

# IRREGULATORS

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**RE: Comments: The Massachusetts Initial Proposal 5 Year Plan to solve the Digital Divide- has left out basic, material facts, creating distorted and even harmful public policies.**

## **Summary: Cover Letter**

We file these comments as the IRREGULATORS, a group of senior telecommunications experts, including forensic auditors, lawyers and former regulators. We have a strong track record of examining Verizon's misdeeds and achieving results in the public interest. We call to your attention the background of the Digital Divide in Massachusetts and ask you to take the steps necessary to prevent a repeat of the shortchanging of the State's consumers, as well as the economic harms over the last 3 decades.

Closing the Digital Divide in Massachusetts requires that first, the State must recognize that Verizon Massachusetts helped to create the Digital Divide by its failure to properly upgrade the primary state telecommunications public utility, starting in 1995.

Second, Verizon has been able to rewrite the history and erase the fact that they had binding commitments, starting in 1993, to replace the existing aging, copper wires with a fiber optic wire and in other public documents, now Verizon told investors and the public that their territories would be upgraded by 2010 --including rural urban and suburban areas, and all income groups would be served equally.

Third; Negligence by the State for the failure to provide basic, basic, material facts in these 5-year proposed plans about the history, the players, and the current customer overcharging via cross-subsidies, that is ongoing. How is it possible that the State failed to even mention Verizon MA, the state telecommunications public utility that covers over 95% of the state, had made multiple fiber optic commitments had state laws changed multiple times -- and yet one has only to take out a map and see that the underserved and unserved areas are in the Verizon MA franchised telecommunications areas?

We include the results of our CHAT-AI-IRREGULATORS analysis which compared the state plan and our research.

## **How many times is Verizon MA mentioned?**

AI ANSWER: I have searched the document and found that Verizon Massachusetts is not mentioned in the Massachusetts Broadband BEAD Initial Proposal Volume I & II.

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Our answer: Had the state taken our previous filings seriously -- there wouldn't be Digital Divide because Verizon had collected enough funds over the years to build out the fiber optic networks.

We are on record (as New Networks Institute and Teletruth) since 1999 that there has been a massive scheme to defraud the public and not provide fiber optic networks, directly to homes and offices, having testified and submitted comments and complaints detailing what we wrote herein. In fact, we predicted this ugly outcome in (in what year?) for Verizon New Jersey and throughout the US. (See: Bill Moyer's PBS special, ["The Net at Risk"](#); our segment "The New Digital Divide", featured Verizon and New Jersey.)

See [Verizon MA Fiber Optic Failure & Wireless Bait and Switch Resources](#)

And let us be clear: we did extensive financial analysis of what happened with the first wave of deregulation that generated billions that were to be used to do upgrades to fiber—but nothing was built out and the regulators should have been investigated for letting over \$1.3 billion in overcharging occur-- by 1999.

We found:

"Based on this data, we estimate that Verizon MA (New England Telephone) customers could have paid over \$500 million in excess charges above previous regulated amounts for 1998 alone. This statistic is derived primarily from the depreciation increases and the excess dividends paid. Further, taking into account the current growth described in Bell Atlantic's 1999 second quarter report, we estimate that an additional \$500 million in over-charges are likely.

"For this five year period, up to and including the current year, we estimate that the subscribers served by New England Telephone will have been over-charged as much as \$1.3 billion. These estimates do not include the more than \$800 million in depreciation taken by NYNEX in Massachusetts in 1995."

This is the foundation of how the Digital Divide was orchestrated by Verizon as this same fiber-bait and switch happened in the other Verizon states, including NY, PA and NJ, as we document.

AI-IRREGULATORS asked to examine what the 5-year plan stated -- Gobblygook that could have been written by the AI bots.

## What caused the digital divide in Massachusetts?

The digital divide in Massachusetts, like in many other places, is caused by a combination of factors such as geography, population density, and socioeconomic status. In rural areas, for example, the cost of deploying broadband infrastructure can be prohibitively expensive due to the lack of population density. In urban areas, the cost of broadband service may be too high for low-income households, leading to a lack of

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access. Additionally, some communities may lack the necessary digital literacy skills to effectively use broadband services, further exacerbating the digital divide <sup>82</sup>. The Massachusetts BEAD Initial Proposal Volume I & II aims to address these issues and close the digital divide by identifying unserved and underserved locations, supporting local broadband planning, and implementing initiatives to improve digital literacy and access for vulnerable populations <sup>22</sup>,”

Fourth, Verizon’s business strategy to engineer an all wireless future, its concomitant with overcharging of local service customers and letting the state telecommunications public utility infrastructure deteriorate, has caused great public harm and calls for an immediate investigation.

Fifth, Verizon has manipulated its accounting and construction budgets to make the state telecommunications utility appear unprofitable, while cross subsidizing its other lines of business, including wireless.

And again, we presented a full analysis of Verizon MA which was obtained through FOIA requests. And what we found was a massive manipulation of the accounting -- costing local phone customers and the state over \$615 million in just overcharges and underpayments of taxes.

## **If the expenses were based on revenues:**

- **Verizon Local Service was overcharged \$618 million in just 2014.** There should be no marketing costs and little or no network costs, as most of the copper wires are not being upgraded or maintained. And charging Local Service for corporate operations, which are targeted and maximizing corporate profits vs the public interest – would not have been allowed if there was oversight by the state regulators.

2014	Local Service Expenses	% of Total	Overcharged
Network Costs (Plant)	\$296,502,378	43%	(\$134,802,513)
Customer Service	\$165,106,720	68%	(\$108,159,547)
Corporate Operations	\$557,934,103	60%	(\$341,196,688)
Marketing	\$61,149,078	53%	(\$33,883,136)
Total Overcharge for items.			(\$618,041,884)
Expenses	\$1,080,692,279		
Local Service Revenues	\$476,909,000	23%	
Local Service Losses	\$603,783,279		

Seven, Verizon has over the years collected billions from its customers to deploy high speed broadband services throughout Massachusetts. Rather than give Verizon even a single dollar of the federal BEAD grant funds, the State should hold the company accountable for its willful failure to upgrade the utility network.

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Eight, whether due to a failure of institutional memory or intentional disregard for an uncomfortable truth, current documents, reports and websites in the State do not even mention Verizon Massachusetts, or its obligations to build out broadband to the entire state. How is this possible?

And we must make clear, FiOS, the fiber optic wire to the home, started being rolled out around 2007, and this was the second wave of promises made to the State; the first wave of a fiber optic future in Massachusetts was to have 330,000 lines of fiber to the home by 2000.

But, as we documented in our 2017 complaint there was a massive bait and switch with wireless illegally using the wireline utility construction budgets. -- which started around 2011.

**Nine: This is not a history lesson, however.**

The State claims that it is in the middle of creating a 5-year plan “**MBI’s historic investments in middle mile and last mile infrastructure has set the stage for the Commonwealth to achieve universal broadband availability in the coming years.** The sequencing of MBI’s infrastructure grant funds will begin with the Broadband Infrastructure Gap Networks Grant Program which aims to fill the remaining gaps in Massachusetts broadband coverage. Any remaining coverage gaps that remain after the Gap Networks Program or that are identified through the BEAD Challenge Process will be addressed with BEAD Deployment funds”.

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And the NTIA states that these plans should include the existing assets, rights of way.

“3.3.1 Broadband Deployment The following list includes example assets that the Eligible Entity may identify and detail:

- State or Territory owned structures and utility infrastructure that providers could utilize at low- or no-cost for broadband deployment (e.g., towers, water towers, silos, buildings, utility poles).
- State or Territory owned land that providers could utilize at low-or no-cost for broadband deployment.
- Existing rights of way.
- Conduits or dark fiber deployed by the State/Territory or other government entities.
- Current or forthcoming capital projects, which would allow providers to lay new fiber at lower costs (e.g., road construction, water, or sewer projects); and
- Highly skilled workforce available to deploy broadband.

**And here’s why this is not history.**

Finally, we are expecting Verizon, Massachusetts to claim that it is best positioned to build any new networks and ask for most if not all of the funding.

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This, however, is the wrong answer: Verizon Massachusetts, the state telecommunications utility, and Verizon Communications, the Holding Company, and all of the subsidiaries should be held accountable for the failure to upgrade the state.

Billions of dollars that should have been spent on infrastructure went illegally to build out wireless infrastructure. If 100% of Verizon MA's territory which covers 99% of the state, then how can the 5-year plans even entertain giving more money to deal with unserved areas vs examining how Verizon failed to do upgrades and examine where did all the money go?

Worse, the state telecommunications utility never stopped spending for 'construction' of fiber optic networks in the state--it just never went to the homes. Where's all the money going, and this would be in 2023, and will be going on in 2024?

Which brings us to three other troubling issues.

**Wireless and FWA are a bait and switch con and not a substitute for fiber to the home.** There is a serious disconnect that occurred in Massachusetts. As we showed, not only is wireless a bait and switch, but it is being cross-subsidized with funds that should be used to wire homes with fiber optics; and wireless violates laws pertaining to the illegal cross-subsidy of this wired, utility network.

**Cable networks are now colluding with Verizon.** Spectrum and Comcast are now reselling Verizon wireless networks as part of their cable package. This collusion means that:

- Verizon did not show up to upgrade the State and thus there is a digital divide.
- The cable companies have no direct high-speed competition for most of their territory.
- The cable companies can also continuously raise rates.
- Verizon MA's wires are being used for wireless and there have been no investigations.
- The bottom line: wholesale prices for cable wireless are all rigged.
- Collusion of the primary players: In every current proceeding, Verizon et al. are now members of the same associations, using the same research and fake-astroturf groups and funding these same non-profits, as well as lobbying for more government subsidies.

All of these items mean that the 'middle' class and everyone else has been harmed with inflated prices that will not go down and customers will not get their competitive fiber service from Verizon to lower rates and bring high-speed network infrastructure to rural and low-income urban areas.

And finally, **the State has been incapable of tracking the fiber optic broadband services for 30 years; it ain't gonna happen now.** The plans laid out in the 5-year plans

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are well intentioned play-acting and there is no evidence that the state will properly examine and make sure that the work gets done.

Our final comments we have compiled our filings, articles, posts, etc pertaining to the fiber optic failure of Verizon Massachusetts

We are available to work with the State to further explain why Massachusetts must deny Verizon any federal broadband funding and why the company must be investigated and audited.

But more importantly, the State has an obligation to actually serve the public interest and we have laid out enough material facts that the State has ignored its responsibility but must now act so as to not repeat the same basic core problems with solving the Digital Divide and the Digital Discrimination. The regulators failed to properly analyze and then hold accountable those who created this mess.