

Bill No: HB 1562

Title: Consumer Protection - Telecommunications Service Outage - Automatic Credit (Automatic Telecommunications Service Outage Credit Act)

Committee: House Environment and Transportation Committee

Hearing Date: March 13, 2026

Verizon Position: **UNFAVORABLE**

Greetings Chair Korman and Members of the Committee,

The following testimony is respectfully submitted in strong opposition to House Bill 1562. This bill would require telecommunications providers to automatically provide a service disruption credit to customers impacted by service outages. While we appreciate the legislature's commitment to ensuring reliable service for all Maryland residents, we believe this bill is an unnecessary regulatory overreach that fails to account for the complex operational realities of modern telecommunications networks and the robust incentives already driving industry performance.

The Complexities of Network Outage Determination

We perform ongoing maintenance and network inspection programs to help avoid impacts to our network. Our inspection programs employ a range of techniques, from manual checks to advanced technological methods, like artificial intelligence, ensuring all standards are met. Even with our ongoing maintenance efforts, modern telecommunications networks make it exceedingly difficult to accurately determine the precise moment and scope of a network outage as experienced by individual customers.

- **Localized vs. Network-Wide Impact:** An issue flagged in a central monitoring system may not translate to a service disruption for a customer. Additionally, highly localized service impacts, often caused by factors outside of the provider's control, such as a customer's in-home equipment or an isolated power outage, may not register as a formal "outage" on the provider's network monitoring tools.
- **Defining "Material Service Outage":** It is inherently difficult to uniformly define what constitutes a "material service outage" in a measurable and fair manner across millions of endpoints. A customer's perception of a service "outage" may stem from temporary service degradation, such as slow speeds, even when the underlying network is fully functional. Furthermore, service interruptions can originate from customer equipment issues, like device malfunctions or the need for routine software updates, rather than a provider-side network failure. Without the user reporting an issue, our maintenance work and systems may not be able to precisely detect the specific service degradation a customer is experiencing, making it an operational and technical challenge to establish a clear metric for a reportable, credit-eligible event with 100% accuracy.

- **Automatic Credits are a Technical Impossibility:** For obvious privacy and access reasons, we cannot monitor a customer’s in-home environment or third-party equipment (like routers provided by the customer). Yet “automatic” credits would likely be triggered by issues unrelated to our network, such as a customer unplugging their own equipment or a local power failure. We may not even be aware of a localized disruption at the three-hour mark without customer reporting, making an “automatic” credit technically impossible to implement.
- **Dynamic Response and Resolution:** Our systems are designed for rapid, automated self-healing. A service interruption may begin and end within minutes, well before a human user can even manually report it. Making a retrospective reporting requirement of every single instance is an impractical demand that draws resources away from actual network maintenance and improvement.
- **Field Mistakes/External Damages:** Mandating automatic credits for outages caused by third parties, such as construction or utility crews cutting fiber, functions as a “risk tax” on telecommunications providers. This penalty forces a diversion of capital away from essential network hardening and infrastructure investment into complex administrative and litigation costs.

Market Demands and Competition Drive Superior Outage Response

The current economic landscape and intense competition among service providers are, in practice, the most effective regulators of network reliability and outage response.

- **Customer Retention:** In a highly competitive market, network reliability is a primary differentiator. Any failure to respond quickly and transparently to service disruptions provides a direct and immediate incentive for customers to switch providers. This commercial imperative is a far more powerful and immediate motivator than any statutory penalty.
- **Brand Reputation:** Today's connected environment means that a single service failure can be instantly amplified across social media, causing significant and long-lasting damage to a brand’s reputation. Our response protocols are therefore designed to resolve issues not just quickly, but with a focus on clear, customer-centric communication.
- **Infrastructure Investment:** To maintain market share, companies are continually investing billions in network upgrades, redundancy, and diagnostic tools. These investments are driven by a fundamental business need to exceed customer expectations for uptime, not merely by a desire to meet minimum regulatory standards.

House Bill 1562 is Unnecessary

Due to the existing strong market incentives and the current regulatory framework, this bill represents an unnecessary addition to the State’s regulatory code.

- **Redundancy:** Telecommunications providers are already mandated to meet various reporting requirements at the federal and state levels. Adding further, technically complex, and potentially conflicting requirements simply diverts critical engineering and financial resources from the essential task of maintaining and improving network reliability.
- **Increased Costs:** A 3-hour outage (1/8th of a day) would require a 24-hour credit. This is effectively an 800% penalty on the value of the lost service time, which functions as a

“punitive fine” rather than a “consumer refund”. In addition, the systems and personnel required to comply with the granular reporting proposed in HB 1562 would necessitate significant new capital and operating expenditures. These costs would ultimately be passed on to Maryland consumers, potentially leading to higher prices for the very services the bill intends to protect.

- **Focus on Resolution, not Litigation and Reporting:** Mandating specific billing credits arguably also violates the federal prohibition on rate regulation of mobile service providers under 47 U.S.C. §332. This invites litigation not progress, and could slow Maryland’s digital future. Our focus must remain on rapid restoration of service. Mandating extensive, minute-by-minute reporting on the status of every network event shifts valuable resources and attention from resolving the issue to documenting the event—a result that is detrimental to the customer experience.

For these reasons, we urge the Committee to issue an unfavorable report on House Bill 1562. The market is already incentivizing high levels of network reliability and quick, transparent outage response. We should encourage further investment in infrastructure rather than imposing burdensome, complex, and ultimately unnecessary reporting requirements.

Respectfully submitted,

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