

**The Other Set of ‘Cooked’ Financial Accounting Books
Used by AT&T, Verizon & CenturyLink that Created the Digital Divide**

Annual Report of VERIZON NEW YORK INC. For the period ending DECEMBER 31, 2021				
PUBLISHED: JUNE 1, 2022		2)	1)	3)
Item	Total	Nonregulated	Local Service	Access Backhaul
A) Total Operating Revenues	\$ 3,742,061,282	\$ 1,113,404,179	\$ 932,069,503	\$ 1,596,587,600
B) Operating Expenses				
C) Construction & Maintenance	\$ 2,824,953,290	\$ 1,033,791,863	\$ 1,196,162,291	\$ 594,999,137
D) Marketing	\$ 69,399,471	\$ 10,675,974	\$ 31,704,577	\$ 17,018,920
E) Customer Operations Services	\$ 180,900,774	\$ 12,306,495	\$ 119,297,917	\$ 49,296,362
F) Corporate Operations	\$ 1,015,293,886	\$ 103,191,425	\$ 615,332,235	\$ 296,770,227
Total Operating Expenses	\$ 5,480,274,513	\$ 1,211,951,346	\$ 2,802,268,242	\$ 1,466,054,925
G) Net Operating Revenues	\$(1,738,213,232)	\$(98,547,167)	\$(1,870,198,739)	\$ 230,532,674

IRREGULATORS

[Our research has been based on the Verizon NY annual financial reports, including 2021 Annual Report, published June 2022.](#) Every state relies on these financial reports yet not one state audited the massive cross-subsidy scheme underway. Because virtually no reporter, pundit, analyst, or politician ever examined these state-based telecommunications public utility annual reports, our work has relied on the actual Verizon NY Annual Reports’ guts to expose this shell game. Moreover, the formulas that allocate the expenses to specific lines of business are now corrupt, making the state telecommunications utility a cash machine and it is being used almost identically in every state in America. Yet no one we know has ever held the companies accountable for the billions in diverting the construction budgets that should have been used to fund the fiber optic networks or halted but went to wireless or the flows of money that are the corporate operations expenses.

The excerpt is from Verizon NY 2021 Annual Report. Where’s all the money going?

- 1A) Local Service had \$932 million in revenues in 2021; “Local Service”, represents the copper-based phone service and add-on features.
- 1C) Local Service was charged \$1.2 billion in construction and maintenance in just NY, in just 2021, but there has been no serious maintenance or upgrades.
- 1F) Local Service was charged \$615 million in Corporate Operations expenses — (lawyers, lobbyists, executive pay, even corporate jets). This is 61% of the total charged to Verizon NY; almost all expenses have nothing to do with Local Service.
- 1G) These artificial expenses caused massive losses of \$1.9 billion, which should have never occurred; the losses were used for rate increases and tax benefits.
- 2) The “Nonregulated” services include FiOS video and VOIP
- Compare Column 2 and 1: It is paying a fraction of all expenses, including construction and maintenance or even marketing and corporate operations.
- 3) “Access”, also known as “Backhaul” or “Business Data Services” — are data lines used by competitors or to cell sites.
- 3A) Access had \$1.7 billion in revenue in just NY in just 2021.
- Compare Column 1 and 3: It is paying ½ of what Local Service is paying in expenses. How is that possible? Moreover, it has a profit margin (EBITDA) of over 60%, when historically it was 12–14%. This inflates all prices of all services that use the wires, including wireless.