and service improvement plans; and, competitive choices available to customers.

### **Commendations to Telephone Companies for Excellent Service**

The Commission issued in March 2005 letters of Commendation to 43 local telephone companies or telephone company operating divisions throughout the state for providing excellent service to customers in 2004.

Many companies have been commended for several years in succession, with one company, Pattersonville Telephone Company receiving commendations for seventeen consecutive years. Verizon New York Inc., the largest provider of local telephone service in the state, received commendations this year for two of its eleven operating divisions. Additionally, one of three divisions of Frontier Telephone of Rochester qualified for a commendation. Last year, 36 local telephone companies or telephone company operating divisions received commendations.

The Commendations for excellent service are based on telephone companies' performance in relation to service quality standards established by the Commission. The criteria to measure the condition of each company's infrastructure includes an evaluation of "customer trouble report rates" (CTRR) and the number of consumer complaints received by the Commission. The Commendations also were based on a requirement that any company operating under an incentive regulatory plan must have no incidence of service-related penalties for CTRR or PSC complaints during the year.

The 43 companies or operating divisions on the attached list met the criteria for Commendation for Excellent Service in 2004.

### Year 2004 Commendations for Telephone Companies and/or Various Operating Divisions

Company	Threshold CTRR <sup>1</sup>	PSC Complaint Rate <sup>2</sup>	Incentive Plan <sup>3</sup>	Consecutive Year
ALLTEL (Jamestown)	95%	0.02	N/A	First
ALLTEL (Fulton)	96%	0.03	N/A	First
AT&T – AT&T Local Services	100%	0.00	N/A	Second
Berkshire	100%	0.00	N/A	Tenth
Cablevision Lightpath	100%	0.01	N/A	Seventh
Cassadaga	100%	0.00	N/A	Twelfth
Champlain	97%	0.00	N/A	Sixth
Chatauqua & Erie	99%	0.00	N/A	Fourteenth
Chazy & Westport*	100%	0.00	N/A	Eighth
Crown Point	100%	0.00	N/A	Twelfth
Deposit	100%	0.00	N/A	Thirteenth
Dunkirk & Fredonia	100%	0.00	N/A	Sixteenth
Edwards	100%	0.00	N/A	Fourth
Fishers' Island	100%	0.00	N/A	Fifteenth
Frontier Communications of America	100%	0.00	N/A	Third
Frontier of Rochester – Metro West	96%	0.05	Met	Second
Frontier of Seneca-Gorham	96%	0.00	N/A	Seventh
Frontier of Sylvan Lake	100%	0.00	N/A	First
Germantown	100%	0.00	N/A	Sixteenth
Global Crossing Local Services	100%	0.00	N/A	Second
Hancock	100%	0.00	N/A	Sixteenth
Margaretville	100%	0.00	N/A	Sixteenth
Middleburgh	100%	0.00	N/A	Tenth
Newport	100%	0.00	N/A	Sixth
Nicholville	100%	0.00	N/A	Sixth
Ogden	100%	0.00	N/A	Fourteenth
Oneida County	100%	0.00	N/A	Fifteenth

Company	Threshold CTRR <sup>1</sup>	PSC Complaint Rate <sup>2</sup>	Incentive Plan <sup>3</sup>	Consecutive Year
Ontario	100%	0.00	N/A	First
Oriskany Falls	100%	0.00	N/A	Seventh
Pattersonville	100%	0.00	N/A	Seventeenth
Port Byron	100%	0.00	N/A	Fifth
Primelink, Inc.	100%	0.00	N/A	First
RCN Telecom	100%	0.00	N/A	Sixth
SBC Telecom	100%	0.00	N/A	First
Taconic	99%	0.07	N/A	First
Tech Valley Communications <sup>4</sup>	100%	0.00	N/A	First
TelCove Operations <sup>5</sup>	100%	0.00	N/A	Second
Time Warner Telecom	100%	0.00	N/A	Fourth
Township	100%	0.00	N/A	First
Verizon – Manhattan South	99%	0.07	Met	Second
Verizon – Manhattan North	100%	0.04	Met	First
Vernon	100%	0.00	N/A	First
Warwick Valley	100%	0.05	N/A	First

<sup>1</sup> Customer Trouble Report Rate (CTRR) is based on 95% or more of a company's monthly central offices performance results in a given year per central office being in the performance range of 0-3.3 reports per 100 lines (RPHL)

<sup>2</sup> PSC Complaint Rate is the number of complaints per 1,000 access lines per year; the commendation level is 0.075 or less.

<sup>3</sup> Incentive plan requirements for CTRR and PSC complaints are either met or missed or are not applicable (N/A). Verizon and Frontier of Rochester operate with incentive plans.

<sup>4</sup> Tech Valley Communications was formerly known as Mid-Hudson Communications.

<sup>5</sup> TelCove Operations was formerly known as Adelphia Business Solutions

\* Adjusted to eliminate unusual storm-related problem in August 2004.

## Revised Rules for Cable Television Service

After extensive public review and comment, the Commission in March 2005 updated its rules regarding cable television service. The new rules took into consideration concerns expressed by consumers, retained important customer service protections, and addressed changes in the regulatory environment since the adoption of the current rules in the early 1970s. The revised rules reflect a more competitive environment and changes in federal law that occurred in 1984 and 1996.

*"The Commission's decision strikes the right balance in adopting rules that protect important consumer interests and provide an up-to-date and workable framework for the industry," Commission Chairman William M. Flynn said. "This decision represented the culmination of years of work and study, and it is responsive to the views expressed by interested stakeholders and members of the public during our extensive outreach and public involvement process."*

The updated rules and regulations have no impact on existing consumer protections regarding credits for service outages, late charges, downgrade charges, reconnection charges, billing disputes, subscriber notices on channel changes, rates, programming line-ups, and disconnection of service.

Under the new rules, municipalities now have the option of allowing additional PEG access channels, above and beyond the two required for the basic service package, to be carried as part of other service tier packages. The new rules also gave municipalities the ability to negotiate a franchise term of up to 15 years.

There are new rules governing competitive cable television franchises. For competitive franchises, municipalities no longer have to complete preliminary steps required when granting an initial franchise. The franchising process can further be streamlined, if a competing company agrees to the same terms and conditions of an existing franchise. The new rules require a level playing field as to economic or regulatory requirements in competitive situations.



Since the state's cable television rules were adopted in 1970, the federal rules have changed, and the state's franchise renewal rules now incorporate federal standards for renewal and provide for mediation services by staff in resolving renewal disputes. Additional revisions to the state's rules incorporate the federal requirements for the regulation of rates for cable television service.

New York State Department of Public Service  
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