

March 17<sup>th</sup>, 2022

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TO: STATE OF NEW YORK, DEPARTMENT OF PUBLIC SERVICE

RE: MATTER NO. 21-02182 - In the Matter of the Commission's  
Broadband Study and Mapping Pursuant to the Broadband Connectivity Act.

===COVER LETTER===

The State has asked:

“Public comment is invited concerning the availability, affordability, and adoption of residential and commercial broadband internet access services in the State of New York.”

The answer to this question should be: The State has been negligent and should have audited the Verizon NY Financial Annual Reports; it would have seen the massive cross-subsidy scheme underway and the manipulation of the accounting that has allowed Verizon to take the construction budgets of Verizon NY, the state telecommunications public utility, to illegally subsidize their wireless business.

This caused this Digital Divide.

It would have seen that rate increases were based on artificial losses created by this transfer, that this scheme has been to artificially create the Digital Divide -- **on purpose**. This scheme left the entire state wired public utility networks to deteriorate, and customers have paid thousands of dollars-- per customer--- for a fiber optic future -- that never showed up.

And this has occurred in every Verizon and AT&T state.

How can there be a broadband proceeding in NY State were the State never mentions that there is a state-based telecommunications public utility -- named Verizon NY, that it never delivered fiber optic services as stated, that it illegally transferred the utility construction budgets to fund wireless, or that the holding company, Verizon Communications, has illegally dumped billions in corporate expenses-- from executive pay to corporate jets, into the expenses of ‘local service’, and that the plan has been to make the networks appear unprofitable so they could ‘harvest’ customers through 30 years of rate increases -- instead of upgrading the state to fiber optics, and bringing in competition to lower rates.

Mapping? Why did NY PSC allow for redacting basic information about the number of access lines in service in the Verizon NY 2020 Annual Report? And where are the maps

of Verizon NY's deployments, instead of combining all of the carriers to hide what Verizon did-- or more specifically did not do?

"Availability", "affordability" and "adaptation" have all been manipulated by Verizon over the last 2 decades and the State has failed to ask the basic questions, much less audited the financial books.

We submit 2 comments with this cover letter. Our research and analysis has been based on primary financial reports of Verizon NY, using the IRREGULATORS, a senior telecommunication consortium of analysts, forensic auditors and lawyers.

And we submit these with a [library of 2 decades of filings](#), reports which focused on broadband in NY and Verizon NY, specifically-- and which the State has mostly ignored.

#### **Overcharging: A Partial List:**

- **Verizon Overcharged Local Service an Estimated \$927 Million in Corporate Operations and Marketing Expenses**, in just New York in 2020. It assigned expenses totaling 95% of Local Service revenues. NOTE: We estimate only \$50 million of the \$977 million (\$833 million +\$144 million) could be considered legitimate.
- **Verizon NY Local Service was Overcharged an Estimated \$1.02 Billion due to the Construction and Maintenance Budget Put into Local Service that it used for its Wireless Network.**
- **Verizon Wireless "Cellco Partners", we estimate owes over \$1 billion annually, in construction and payments for the right-of-way** it has been getting in violation of the law for the last decade. Verizon NY's diversion of funds to wireless meant that entire parts of NY state were not upgraded -- causing the Digital Divide.
- **Verizon NY shows losses of over \$2 billion a year for the last decade, saving hundreds of millions of dollars in taxes annually.** All of these were caused by the dumping of the corporate expenses, the failure of the wireless company to pay for use of the construction budgets and rights-of-way.

#### **What the State Must Do: As we have written:**

Not a single dollar of the new government subsidies for broadband infrastructure should be given out to Big Telecom, especially AT&T and Verizon. They have failed repeatedly to deliver on their fiber optic broadband commitments in every state for the last three decades. Until now they have not been held accountable or regulated effectively. To give them billions more to deploy broadband to unserved and underserved areas will almost certainly have a similar unhappy ending. These giants do not want to build fiber; their strategy since 2011 has been to secure an all wireless future using bait and switch tactics. We have done our best to expose their malfeasance and the ongoing illegal cross-subsidies of the wireless networks. If the responsible state authorities don't heed our warning, they will surely end up with egg on their faces. These companies created the Digital Divide; they are not honest actors who can be relied upon to close the Digital Divide.