SUMMARY REPORT

EXPOSED: For 14 Years, Verizon NY & New York State have Hidden and Fully Redacted Verizon's FIOS Cable TV Annual Financial Reports, Including an Accounting of the Deployments of its Network Infrastructure by Franchise Areas.

FORM AFR – 1

Annual Financial Report for Period Beginning January 1, 2022 and Ending December 31, 2022

Name: **Verizon New York Inc.**
Full Name of Cable Television Company

2. List below the name of each municipality granting a franchise and each Geographic area you serve in which a franchise has not been granted. In addition, provide information for each municipality and area served as indicated on table below. Indicate operation in a non-franchised area by placing the letter "N" after the area served.

An illustration is provided for the correct method for filling out the demographic information. The Village of Anywhere has 100 subscribers, 50% penetration, 10.0 miles of plant completed and 10.5 total route miles in franchise area.

Should you serve more localities than space provided, please make additional copies of page 2b.

A. Franchise Area Served	B. Number of Subscribers	C. Estimated % of Penetration	D. Total Miles of Plant Completed	E. Total Route Miles in Franchise Area[1]

====10 Pages===

A. Identify whether a locality is a city, town, village or unincorporated area by using the following codes: 'C' – City, 'T' - Town, 'V' – Village
B. Total amount of first or primary outlets not to include additional outlets or other services.
C. % of penetration – number in Column B divided by number of homes passed.
D. Total plant miles completed
E. Total miles of plant required to be constructed in municipality.

[1] The numbers in column E are estimates.

These findings are inextricably tied together as they impact every state 5 year broadband plan for BEAD funding, Net Neutrality and "Title II' policies, the potential halting of the ACP low income funding, all Digital Divide and Digital Equity issues, as well as the issues surrounding the 5G and FWA wireless bait and switch activities. But it also directly exposes the out of control US prices as compared to overseas, including the proliferation of junk fees. On top of the hyper-inflated pricing is the debacle surrounding the mapping and documenting of the fiber optic networks that were never installed or were put in but are "dark", (not in use; not "lit"), as well as the wasteland coverage of the unserved and underserved areas. In short, billions of dollars in just NY are at stake with no accountability, audits, or even available financial reports and analysis. And all of America has pursued the same broken path.

IRREGULATORS TEAM
Bruce Kushnick, Managing Director, Bruce@irregulators.net

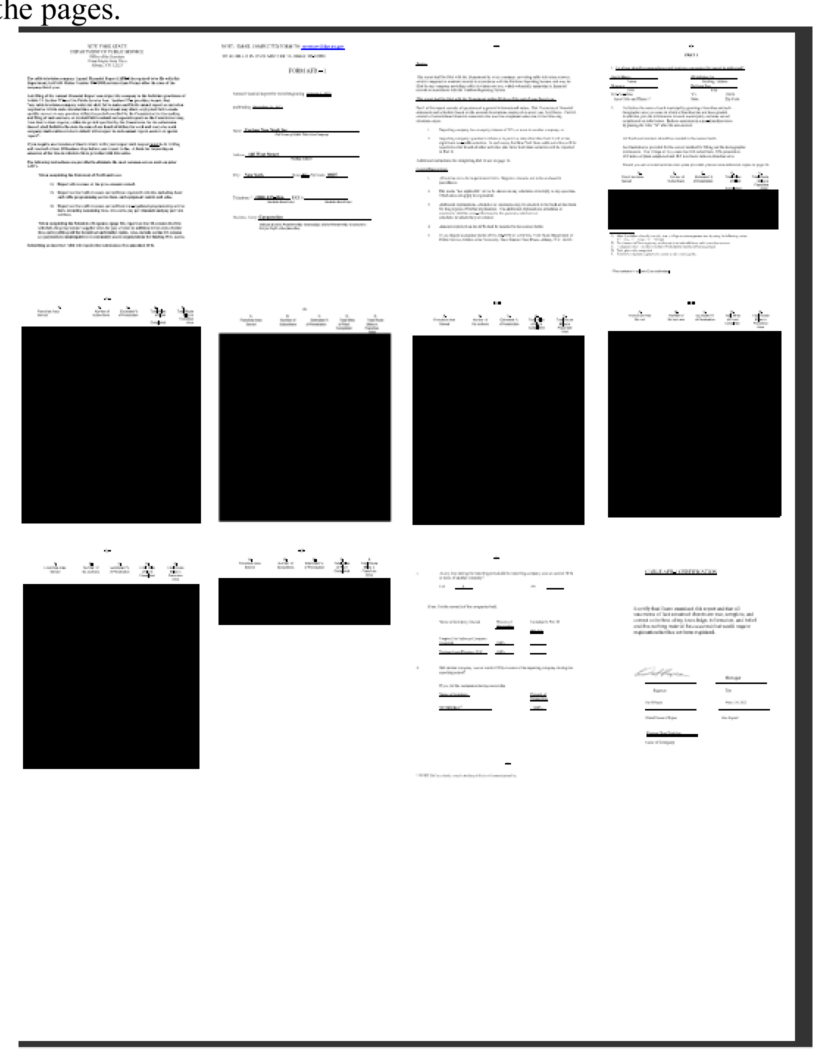
February 5, 2024

What We Uncovered:

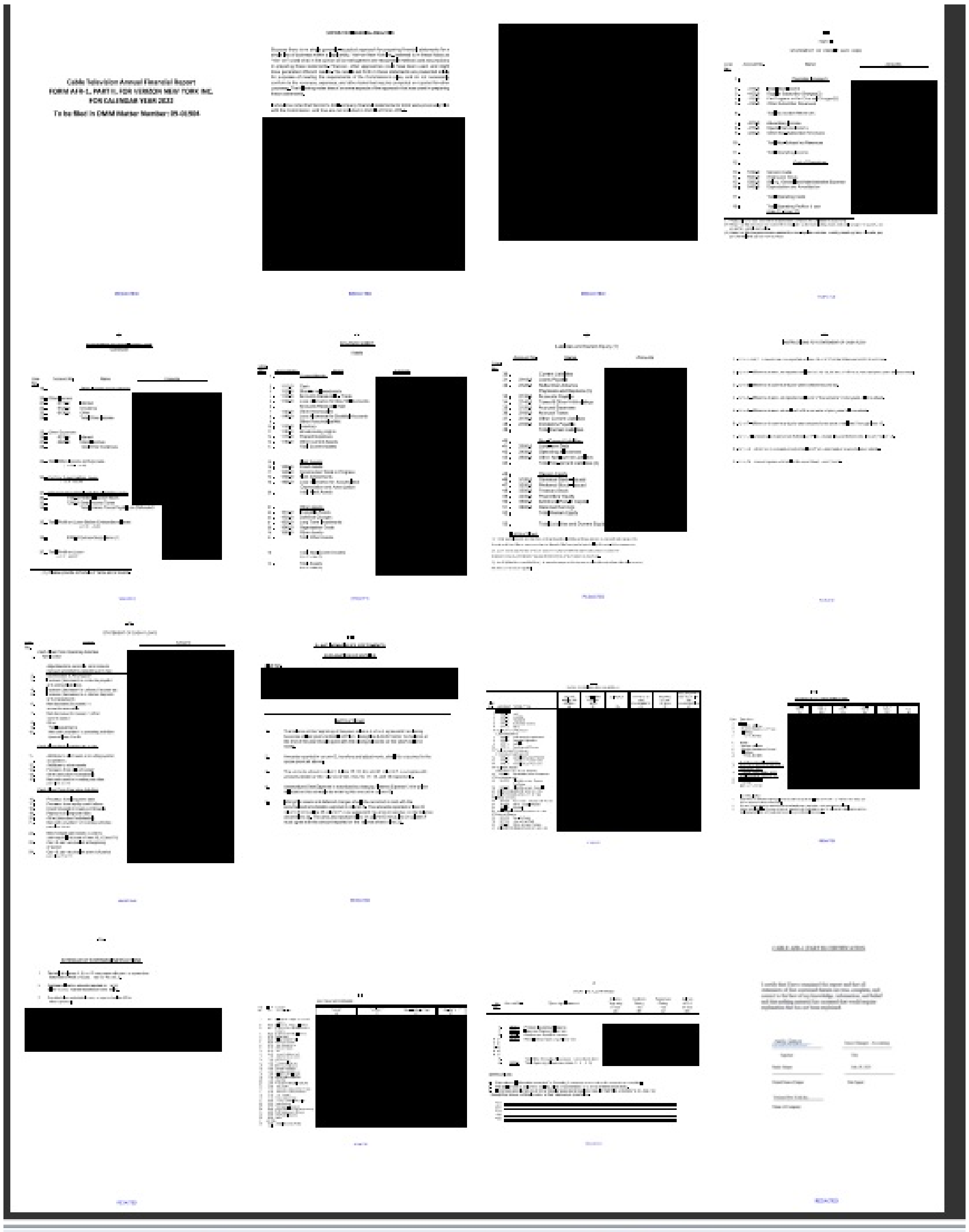
Redacted Financial Reports for 14 Years. The NY State Public Service Commission requires Verizon NY FiOS cable TV franchised services, as well as the cable companies -- Comcast, Time Warner, Charter, et al. to file annual financial reports. Since 2010-2012 (or earlier) NYPSC has allowed them to redact virtually all important financial and business information in these reports. At the companies' request the State has let them shield their financial data from the public under the pretext that they would suffer competitive harm from disclosure.

Verizon NY FiOS cable TV franchise is supposed to file at least 3 separate reports, and the financial and business of FiOS is embedded into another 'total-company' financial report, where parts are redacted-- but it is clear that the state utility and the wired customers have been the defacto investors of FiOS fiber optic services as well as the wireless networks.

CLICK FOR Verizon NY 2022 Cable TV Annual Report. -- Volume 1. This is a snapshot of the pages.



CLICK FOR Verizon NY 2022 Cable TV Annual Report, Volume II -- Snapshot below.



Is Verizon's FiOS cable TV or thee cable companies utilities today?

NYS claims that telephone and cable companies are still 'regulated utilities', bound to offer service at 'reasonable' rates and comply with quality-of-service standards.

> **TELECOMMUNICATIONS INFORMATION**
> The Department of Public Service's Office of Telecommunications is responsible for overseeing the performance of the telecommunication and cable television companies under the Commission's jurisdiction, and their compliance with Commission regulations and policies. The Office assures that telephone rates, terms, and conditions of services to consumers are reasonable and that companies follow rules governing market entry/exit, as well as telephone number conservation policies.
>
> "The Office also oversees service quality, technical and safety standards, including investigation of outages affecting the telecommunications and cable industries and conducts field investigations of companies' facilities. Finally, the Office is involved in mapping broadband availability and facilitating the expansion of broadband services in the state."

And this idea that the companies have been able to rewrite common wisdom so that they can be treated like 'free market' companies with serious competition where the prices are driven by market forces -- is a total myth. As 'utilities', they also get use of the rights of way. More importantly, all of the original prices were set to make sure that they had robust profits and neither NY or any other state or the FCC has had a 'rate case' to examine the profits coming off of the wires.

Moreover, Wireless is a separate subsidiary and NOT part of the telecommunications utility networks and neither is cable service, another subsidiary that has been allowed to use the state utility, and the customers, as the cash machine with no current examination of prices or profit margins.

And the utilities have obligations to serve their franchised areas -- usually all of the territory. Known as 'Carrier of Last Resort" in telecommunications, the cable coverage areas also have various obligations. And yet, there is no sign of proper oversight over the last 2 decades for any of the cable or phone companies' services.

The Importance of the Redacted Information:

Tracking the creation of the Digital Divide, massive rate increases, holes in fiber optic deployments, and a massive financial bait and switch, diverting billions to wireless instead of fiber to the home, paid for via rate increases, are just the start of the litany of harms to the public interest.

Hidden: What areas of the franchised territories were completed? How much fiber was put in and is in use?

The excerpt on the front page is part of one of several Verizon NY 2022 Cable TV Annual Reports filed with the NY Public Service Commission for 2022, in the year 2023 in which the company has redacted almost all of the information it was required to provide:

a) The total state franchised areas for FiOS cable TV;
b) The total percent of coverage of the franchised area-- households 'passed';
c) The percentage of actual subscribers in the franchised area;
d) The amount of fiber optic 'miles of plant' (network) completed;
e) The amount of 'route miles' of fiber in the municipality.

We and others have been asking for more than two decades how the Digital Divide came about without answers or insight into the problem that the redacted data could reveal. And it wasn't as if there wasn't a critical need over the last decade**.**

Stop the Cap wrote, Nine Upstate NY Mayors Accuse Verizon of Avoiding Urban Poor in Fiber Upgrades May 22nd, 2012

> "Virtually every mayor in the urban centers of upstate New York is accusing Verizon Communications of redlining poor and minority communities when deciding where to provide its fiber-to-the-home service FiOS…The mayors are upset that Verizon has chosen to target its limited FiOS network primarily on affluent suburbs surrounding upstate New York City centers."
>
> '"Verizon has not built its all-fiber FiOS network in any of our densely populated cities. Not in Albany, Buffalo, Syracuse, Binghamton, Kingston, Elmira or Troy,' the mayors say. 'Yet, Verizon has expanded its FiOS network to the suburbs ringing Buffalo, Albany, Troy, and Syracuse, as well as many places in the Hudson Valley, and most of downstate New York. As a result, the residents and businesses in our cities are disadvantaged…"

The details of the failure to upgrade the Verizon states, and charging customers who never got the service. This caused the Digital Divide.

In June 2015, New Networks Institute undertook a major study to examine just how much of the Verizon's state utilities had been upgraded to FiOS fiber optic services. And using, FCC and Census data, the company's filings, press statements and articles, we uncovered that about only 40% of the Verizon state's had been upgraded, and most was in the wealthier neighborhoods. But, these findings were tempered with the knowledge that various other independent data showed that the FiOS coverage had been inflated and 10-30% of the wires being discussed as installed in a specific franchise area, such as New York City, were missing.

Verizon's Coverage Area by Locations, Verizon FiOS Coverage Area and Percent Covered, 2015

	FiOS	Locations	Percent
Massachusetts	1,000,000	3,401,639	29.40%
New Jersey	2,100,000	4,166,112	50.41%
New York	4,000,000	8,977,869	44.55%
Pennsylvania	2,000,000	5,368,260	37.26%
Maryland	1,300,000	2,901,112	44.81%
District of Columbia	100,000	371,292	26.93%
Virginia	1,350,000	3,479,113	38.80%
Total	**11,850,000**	28,680,264	41.32%

Sources: Verizon, US Census, the FCC and New Networks Institute, 2015

In every state, the accounting for basic rates and add-on features to pay for network upgrades was to raise 'ALL' basic rates for 'All' customers, even though only a select group would ever get the upgrades. But worse, by 2012, Verizon had been shifting the construction budgets to wireless. i.e.; all customers paid for wireless buildouts as defacto investors.

Had they not have been heavily redacted, Verizon's cable TV annual reports would have provided critical information on every one of these towns listed in 2012.

The Financial Cable TV Report Is also Redacted.

The opening example is only part of the redacted reports and only part of the total missing pages that need to be examined. There are additional parts to the state FiOS filing, including information about the revenues, profits, expenses and the budgets for what is being built-- known as 'plant'. This is from the second Verizon NY 2022 Cable TV Annual Report,

Verizon Redacted Financial Information for the Verizon NY FiOS Cable TV Franchises, for the Year 2022.

PLANT, INTANGIBLES AND DEFERMENTS

LINE NO.	ACCOUNT	DESCRIPTION	BALANCE BEGINNING OF YEAR (A)	ADDITIONS DURING YEAR (B)	RETIREMENT (C)	TRANSFERS AND ADJUSTMENTS (D)	BALANCE AT END OF YEAR (E)	ACCUMULATED DEPRECIATION AND AMORTIZATION (F)
		Fixed Assets	[redacted]					
1	1210.0	Land						
2	1220.0	Buildings						
3	1230.0	Head-End						
4	1241.0	Subscriber Devices						
5	1242.0	Other						
6		Total Trunk and Distribution (Line 4 and Line 5)						
7	1250.0	Test Equipment and Tools						
8	1260.0	Program Origination						
9	1270.0	Vehicles						
10	1276.0	Furniture and Fixtures						
11		Total Vehicles, Furniture and Fixtures (Line 9 and Line 10)						
12	1280.0	Capitalized Lease Property						
13	1290.0	Leasehold Improvements						
14	1299.0	Miscellaneous Equipment						
15		Total Fixed Assets (Total Lines 1 to 3, 6 to 8, 11 to 14)						
16	1300.00	Construction Work in Progress						
17		Plant Adjustments						
18	1510.00	Plant Adjustment Excess Fair Value						
19	1520.00	Plant Adjustment Goodwill						
20		Total Plant Adjustments (Lines 18 + 19)						
21		Total Plant Assets (Lines 15 + 16 + 20)						
22		Intangible Assets						
23	1611.00	Franchises, Licenses and Permits						
24	1612.00	Other Intangible Assets						
25	1613.00	Goodwill						
26		Total Intangible Assets (Lines 23 + 24 + 25)						
27		Deferred Charges						
28	1621.00	Start-Up Costs						
29	1622.00	Unamortized Debt						
30	1623.00	Other Deferred Charges						
31		Total Deferred Charges (Lines 28 + 29 + 30)						

All of this data has been redacted for more than 15 pages in just this part--SEE PAGE 3.

The Other Verizon NY Financial Annual Report and These Reports.

Verizon NY is required to file two separate annual reports; the first is the cable TV annual report(part 1, 2 and 3) and the other is the complete financial report of the state telecommunications utility-- Verizon NY.

Verizon New York 2022 Annual Report, Published May 26th, 2023, Is Not Redacted but is Based on Manipulated Accounting using the USOA for Telecommunications.

Verizon NY is required to file a full financial report for its telecommunications public utility, and this is an excerpt from that page. [Click here for more of the analysis.]

Annual Report of VERIZON NEW YORK INC. For the period ending DECEMBER 31, 2022

Line No.	Item (a)	Total (b)	FIOS Video Nonregulated (c)	Local Service New York State (f)	BACKHAUL Other (g)
9	Total Operating Revenues	3,571,708,161	1,177,041,947	825,629,346	1,569,036,868
	Operating Expenses				
11	Total Plant	$ 2,521,823,844	$ 983,045,913	$ 1,040,132,092	$ 498,645,838
12	Marketing	273,689,619	83,670,154	147,868,792	42,150,673
13	Customer Operations Services	125,581,489	8,646,169	83,046,135	33,889,185
14	Access	105,119,145	0	50,442,893	54,676,252
15	Corporate Operations	1,212,629,201	123,247,994	736,141,775	353,239,432
16	Subtotal	4,238,843,298	1,198,610,231	2,057,631,688	982,601,379
17	Depreciation & Amortization	1,210,960,566	52,803,602	755,012,644	403,144,320
18	Total Operating Expenses	5,449,803,865	1,251,413,833	2,812,644,332	1,385,745,700
19	Net Operating Revenues	(1,878,095,703)	(74,371,886)	(1,987,014,986)	183,291,169

This financial report shows massive financial cross-subsidies. Local telephone service is being charged the majority of corporate expenses. On its face this is terribly wrong, since Verizon no longer markets the service, performs a minimum of maintenance, and instead of upgrading the copper to fiber is doing everything it can to steer customers to its wirelessly services. Over allocating corporate expenses to this declining service creates artificial losses, legitimizing rate increases that encourage customer migration to wireless.

For example, Verizon NY Local Service "Column F": is about 20-25% of the total revenues, but it is paying 40-60+% of the expenses.

Now imagine that the redacted, cable TV service revenues, expenses and profits are tied directly to this other set of books -- and then find out that Verizon has been 'spit-balling' the numbers, without audits or public scrutiny.

The Separate Accounting for FiOS is MADE UP and Redacted.

This is from the request for an extension of time to file the 2023 annual reports. But at the core: Verizon claims it can not separate Verizon FiOS from the rest of the financials, the state annual reports.

> "Verizon provides a wide variety of services other than cable television and does not have accounting systems or procedures in place that would enable it to separately report financial data for its cable television

operations. Indeed, to the best of our knowledge there are no generally accepted accounting standards governing the preparation of this type of report for a company such as Verizon. Last year, however, Verizon developed and implemented a methodology that enables it to submit, with appropriate caveats, reasonable estimates that will substantially comply with the Commission's requirements for the Report.

And this part makes it clear that the FIOS books are actually hidden somewhere in the actual larger Verizon NY Annual Reports.

"2. The starting point for the methodology is Verizon's total-company financial data for 2023, as reported in the company's Annual Report to the Commission. Assuming that Verizon's concurrent request for an extension of time is granted,3 Verizon will be filing its Annual Report on May 23, 2024. We estimate that separating the total-company data in the manner required for Part II of the Report will require an additional month. The extension we request here is based on that estimate."

Critically Important? Let us be very clear on some basic points.

Customers were charged for the original fiber optic upgrades circa 2006 and had continuous increases for 'massive deployment of fiber optics' and 'losses'. When Verizon announced more than a decade ago that it would discontinue the FiOS fiber deployment, it continued to overcharge customers and they got nothing to show for it.

"Statement by NY Public Service Commission.

"We are always concerned about the impacts on ratepayers of any rate increase, especially in times of economic stress…Nevertheless, there are certain increases in Verizon's costs that have to be recognized. This is especially important given the magnitude of the company's capital investment program, including its **massive deployment of fiber optics in New York**. We encourage Verizon to make appropriate investments in New York, and these minor rate increases will allow those investments to continue."

Next: IMPORTANT: The fiber optic wires being put are classified as Title II, common carrier networks. Verizon FiOS Franchise renewal, 2022 (standard language)

"WHEREAS, the Franchisee has operated a Cable System in accordance with the **Initial Franchise as of the effective date on its existing Telecommunications Facilities consisting of a Fiber to the Premises Telecommunications Network ("FTTP Network")** in the Franchise Area which also transmits Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, **and Title II of the Communications Act**, which Non-Cable

> Services are not subject to the Cable Law or Title VI of the Communications Act"

In fact, the use of Title II was to make sure that the FTTP, fiber to the home/premises, was coming out of the state utility budgets, and not paid for via revenue from the other subsidiaries.

Cross-referencing the cross-subsidizing and the redacted cable TV and the unredacted state utility financial annual reports. At the core:

The [construction budgets and maintenance] are over $1 billion dollars annually in just Verizon NY.

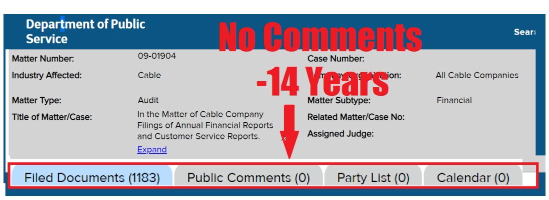
Verizon New York Construction Expenditures, 2008-2022, (Source, Verizon NY)

	2008	2009	2012	2013	2015	2017	2020	2021	2022
Construction	$1,335	$1,315	$1,141	$1,382	$1,470	$1,165	$1,068	$1,139	$1,187

- From 2008-2022, the average capex expense was over $1.24 billion of annual network construction expenses, with a high of $1.47 billion in 2015, and a low of $1.07 billion in 2020.
- Over this 15-year period, and using the actual data from the financial reports, this expense comes to over $18.6 billion for construction in just Verizon NY.
- We included the average as a line, against the actual construction expenditures and the amount rarely varied over this timeframe.

Where did all the money go? If Verizon New York is spending about $1.2 billion a year on construction as part of the state telecommunications utility, and this includes an additional estimated $1.2 billion (avg) in 2023, and an additional $1.2 billion in 2024, (The charts leave out years for space requirements.), and using 2007 as the starting point, Verizon New York will have spent about $18.6 billion through 2022. Where did all this money go?

The Redacted Annual Reports are Part of a Phantom Proceeding:



There was never any notification that Verizon had a requirement to file a separate annual report for FiOS Cable TV service, based on a cable franchise. This proceeding has been going on since 2009 and by 2011 Verizon was able to redact the primary information, and all of the other large cable companies have followed suit. Focusing on Verizon New York and FiOS cable TV:

- The state never notified anyone that this proceeding was going on and that it contained exceptionally important separate information that we and others asked about since 2005.
- This was started in 2009 and this proceeding has had 1,183 separate filings since then but zero comments and zero party list attendants.
- This proceeding has not shown up in multiple search attempts,
- The state made no effort for a public interest examination of allowing Verizon to redact the basic primacy information of the cable TV annual report.

PART II: How the Redacted Info Harms the Critical Current Digital Divide, Net Neutrality, and other Public Policy Issues.

- **5 Year Broadband Plan in NY-- Is Missing Basic Material Facts.**

In December, 2023, the IRREGULATORS filed comments on the BEAD Grant proposal that NYS filed with NTIA. We also submitted comments that were created with our AI-IRREGULATORS programs.

CONCLUSION: The NYS 5-year broadband plan omits any mention of Verizon NY; that it was required to deploy FiOS throughout the state and failed to do so; that it used utility revenues for its other lines of business instead of upgrading local service; and, that NYS has not held Verizon NY accountable for creating the Digital Divide in NY by neglecting to upgrade unserved and underserved areas, much less requiring the company to cough up the billions of dollars it collected from customers for that purpose.

- **Net Neutrality**

The need for Net Neutrality requirements was created by the FCC closing the incumbents' networks, circa 2004, at their urgings. The incumbents no longer had to make available to competing internet providers the utility network connections they needed to reach homes and business. Instead the incumbents became the ISPs, providing a bundled internet access service that included the line, which the FCC classified as a Title I information service. Thousands of smaller ISPs went out of business as a result, leaving only the large incumbent telecommunications and cable companies in control of internet access, creating the need for Net Neutrality rules.

Verizon NY and the other states have been abusing the Title II classification to be able to install fiber optic wires over public rights-of-way for these Title I services. Verizon et al have played it both ways with regulators, using Title II when it serves their interest opposing Title II classifications at other times. For example, the incumbents repeatedly claim that Title II harms investment in their pleas for deregulation. They have never substantiated the claim with credible evidence, and a review of unredacted financial data would likely refute it.

- The Redacted Cable TV financial reports and related business reports for FiOS New York would supply the flows of money showing how Verizon used Title II and that this made the state utility and local phone customers the investors.
- And it would therefore supply documentation to halt the financial flows to fund the cable TV service and would acknowledge that the fiber optic wires are part of this 'state utility' -- and not a separate network, and also put into question all of the rate increases.

- **5G and FWA Wireless Bait and Switch**

Starting in 2011, Verizon announced the halting of the FiOS deployments and by 2012 was telling investors it was not going to upgrade rural areas but was going to use wireless. According to multiple sources, the use of the manipulated accounting helped to allow for the fiber optic wires that should have been going to fiber to the home to be used for fiber to the wireless cell tower.

According to the NY AG, of the $1 billion annually in construction expenditures, 75% was used for FiOS and wireless. By 2013, only $30 million, on average, was sent to maintain and upgrade the wires; the rest going to FWA fixed wireless or the 5G services.

By 2020, when the pandemic hit, and it became obvious that America had a Digital Divide-- there were specific findings.

All of these actions resulted in:
- Whole areas of America were never properly upgraded to fiber or even high-speed broadband.
- Verizon has been diverting the construction to wireless, neglecting the fact that they have been and continue to get paid via the rate increases, which were supposed to be used for wire to the home services.
- The claims for upgrades were used as excuses to have continuous rate increases on all services, but especially the basic phone customers-- who were being force-marched to use the inferior wireless service.
- The cable companies had no serious broadband competition and kept raising rates.
- Comcast and Charter resell Verizon Wireless.

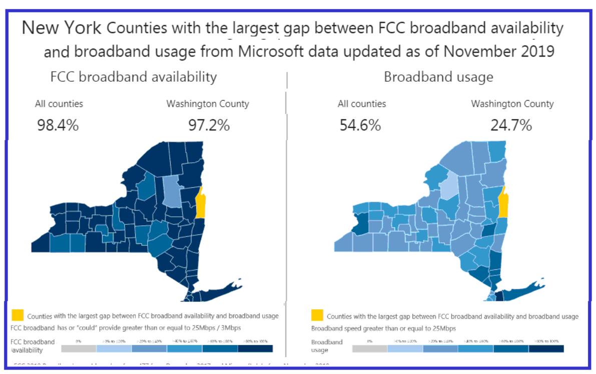
- **The Critical Aspect:**

The FiOS Cable TV accounting for the infrastructure and the detailing of what was being built in the franchise area, the households service uptake, and the amount of fiber miles that were put in - not to mention the revenues and expenses of the cable service data is missing and that data would also supply a basic series of answers -- given the 2 sets of books for the fiber optic wires and the telecom utility construction budgets -- exactly how much had been used for fiber to the home and how much fiber was used to the tower for wireless -- would be revealed.

- And this would also bring up questions about the rates charged to customers, and the massive harms to competition-- as having the utility customers as defacto investors, and the subsidiaries NOT paying market prices are all anti-competitive; and it is not even legal to cross-subsidize the other lines of business held by Verizon Communications, the Holding Company.

- **The Mapping of Broadband Scandal.** .

Along side the issues of where the FiOS deployments occurred, and whether the unserved and underserved areas are in the Verizon franchise areas, we have the much deeper concern -- what exactly has been installed and can it be used to ‘solve the Digital Divide’, Throughout the last 15 years the issue of correct maps of the locations of the fiber has been a sore point-- as the mapping has been controlled by the phone and cable companies through groups that they control, such as Connected Nation, and the data was always to inflate the actual households ‘passed’ and neighborhoods completed by claiming that 1 person in 1 census zip code means that a service is available throughout the territory. And there is also the fact that over ½ of all fiber optic wires were ‘dark’, meaning installed but not ‘lit’ -- Knowing where this dark fiber has been put in and can it be used to solve the Digital Divide has been a question that these redacted reports could give insights-- as well as the actual locations of potential routes of wires that could be used, especially lowering the costs to put in new services.



We have been pointing out the issues with the FCC broadband maps, and even the maps used in NY State for decades, from the holes in the FiOS deployments in New York City where 100% of the networks were supposed to be completed, or former Governor’s Cuomo’s “Reimagine” plans in 2021.

- **ACP Funding is now up for grabs. It has been providing funding to subsidize low income families, but at the same time reveals the inflated US prices that are unaffordable to millions of Americans.**

According to the FCC:

> “The Federal Communications Commission (FCC) would like to inform you that the Affordable Connectivity Program (ACP) is expected to end this spring unless Congress appropriates additional funding. As a result,

> the FCC has begun taking steps to wind down the ACP. The FCC projects that households enrolled in the ACP will continue to receive the benefit on their internet service through April 2024. This date is an estimate and may change.
>
> "In 2021, Congress established the Affordable Connectivity Program in the Bipartisan Infrastructure Law and appropriated $14.2 billion for the program. The FCC was tasked to develop and implement the ACP as well as ACP outreach and awareness activities. As of today, over 22 million households are enrolled and receiving the ACP monthly benefit."

This program gives the low-income household a voucher worth up to $30 for service, and the customer must pay the difference.

- **Prices Are Out of Control.**

There is no plan to examine or fix the discrepancy of prices in the US vs overseas.

- According to Consumer Reports, the average wired broadband service was $74 a month.
- Within the EU the price of a triple play averaged $35 a month; in the US it is $220 a month.

With these government subsidies, virtually no advocate or politician has examined anything about why the current prices are so out of control as compared to EU rates .

- **Examining the Redacted Books**:

The redacted financial cable reports and the details about the coverage area, and the costs being paid by local phone customers, or the inflated rates of all wired and wireless services due to a lack of competition and the manipulation of the accounting begs the question -- Why are America's prices out of control? If prices were just and reasonable, the funding for low income families for broadband would be reduced immediately.

- **Accounting Manipulation:**

Moreover, Verizon Communications was able to get rid of accounting requirements at the FCC, removing the audit trail of the financials of the state utilities, in 2007, claiming it would not cross-subsidize the utility with the other lines of business.

PART III: Examining the Verizon Communications Annual Report and the harms from Verizon's focus on wireless instead of the East Coast and the state telecommunications utilities the company controls -- from Massachusetts to Virginia.

PART IV: Examining the Cable TV Franchise financials for Cable Companies (vs telecommunications companies, like Verizon).