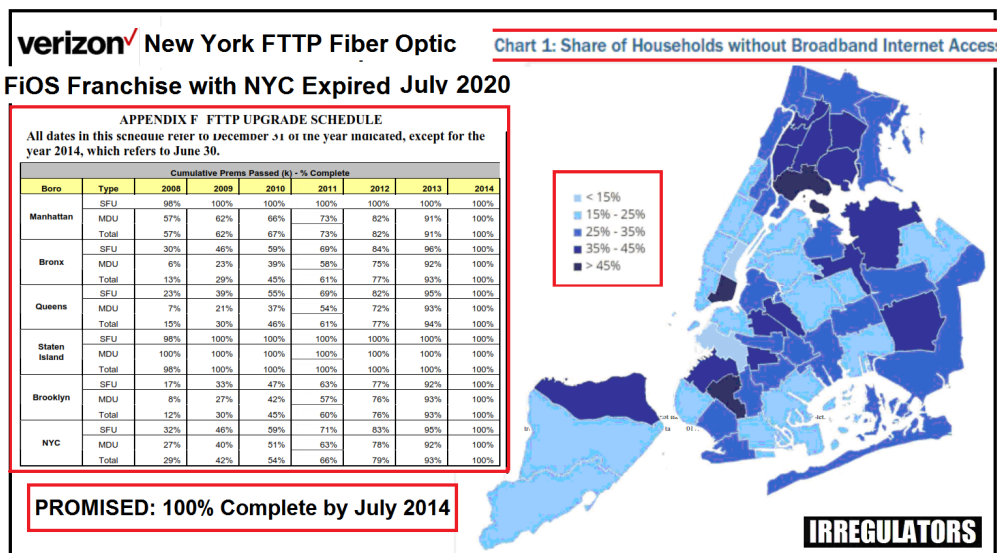


Contact: Bruce Kushnick, bruce@newnetworks.com
718-333-5161

Dear Mayor de Blasio,

Verizon’s FiOS franchise has expired. Do not renew it until 100% has been upgraded to fiber optics. Let’s Solve NYC’s Digital Divide.



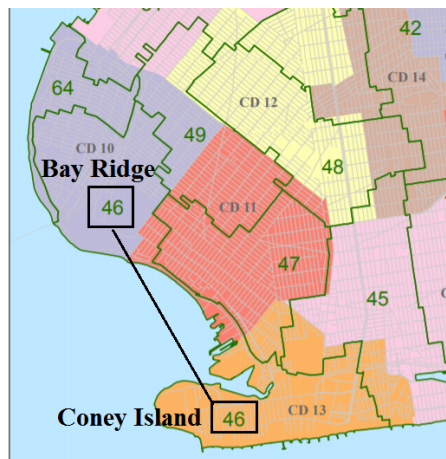
(This chart excerpts the Verizon NYC franchise schedule showing that 100% was to be completed by July 2014. The map on the right shows households without broadband internet access; At least 26% can not get FiOS.)

- We are asking the City of New York to not renew the Verizon FiOS cable franchise, which expired in July 2020, until Verizon has finished 100% of residences with an FTTP, Fiber to the Premises, connection.
- We are asking for maximum penalties and fines against Verizon under the franchise agreement for its failure to provide broadband to all neighborhoods by July 2014.
- We are asking the City to hold Verizon accountable for its failure to meet its obligation to balance the deployments, as low-income areas were not served equally—a social injustice.
- Also, there is supposedly a settlement with Verizon that has been whispered about to have wireless as a substitute. We are asking you to cease all settlement discussions now and include the public in any future negotiations to renew the franchise agreement.

In a second letter, we ask the City to join our call for an investigation to halt the massive financial cross-subsidy scheme underway where an estimated \$1.1-\$1.6 billion has been overcharged in just 2019, based on the [Verizon New York 2019 Annual Report](#), published June 2020. As discussed, Verizon funded the expansion of its wireless network by diverting construction budgets that should have been used to build out New York City and the rest of New York State with fiber optics. These subsidies must be halted and the funds redirected to upgrade all of New York at affordable rates.

The Pandemic and the growth of online-learning have exposed the gaps in America’s communications infrastructure and locally Verizon’s failure to deliver on their contract with the City. The ‘digital have and have not’ issue is not new, but now we know that the Digital Divide is deeper and more troubling – and needs answers and real solutions—now.

And we’ve seen it up close. Imagine my surprise when I saw a map of the assembly districts in Brooklyn showing that Bay Ridge, my neighborhood, and Coney Island were connected, not by just a bicycle path, but as part of NY Assembly District 46.



On a Zoom call hosted by [Assemblymember Mathylde Frontus](#) as part of the [Southern Brooklyn Community Roundtable](#) about the opening of the schools, I learned that Coney Island is not that connected; according to the Census, 23% of the households don’t have high speed broadband, and this is not the most unconnected part of Brooklyn, much less New York City. While schools slowly re-open and are going virtual, we should all be really annoyed. (Note that the Census information is known to inflate the number of those with a broadband connection.)

The opening chart compares the Verizon FiOS NYC timeline with a picture of the Households without Broadband Internet Access taken from the NY City Internet Master Plan.

[The Plan](#) details specific holes in broadband and how it is concentrated in low-income areas:

“Current broadband subscription costs can be a burden on the budgets of low-income families. For example, 46% of New York City households living in poverty do not have broadband in the home.”

“18 percent of residents — more than 1.5 million New Yorkers — have neither a mobile/wireless connection nor a wireline home broadband connection.”

According to the plan, Verizon’s FiOS is only available to 74% of residences. (Unfortunately, the original deal left out small business locations and there is no accounting of how many have not been served.) Moreover, there are gaps in neighborhoods that are supposed to have been upgraded, including Bay Ridge, with very little attempt to quantify how many households really can’t get the service.

Verizon had an Obligation to Upgrade All of NY City and Guaranteed It.

The Cable Franchise Agreement between New York City and Verizon made it abundantly clear that Verizon would not sleep until New York City was a fiber optic paradise:

“FORM OF GUARANTY (Appendix H)

“In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated 2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.”

The Social Justice Violations are Clear

Mayor de Blasio, when you served as the NYC Public Advocate, you complained about Verizon’s derelictions: **“Low-Income Neighborhoods Left Behind by Verizon High-Speed Internet”**. You emphasized the ‘social justice’ clause in the Agreement under which Verizon had to deliver broadband to low-income and high-income areas equally.

“Pursuant to the authority granted to my office by Section 24 of the Charter of the City of NY, I hereby request the following information:

“§5.1.4 of the franchise agreement requires that the median income of units that have been wired to not exceed the average household income of all households in New York City. Please provide any and all records or documentation related to income levels in the areas in which the FiOS network has been installed to verify that this clause has been followed.”

Moreover, you cited ‘checkpoints’ in the agreement to make sure that Verizon was meeting its completion deadlines.

“There have been three required “checkpoints” to date, according to §5.1.2 of the franchise agreement, June 30, 2010, June 30, 2011, and June 30, 2012. Please provide copies of any documentation and/or progress reports submitted by Verizon New York Inc. at these checkpoints.”

Penalties and Fines The City has a number of options to deal with Verizon’s failure to finish its infrastructure commitments.

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee’s compliance with its obligations under this Agreement);

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

Simply put, we believe Verizon is liable for all monies listed below because it never fulfilled its obligations. This is separate and apart from Verizon's liability for diverting wireline utility revenues to expand its wireless network.

If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the "NYC Total" percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)
2009: Thirty Million Dollars (\$30,000,000)
2010: Twenty-Five Million Dollars (\$25,000,000)
2011: Fifteen Million Dollars (\$15,000,000)
2012: Ten Million Dollars (\$10,000,000)
2013: Five Million Dollars (\$5,000,000)
2014: One Million Dollars (\$1,000,000)

Conclusion

The opening chart compares the commitments made by Verizon to upgrade New York City's residential locations by July 2014 and a map of the gaping holes that persist. Unfortunately, it appears that the majority are in low-income areas. Verizon needs to honor its commitment to have complete 100% of the build out and make affordable fiber-based broadband available throughout the City.

In a separate letter we ask the City and State officials to back our call for an investigation of Verizon's massive financial cross-subsidy whereby it overcharged customers \$1.1-\$1.6 billion in just 2019, based on the [Verizon New York 2019 Annual Report](#), published in June, 2020. This official financial report (which is unknown to most) and related documents show that the state utility construction budgets were diverted to expand Verizon's wireless network. At the same time, Verizon Communications, Inc., the parent company, was able to move billions of Corporate Operations expenses into Local Service, creating losses and tax benefits for Verizon, but higher prices for New Yorkers.

Besides the gaps in deployment, the practices of Verizon and other large telecommunications conglomerates are the reason why [America's communications services are 3-14 times more expensive than countries](#), worldwide, for broadband, internet, wireless, phone and even cable services..

Requiring Verizon to fulfill its original commitments and to halt the existing cross-subsidies could bring NYC and NYS fiber optic services at reasonable rates to everyone, without new government subsidies. Moreover, a 5G wireless network requires a huge number of fiber optic wires to connect its facilities. Ending the subsidies makes Verizon's 5G a non-starter as a replacement for a fiber to the home service.

We wish to thank [Assemblymember Frontus](#) and her staff in making us aware of the deep-rooted problem and how the IRREGULATORS' work can help NYC get upgraded and make prices affordable for all.

The [IRREGULATORS](#) is an independent consortium of senior telecommunications experts, analysts, forensic auditors, and lawyers, including former officials from state and federal government and former consultants to the telecommunications industry..