Bruce Kushnick
New Networks Institute
New Report Coming:

Communications Breakdown in America: While You Were Asleep...

- Service Quality,
- Consumer Experience
- FCC and State Legal & Regulatory Actions
Returning the “Public Utility”

• No One Knows there Are State Telecommunications Utilities.
• The FCC Is Out of Control: Never Acknowledges there are State utilities left, or the state-based financial and broadband commitments.
• We are at the Tipping Point of the End Game. It Is Time Fix the Consumer Experience for the Next Generation - Now.
Consumers Are Clueless.

How much do you pay for a minute of long distance?
Getting Worse. Today: Consumers are Not Happy.

**ACSI Telecommunications Report 2018**

**Customer Satisfaction Benchmarks by Industry**

1) TV & Video Players - 85
2) Breweries - 84
3) Soft Drinks - 84
4) Credit Unions - 82
5) Internet Retail - 82

37) Wireless Telephone - 74
42) Fixed-Line Telephone - 70
43) Video-on-Demand - 68
44) ISP - 62
45) Subscription Television - 62

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**Comcast Triple Play, NJ 2018**

### Regular monthly charges

- **Your XFINITY package**: $149.94
- **Starter XF Bundle**: $139.99 (Includes Digital Starter With Performance Pro Internet And Voice Unlimited)
  - Includes $10.92 Bundle Discount
  - The end date of your promotion is Oct 13 2018
- **TV: HD Technology Fee**: $0.95
- **Equipment & services**: $13.68
  - TV Box + Remote: $2.68
  - Modem Rental: $11.00
- **Other charges**: $16.12
  - Universal Connectivity Charge: $1.30
  - Regulatory Recovery Fees: $0.32
  - Broadcast TV Fee: $7.75
  - Regional Sports Fee: $6.75
- **Taxes, surcharges & fees**: $4.58
  - Service fees: $0.44
  - Franchise Fee: $0.44
  - Taxes & surcharges: $4.14
    - State Sales Tax: $3.11
    - FCC Regulatory Fee: $0.06
    - Monthly State Assessment: $0.07
    - 911 Fee(s): $0.99

**Total**: $179.74

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**Notes**:
- **Still Going Up**
- **124% Above Advertised Price in Less than 2 Years.**
- **Deceptive Advertised Price**
- **Misnamed - Universal Service Fee - What is it Applied to?**
- **Not Included in Promotional Price!**
- **Added Fees -- Direct Revenue - No Audits - No Oversight**
- **How are the Taxes applied?**
- **What is the Sales Tax on?**
Wireless: Cost Per Gig Highest in the World

In October 2018 the US became the most expensive country among the 41 EU28 and OECD countries. In April 2018 it was the 3rd most expensive ahead of Cyprus and Canada.
7. **What happens once I've used the 20 GB limit for Mobile Hotspot? Can I buy a Data Boost with Above Unlimited?**

On each line with Above Unlimited, you get a 20 GB allowance of data at 4G LTE speeds for Mobile Hotspot each bill cycle. Once you've used the 20 GB of 4G LTE data, your Mobile Hotspot data speed for that line will be reduced to up to 600 Kbps speeds for the rest of the bill cycle.

You can purchase a 5 GB Data Boost on a line for $35 to extend 4G LTE speeds for Mobile Hotspot. You can buy up to 20 Data Boosts per line per bill cycle.
Details of Charges

Services & Equipment

<table>
<thead>
<tr>
<th>Services</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verizon Freedom Essentials</td>
<td>$60.99</td>
</tr>
<tr>
<td>(includes $17.95 for long distance)</td>
<td></td>
</tr>
</tbody>
</table>

Additional Tax Details

Taxes, Fees and Other Charges

<table>
<thead>
<tr>
<th>Voice</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Excise Tax</td>
<td>.21</td>
</tr>
<tr>
<td>NY State and Local Sales Tax</td>
<td>6.43</td>
</tr>
<tr>
<td>911 Surcharge</td>
<td>1.00</td>
</tr>
<tr>
<td>NY Universal Service Fund</td>
<td>.17</td>
</tr>
<tr>
<td>NY State and Local Tax Surcharges</td>
<td>.20</td>
</tr>
<tr>
<td>NY State and Local Tax Surcharges</td>
<td>.56</td>
</tr>
<tr>
<td>Federal Universal Service Fee</td>
<td>3.07</td>
</tr>
<tr>
<td>Federal Subscriber Line Charge</td>
<td>6.50</td>
</tr>
<tr>
<td>NY State and Local Tax Surcharges</td>
<td>1.19</td>
</tr>
<tr>
<td>NY State and Local Tax Surcharges</td>
<td>1.69</td>
</tr>
<tr>
<td>Federal Universal Service Fee</td>
<td>1.22</td>
</tr>
<tr>
<td>Federal Universal Service Fee</td>
<td>.34</td>
</tr>
<tr>
<td>NY State Gross Revenue Tax Surcharge</td>
<td>.06</td>
</tr>
<tr>
<td>MCTD Gross Revenue Tax Surcharge</td>
<td>.01</td>
</tr>
<tr>
<td>VLD Carrier Cost Recovery Charge</td>
<td>1.25</td>
</tr>
<tr>
<td>VLD Long Distance Administrative Charge</td>
<td>.74</td>
</tr>
</tbody>
</table>

Total Taxes, Fees & Other Charges  $24.64

Total Due by January 8 $85.63
Verizon NY Basic & Non-Basic: Shell Game: Out of the “Intra-state” Accounting into “Inter-””State”

<table>
<thead>
<tr>
<th>Category</th>
<th>New Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>9.99</td>
</tr>
<tr>
<td>Non Basic</td>
<td>75.64</td>
</tr>
<tr>
<td>Total</td>
<td>85.63</td>
</tr>
</tbody>
</table>
### Verizon NY Revenues and Major Expenses by Category, 2017 (Excerpt)

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>5) Nonregulated</th>
<th>Local Service</th>
<th>Access</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenues</td>
<td>$4,986,070,423</td>
<td>$1,546,034,819</td>
<td>$1,077,961,833</td>
<td>$2,362,073,771</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction &amp; Maintenance</td>
<td>$2,884,216,108</td>
<td>$1,122,471,378</td>
<td>$1,165,566,908</td>
<td>$596,177,822</td>
</tr>
<tr>
<td>Marketing</td>
<td>$321,094,164</td>
<td>$51,658,380</td>
<td>$172,875,774</td>
<td>96,560,010</td>
</tr>
<tr>
<td>Customer Operations Services</td>
<td>$322,848,684</td>
<td>$24,393,957</td>
<td>$218,383,636</td>
<td>$80,071,091</td>
</tr>
<tr>
<td>Corporate Operations</td>
<td>$2,917,904,192</td>
<td>$297,290,586</td>
<td>$1,768,187,616</td>
<td>$852,425,990</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>$1,034,501,863</td>
<td>$50,047,572</td>
<td>$650,204,998</td>
<td>$334,249,293</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$7,578,159,192</td>
<td>$1,545,861,873</td>
<td>$4,022,050,865</td>
<td>$2,010,246,453</td>
</tr>
<tr>
<td>Net Operating Revenues</td>
<td>$(2,592,088,769)</td>
<td>$172,946</td>
<td>$(2,944,089,032)</td>
<td>$351,827,317</td>
</tr>
</tbody>
</table>

New Networks Institute
$4 Billion in Revenues: “0” Lines

61. ACCESS LINES IN SERVICE

1. Access lines are any and all facilities appearing at a customer’s premises for which an access line charge is made as provided for in company tariffs.
2. Multi-line business access lines shall include all access lines provided to businesses with two or more lines on the same premises (i.e., two line service, key telephone system services, PBX system services).
3. Public access lines shall include all access lines provided to serve public coin telephones, semi-public coin telephones, customer-owned coin operated telephones (COCOTS) and credit card telephones.
4. Private Line Circuits are telephone facilities furnished under contracts central office circuits switching operations.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>1) Number of Access Lines During the Year</th>
<th>2) At Beginning of the Year</th>
<th>3) Added</th>
<th>4) Discontinued</th>
<th>5) At End of the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>6) Local Service Lines: Based $1 Billion Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8) Access Lines for $4 Billion Missing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>2,156,399</td>
<td>168,459</td>
<td>424,795</td>
<td>1,900,063</td>
<td></td>
</tr>
</tbody>
</table>

4. NUMBERS AT END OF THE YEAR

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Single Line (f)</th>
<th>Multi-Line (Instr. 2) (g)</th>
<th>Multi-Line (Instr. 3) (h)</th>
<th>Public</th>
<th>Residential</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
<tr>
<td>10</td>
<td>1,133,070</td>
<td>4,309</td>
<td>756,835</td>
<td>315</td>
<td>621</td>
</tr>
<tr>
<td>10</td>
<td>Not Available</td>
<td>0</td>
<td>Confidential</td>
<td>Confidential</td>
<td>Confidential</td>
</tr>
</tbody>
</table>

7) Verizon NY 2017 Annual Report: $5 Billion in Revenues
Verizon in NY:
Revenue $12-15 Billion?
Verizon New York, Telecommunications Utility

Affiliates

Corporate Revenues

Wireless

VOIP Phone

Long Distance

PSTN
(Public Switched Telephone Networks)

Broadband

Cable Video

Internet

Special Access

The Networks are Title II
5G CON: Another Telco Bait & Switch
Verizon NY Settlement, 2018

- Consultant for the Investigation, March, 2017

- “There are strong indications that Verizon New York, and its parent Verizon Communications, engage in practices which misallocate expenses and revenues to the detriment of the regulated New York operations. I recommend the Commission direct Verizon to submit detailed information on these interaffiliate transactions and allocations, and that, in a separate proceeding, the PSC examine Verizon’s cost allocation methodologies.”
FCC is Out of Control

**FCC-AT&T-VERIZON-CABLE PLAN**

- **SHUT OFF COPPER**
- **MADE UP FEES!**
- **NO PRIVACY**
- **NO NET NEUTRALITY**
- **NO RIGHT FOR COURT**
- **FORCE CUSTOMERS ONTO WIRELESS**
- **DATA CAPS & WHAMMING**

**FCC AT&T VERIZON CABLE PLAN**

- **MANIPULATE FINANCIAL ACCOUNTING**
- **MANIPULATE ACCESS LINE ACCOUNTING**
- **CREATE A FAKE HISTORY OF BROADBAND**
- **TAKEOVER THE FCC**
- **"PATSIES" WHO CLAIM THEY AREN'T SHILLS**
- **TAKE OVER STATE LEGISLATURES**
- **CREATE "MODEL LEGISLATION"**
- **NEVER TELL THE TRUTH**
- **MAKE UP SPEEDS, PRICING, BENEFITS**
- **USE FOUNDATION GRANTS AS "BRIBES"**
- **MERGE INSTEAD OF COMPETE**
- **REMOVE STATE & CITY RIGHTS**
- **GET RID OF ACCOUNTING RULES**
- **NO INVESTIGATIONS OF "ZOMBIE RULES"**
- **DENY THERE IS A UTILITY**
- **LIE ABOUT 5G TO REMOVE REGULATIONS**
- **CONTINUALLY RAISE RATES**

**New Networks Institute**
NARUC President Nick Wagner of Iowa

- "NARUC is the national association representing the State Public Service Commissioners who regulate essential utility services in your State. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates."

- The IRREGULATORS believe we are at the tipping point of the end game. The State Commissions need to take pro-active steps to make sure that this tips toward the public, with the states in control.
Consumer Complaint Center - Overview

- Established Four Years Ago
- Streamlined Forms Include Four Main Categories
- Greater Interaction with Consumers
- Faster Review and Processing for Agents and Providers
- Increased Transparency
Complaints by Month - 2018

Total Complaints by Form - 2018

~84% are unwanted call complaints
Complaints Served on Providers

Total Complaints Served - 2018

- Over 1,500 Providers in the CCC
- Complaints Served Within a Couple of Days
- Providers Receive Real-time Serve Information
- Providers Have Up to 30 Days to Respond
- Rebuttal Process
Feedback from Consumers

“I have received my provider’s response to my complaint... [The customer service representative] was very prompt and accommodating in replying to my complaint. We have been in touch by telephone and have reached a resolution to my complaint. I appreciate his concern and the manner in which he helped me. Likewise, I appreciate the efforts of the FCC.”

“[My provider] has finally arrived and hooked up Internet and phone so everything is fine at this point. Thank you for your service because it actually got someone to check on the problem and call me.”

“Thank you FCC for all your assistance in expediting this process for me. I couldn't have done it w/o your help!!”
A Dynamic Communications Marketplace in Transition: USTelecom Industry Metrics and Trends

Mike Saperstein
Vice President, Law and Policy

msaperstein@ustelecom.org
202-326-7225

Data Analysis Provided by Patrick Brogan, VP Industry Analysis, USTelecom
The Transition from Legacy Voice Networks to Mobile and Internet Communications
Dramatic Decline in Traditional Wired Voice Connections Continues

ILEC Switched Access Lines 2000 – 2018 Projected (millions)

Source: FCC and USTelecom analysis. Includes primary and non-primary lines. Excludes ILEC VoIP and UNE-L (unbundled loops). Projections based on most recent 6-month straight-line run rates. Pre-2005, carriers with <10,000 lines did not report and FCC did not report residential lines.
Wired Voice Alternatives Are Growing

Non-ILEC Lines and ILEC VoIP 2000 – 2018 Projected (millions)

Source: FCC and USTelecom analysis. Includes primary and non-primary lines. Includes non-ILEC lines using ILEC wholesale lines. Pre-2005, carriers with <10,000 lines did not report and FCC did not report residential lines. 2005-7 Non-ILEC data excluded due to data reliability issues. Projections based on most recent 6-month straight-line trend.
Wireless Voice Connections Are Growing Rapidly

Wireless Voice Connections 2000 – 2018 Projected (millions)

Source: FCC and USTelecom analysis. Projections based on most recent 6-month straight-line run rates.
Non-ILECs Have a Greater Share of Wired Voice Lines Than ILECs

Source: FCC and USTelecom analysis. Pre-2005, carriers with <10,000 lines did not report. Pre-2008 data exclude VoIP. ILEC lines exclude wholesale. 2005-7 Non-ILEC data excluded due to data reliability issues. Projections are straight-line based on most recent 6-mnth trend.
Non-ILECs Have Also Surpassed ILECs in Wired Voice Even When Considering Wholesale Lines

Source: FCC and USTelecom analysis. Pre-2005, carriers with <10,000 lines did not report. Pre-2008 data exclude VoIP. ILEC lines exclude wholesale. 2005-7 Non-ILEC data excluded due to data reliability issues. Projections are straight-line based on most recent 6-month trend.
There Are Three Times as Many Wireless as Wired Voice Connections in the U.S.

Change in Share of Total U.S. Voice Connections, 2000 to 2018 Projected

Source: FCC, USTelecom Analysis. Includes residential and business. Projections are straight-line based on most recent 6-month trend.
Households Have Shifted to Wireless and IP Voice

U.S. Household Voice Service Penetration and Projections
(Percent of Telephone Households)

Sources: FCC, CDC, Census, USTelecom Analysis (2008-15P); and FCC, CDC, NCTA, Financial Reports, USTelecom Analysis (2003-7); projections based on six-month run rates.
Broadband Investment, Deployment and Adoption
Competing Broadband Providers Have Invested More Than $1.6 Trillion in Capital since 1996

Data includes wireline, wireless, and cable providers.

U.S. Broadband Provider Capital Expenditures, 1996-2017 ($ billions)

Source: USTelecom (1996-present) and Yankee Group (1996-2010). Figures are rounded.
Broadband Investment by Competitive Providers Has Brought Near-Nationwide Deployment

U.S. Fixed Broadband Choices Available at Any Speed (% of Housing Units, Year-End 2016)

- 90%
- 8%
- 2%
- 0%

U.S. Wireless LTE Broadband Choices Available (% of Housing Units, Year-End 2016)

- 87%
- 9%
- 3%
- 1%
- 0.4%

Source: FCC, USTelecom, and Telcodata CensusNBM.com.
Investment Has Enabled Widespread and Ongoing Broadband Adoption

U.S. Fixed Broadband Connections
(Millions of “High Speed” Connections)

Source: FCC. Based on “high-speed services” > 200 kbps downstream. Projections are straight-line based on most recent 6-month trend.
Providers Are Deploying Networks Capable of Providing Higher Speeds

Broadband Availability by Download Speed for Wired Technologies, 2010-2016 (Percent of Housing Units)

Source: NTIA National Broadband Map, USTelecom, and Telcodata CensusNBM.com. Percentages in bar chart are cumulative.

Fourth generation mobile broadband was available to less than 1% of Americans in 2010 and 99.6% of Americans in 2016. Speeds are in excess of 10 mbps, in some cases approaching 20 mbps (opensignal.com)
Broadband Has Been a Competitive Industry from Its Inception

U.S. Fixed Broadband Connections by Technology
(Millions of “High Speed” Connections)

Source: FCC. Based on “high-speed services” > 200 kbps downstream