

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON TECHNOLOGY JOINTLY WITH COMMITTEE ON
OVERSIGHT AND INVESTIGATIONS AND SUBCOMMITTEE ON
ZONING AND FRANCHISES

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October 14, 2015
Start: 01:02 p.m.
Recess: 05:30 p.m.

HELD AT: Council Chambers - City Hall

B E F O R E:

JAMES VACCA
Chairperson

VINCENT J. GENTILE
Co-Chairperson

DONOVAN J. RICHARDS
Co-Chairperson

COUNCIL MEMBERS:

ANNABEL PALMA
DAVID G. GREENFIELD
STEVEN MATTEO
CHAIM M. DEUTSCH
COSTA G. CONSTANTINIDES
DANIEL DROMM
HELEN K. ROSENTHAL
INEZ E. DICKENS
RORY I. LANCOUNCIL MEMBERAN

COUNCIL MEMBERS: (CONTINUED)

ANTONIO REYNOSO

DANIEL R. GARODNICK

JUMAANE D. WILLIAMS

RITCHIE J. TORRES

RUBEN WILLS

A P P E A R A N C E S (CONTINUED)

Maya Wiley
Counsel to the Mayor

Anne Roest
Commissioner

Stanley Shor
Assistant Commissioner

Leecia Eve
Vice President
Verizon

Kevin Service
Senior Vice President
Verizon

Fern Luskin
Professor
LaGuardia Community College

Lucille Songhai
Representative
Manhattan Borough President Gale Brewer

Paul Epstein [sp?]
Citizen
Inwood

DG Weber-Duffy [sp?]
Jefferson Court Association

Pete Sikora [sp?]
New York State Legislative Director
CWA District 1

Susan Learner
Common Cause New York

George Jenson
First Evangelical Free Church

A P P E A R E N C E S (CONTINUED)

Charles Bell
Programs Director
Consumers Union

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[gavel]

CHAIRPERSON VACCA: My name is James

Vacca and I'm Chair of the Committee on Technology
and today this committee hearing is being held
jointly with this committee of Technology and the
Committee on Oversight and Investigations chaired
by Vincent Gentile to my left and the Subcommittee
on Zoning and Franchises chaired by Donovan
Richards to the left of Mr. Gentile. And today we
hope to hear a wide range of testimony today
concerning the Verizon FiOS franchise. Earlier this
year the Department of Information Technology and
Telecommunications DoITT in conjunction with the
Counsel to the Mayor Maya Wiley's Office released
an audit of the Verizon franchise agreement
alleging that Verizon failed to install FiOS
infrastructure citywide in breach of the terms of
their FiOS franchise agreement. We're also going to
be hearing from residents of our city, from the
Communication Workers of America, and other
stakeholders in order to learn about all the issues
that are now front and center. This franchise
agreement was approved in 2006 by a resolution of
the New York City council and authorizes DoITT to

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grant nonexclusive franchises for the construction,
installation, use, and operation of fiber optic
cables and wires to be installed throughout the
entire city. This buildout was supposed to allow
for all residential buildings, multiple dwellings,
and one and two family homes alike to have access
to FiOS if they choose to subscribe. Additionally,
the installation of the infrastructure was intended
to occur across the five boroughs in New York City
equally. Verizon claims that it is complete, that
it has completed the build out of the network... that
it completed the build out of the network by the
end of November having passed all residences in the
city. Many residents in the administration
disagree. Due to a large volume of complaints
received from perspective customers that were
unable to subscribe to Verizon FiOS DoITT initiated
an audit of the franchise last fall. The findings
of that audit content that not only did Verizon
mark blocks as passed before a connection was made
but that the company refused to accept orders for
residential service both before and after the
residence was claimed to have been passed.
Additionally, the audit found that Verizon had

particularly underperformed in making connections
available in the case of nonstandard installations,
NSIs which are installations that require extra
steps beyond a single hook up. A common example of
this is when a tenant of a multiple dwelling
apartment building request the service requiring
Verizon to gain access to the building in order to
install wires. The audit found that Verizon failed
to meet their deadlines to fill these type of
orders. NSIs are required to be completed between
six months to one year after a resident requests
the service but many have taken longer than that.
Verizon disputed the audit's findings, disagreeing
over the definition of passed. Verizon's contention
is that fiber cables do not literally need to run
down every street in order for it to constitute a
passage. With respect to NSIs the company claims
significant roadblocks and obtaining legal
authority to access certain properties to provide
FiOS properly. Verizon has also stated that in
attempting to lower the number of NSIs by wiring
entire buildings rather than individual residences
their efforts were slowed and their actions were
indeed not in accordance with the finance... with the

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franchise agreement. Now in light of all these
findings Verizon has agreed to improve their
communications with perspective customers with
respect to the timeline of installation and has
initiated the filing of thousands of order of entry
petitions to the public service commission in order
to gain access to properties. Despite Verizon's
subsequent actions as a result of the audit issues
remain. These committees have also uncovered
additional findings not specifically addressed in
the Verizon audit and my co-chairs will be speaking
to that. And I want to thank them for their help
today. And I want to thank all the staff of the
council of the three committees. And I would want
to start... if it's okay with my co-chairs I know we
have the public advocate who would like to make
some opening remarks. And then I will call upon
Chair Gentile subsequently. But let me first call
Public Advocate Letitia James.

PA JAMES: Thank you Chair Vacca. Before
I begin I again want to thank Chairs Vacca,
Gentile, and Richards for holding today's important
hearing and for allowing me to say a few remarks.
Access to quality and affordable high-speed

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internet is not a luxury. It is a necessity. Nearly
a third of our residents do not have access to high
speed internet or cannot afford it. Children sit on
the stoops of public libraries all throughout the
city of New York to do their homework and small
businesses have to wait months to get internet
services. This near monopolistic chokehold on
broadband deployment is unacceptable. New York City
deserves better. Verizon's delay in providing
adequate broadband service to our city is not only
an impediment for everyday New Yorkers. It is also
a potential breach of a contract. As many of us
already know Verizon has failed to live up to its
commitments to provide broadband to all New
Yorkers. With the ubiquitous use of technology and
the internet everyday our children cannot learn and
companies cannot compete is a day we fall further
behind. At the root of the issues we are examining
today is a franchise agreement that Verizon entered
into the city of New York in May of 2008. It is
pursuant to this agreement that Verizon currently
operates in New York City. In that contract Verizon
made a number of promises. Some of those
commitments they have fulfilled and some they have

not. In exchange for Verizon's assurance of widely available broadband our city provided a number of concessions in that 2008 Franchise agreement. Notably this included relinquishing approval authority of certain merges and acquisitions. And this considerable concession was given upon reliance that Verizon would build state of the art fiber optic network throughout the city by year 2014. It is important to note that this relinquishment of approval authority by the city is precisely why the city did not have any say whatsoever in the failed Comcast Time Warner merger. A deal that had huge implications for the day to day lives of New Yorkers. The Office of Public Advocate issued a report on the shortcomings of this decision. Today is October 14th and Verizon is still not compliant and I would like to know... I would like to learn more about where we are today and what more needs to be done by Verizon. In addition, as most of you know Controller John Liu issued a report where he was forced to issue a subpoena to receive certain documents required to identify how Verizon determine franchise fee payments. At that time former controller Lew

1 notified that the controller's office and DoITT
2 both faced significant difficulties in obtaining
3 significant and appropriate documentation. It is in
4 that context today that today's hearing arises. I
5 also know and I commend Mayor de Blasio and
6 Commissioner Roest for their audit of the city's
7 franchise with Verizon. Their findings are deeply
8 concerning. Verizon broke its promise to the people
9 of the city of New York. And to add insult to
10 injury the company does not appear to have plans to
11 make things right. I would like to use today's
12 hearings to receive answers as to why the digital
13 divide remains and whether Verizon will be more
14 forthcoming in providing information necessary for
15 the city to perform proper oversight of its
16 franchise agreement. Again thank you Chairs Vacca,
17 Gentile, and Richards and I look forward to an
18 informative hearing today. Thank you.

19
20 CHAIRPERSON VACCA: Thank you. Just let
21 me introduce the members who are here so far. To my
22 extreme left we have Annabel Palma, Helen
23 Rosenthal, our Co-chair as you know, and down below
24 we have Steve Matteo. So let me now call upon Chair
25

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Vincent... oh Antonio Reynoso is here as well. Let me
now introduce Chair Vincent Gentile.

CO-CHAIRPERSON GENTILE: Good afternoon.

And welcome to this important hearing. I want to
thank my co-chairs Council Member Vacca Chair of
the Committee on Technology and Council Member
Richards Chair of the Subcommittee on Zoning and
Franchises for helping to put all of this important
hearing together. As mentioned I am Council Member
Vincent Gentile and I chair their Committee on
Oversight and Investigations. At today's hearing we
will be taking a close look at Verizon's franchise
agreement with the city to make FiOS available to
every resident of New York City who wants the
service. In a time when the world is advancing warp
speeds in the area of technology and when people
demand access to the latest in technological
advances we as a city must keep pace if not be
ahead of the pack in ensuring that technological
services are available throughout our city. Today
we hope to gather important information so we will
have greater insight as to where we stand with the
availability of FiOS, where and why there are
short... and gaps in coverage in availability, and

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what needs to be done to make sure this city is
better equipped as we move forward in the 21st
century. In 2008 the city entered into a franchise
agreement with Verizon to deploy its fiber optic
network better known as FiOS to every area
throughout the city. The contract specifically
required Verizon to stream fiber wires as opposed
to the inferior copper cables that were previously
utilized passed all city dwellings by the year
2014. Now in the fall of 2015 and many residents
throughout the city who would like to have the
services installed are unfortunately still going
without it which is making them increasingly
frustrated. Over the past several years a growing
number of complaints have been made alleging that
Verizon's not lived up to its part of the
agreement. Complaints include customers claiming
that Verizon has taken several months if not years
to provide accessibility to FiOS service. In fact,
according to Verizon's own data there are currently
31,500 potential customers in New York City that
have filed formal requests but are still waiting
for the actual service to be connected for more
than 12... waiting for more than 12 months. Other

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1 complaints alleged that a slowdown has occurred
2 partly due to Verizon intentionally withholding
3 service to particular locations until building
4 owners provide exclusive agreements to Verizon.
5 Additionally, there have been several allegations
6 that specific areas of our city have been
7 overlooked and even purposely excluded in the bill...
8 in the buildout based on a customer's location or
9 the local economy. These and other concerns are
10 quite disturbing and will hopefully be addressed
11 today as we explore where our city is as it relates
12 to FiOS accessibility. Furthermore, in an effort to
13 give a comprehensive evaluation on what attempts
14 are currently being made by Verizon to meet their
15 contractual obligations, my committee the Oversight
16 Investigations Committee conducted an investigation
17 that sought to give insight into what actual
18 customers from all over our city are being told
19 when they call Verizon and request FiOS service. As
20 part of this hearing we have recorded what Verizon
21 is telling potential customers who are looking to
22 acquire service that should have been accessible to
23 every resident of New York. For example, in the
24 four multiple dwelling units in Harlem where calls
25

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were placed and you'll see the calls are listed up
here on the boards and I will just go over some of
them. And for example in the four multiple dwelling
units in Harlem where calls were placed our callers
were told that FiOS was unavailable and two of the
four of these callers were incorrectly told that
Verizon could not determine how long it would be
until installations were possible, a clear
violation of the FiOS franchise agreement. The same
incorrect information results also given to our
caller who inquired about a building in the... in the
Mott Haven section in the Bronx. Accurate
information was given to callers calling about
locations in Sunset Park Brooklyn and Park Hills
Staten Island. However, in the case of three
consecutive addresses in Chinatown and the borough
of Manhattan our caller was told that FiOS service
was available at two of the addresses but
unavailable with no timeframe for the adjacent
third building. And incredibly for a Washington
Heights address a staffer was told by a Verizon...
Verizon specialist that other cable companies owned
the territory where the address is located and
therefore Verizon was not authorized to provide

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2 service. Calls were also made about buildings in
3 Jamaica Queens, Bedford-Stuyvesant Brooklyn, and
4 Bay Ridge Brooklyn and those are on the board for
5 you to see. They're posted for you. And every
6 committee member has a full copy of the
7 investigation report. It was handed to you at the
8 beginning of the hearing. So at today's hearing the
9 committees are looking forward to hearing testimony
10 from several groups and other advocates and members
11 of the public on the current state of the
12 franchise. And so once again I thank both Chair
13 Vacca and Chair Richards for joining me in holding
14 this important hearing. I'd like to thank their
15 staffs as well as my own for... for making this
16 hearing possible and doing the investigation that
17 we have done. Thank you.

18 CHAIRPERSON VACCA: Thank you Chair
19 Gentile. And we've been joined by Council Members
20 Cory Johnson and Rory Lancman. I'd now like to call
21 upon Chair Donovan Richards.

22 CO-CHAIRPERSON RICHARDS: Well I will
23 yield my testimony because I think a lot of it is
24 very redundant to what my fellow chairs said. And I
25 want to thank them and their staffs and our

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committee staffs for all the hard work that they've
done to put this particular hearing together. I
will just say that I'm... I'm hoping to hear from
Verizon on... I'm hoping to hear honestly today on
where we really are at in terms of the agreement.
Because if one thing that... that is very clear based
on the things that I've read in... in DoITT's audit
and... and that is that somebody's wires are crossed
somewhere. And... and I don't necessarily think it's
the city's wires being crossed the wrong way here.
So I am... I'm very interested in hearing on... hearing
from Verizon on how in particular they're really
communicating with customers in particular and how
transparent and honest that they are being with
customers who are looking for files. And I just
want to add that... I mean I can at least say for
myself over the last four days I've got four... from
Verizon FiOS. So I don't know if there's a reason
for this or if you knew I was chairing this hearing
today. But I'm definitely greatly for the mail over
the last four days. So with that being said I would
turn it over to my co-chairs. And I want to thank
the Public Advocate for being here as well. Thank
you.

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CHAIRPERSON VACCA: Thank you Chair
Richards. And we've been joined by Council Member
Elizabeth Crowley as well. Okay our first panel is
here. And I have to ask you to affirm that you will
tell the truth, the whole truth, and nothing but
the truth in your testimony before this committee
and to respond honestly to council member
questions. Do you so affirm? Thank you. Ms. Wiley
do you want to lead off? And please introduce
yourself for the record.

MAYA WILEY: Mia Wiley Counsel to Mayor
Bill de Blasio. And I'm joined today by Stanley
Shor whose Assistant Commissioner at DoITT, and of
course Commissioner Anne Roest who I will just say
at the outset we did not talk last night about what
colors today nor were we completely cognoscente
that we were wearing Verizon colors so for the
record. But we do think we look good. So... Good
afternoon and... and thank you both Council Members
Vacca and the members of the Committee of... on
Technology, Council Member Gentile and members of
the Committee on Oversight Investigations, and
Council Member Richards and members of the
Subcommittee on Zoning and Franchises for the

1
2 opportunity to testify before you today on the
3 Verizon FiOS franchise. I really want to thank you
4 for your leadership on these issues. We know that
5 you share the commitment as does Public Advocate
6 James as well on fair and equitable broadband
7 technology deployment to all New Yorkers no matter
8 their zip code. That is of critical importance to
9 Mayor Bill de Blasio you know but it's really of
10 critical importance to ensuring that all our
11 residents have the full opportunities to end income
12 and equality whether it's looking for a job, taking
13 advantage of educational opportunities, engaging
14 civically, and even communicating with government.
15 So this franchise is particularly important you
16 know as his counsel.

17 CHAIRPERSON VACCA: Excuse me Ms. Wiley,
18 excuse me. Please we... we cannot have noise because
19 then there becomes difficulty in hearing the
20 testimony that we all want to hear. So please
21 understand that the noise kind of magnifies in the
22 chamber. If you do wish to speak you can get a
23 speaker's card. But otherwise please be attentive
24 and polite if you can. Thank you.
25

MAYA WILEY: Thank you. Because of the importance of broadband access to all New Yorkers, to the mayor he asked and actually charged me with development and implementation of a robust strategy to ensure universal and affordable broadband access to all New Yorkers. I... I will... really want to thank Anne for her leadership because it's really impossible for any of us to be effective in government without commissioners like Anne Roest who's really added tremendously to this strategy. But for the mayor, the access to high speed internet always included the importance of Verizon FiOS franchise and the successful deployment of that fiber to every premise. And I want to underscore that that franchise agreement really set a new gold standard for the city in the sense that fiber itself is a gold standard in terms of high speed internet access. It really is considered the best technology that we have today for that access. It was also critically important as the public advocate points out to increase competition because it's for the first time in the city's history we actually had a citywide franchise that would create competition for other providers who otherwise might

1 be the sole provider of that access or those
2 services in a particular community. And the Verizon
3 franchise expressly anticipated fiber to the
4 premises. And I want to underscore that because
5 this goes to the important point of the obligation
6 of Verizon under the franchise to pass every
7 premises. And I just want to say Anne is really
8 going to lay out more specifically the... the details
9 behind this but I... I just want to say it's... without
10 actually providing some of this infrastructure on
11 every block it's a little bit like an electrical
12 company saying we'll give you electricity even
13 though we don't have any poles anywhere near your
14 house. It doesn't really stand to reason for
15 electricity and it doesn't stand to reason for
16 broadband access either. We want to see our
17 franchisees succeed so that New Yorkers can get and
18 use the services that they provide. It's imperative
19 for us that they do it fairly and accountably
20 especially for something as essential as broadband
21 service. There's not one strategy for universal
22 broadband access of course in the city. It's a
23 patch worked quilt of strategies, technologies,
24 partnerships, and programs. The mayor's made some
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unprecedented commitments and resources to ensuring
universal broadband access. A few that I'll
underscore is 650 million dollars in commitments to
city schools for broadband infrastructure, up to 10
million to deliver free broadband service to
residents of five NYCHA developments that's going
to be 16,000 residents, establishing a capital
budget line at 70 million dollars over the next 10
years to extend broadband investments particularly
to low income New Yorkers. But these historic steps
as important, as they are, really requires more.
And franchise accountability is a key key component
of the overall strategy. So this requires all of
our committed attention. This is why city hall is
paying so much attention and partnering with DoITT
on this. Verizon FiOS has always been critical as I
have said. And I will... I will end with just one
last point which is in addition to ensuring that
all premises get passed and that installation
requests that our residents are making to FiOS are
getting met in the timeframes required by the
franchise we also want to see improved record
keeping. We want to see improvement in
communication with customers for some of the very

1 reasons that you selves have underscored in your
2 own research and opening statements. We want to
3 ensure the acceptance of requests for FiOS
4 services. It's not always happening. And delivering
5 FiOS by fulfilling those requests as quickly as
6 possible but certainly within the six month to one-
7 year time frame. We also want significantly
8 increased transparency into how the buildout is
9 rolling in order to be able to ensure that the
10 compliance is underway. We are speaking with
11 Verizon about these things now. But I really want
12 to turn it over to Commissioner Roest because she
13 can lay out in much much much more detail the
14 findings of our... of our audit.

16 COMMISSIONER ROEST: Thank you Maya. And
17 good afternoon Chairs Vacca, Gentile, and Richards
18 and members of the Committees on Technology and
19 Oversight and Investigations and the Subcommittee
20 on Zoning and Franchises. My name is Anne Roest and
21 I am the Commissioner of the Department of
22 Information Technology and Telecommunications or
23 DoITT and the citywide CIO. I'm pleased to testify
24 today regarding the compliance of Verizon with the
25 buildout requirements of its cable television

franchise for fiber optic service otherwise known
as FiOS. On July 15th, 2008 the Verizon FiOS
franchise agreement became effective. This landmark
agreement represents the first and only citywide
cable television franchise in New York City and
establishes the framework for New Yorkers to finely
have more than one chose for cable television,
Internet, and Voice Over Internet Protocol or VOIP
services no matter where they live in the five
boroughs. In the initial years of the franchise
Verizon appeared to the city to be making good
progress with the build. The company refused to
provide maps showing the progress of FiOS builds
due to confidentiality concerns. But our
inspections of locations where Verizon
representative that have fulfilled its premises'
passed obligation revealed extensive deployment of
fiber above and below the city's streets and homes
connected to the system well distributed throughout
the five boroughs. On July 12th... July of 2012
Verizon approached the city requesting approval of
a method of laying fiber optic cable in the streets
and under the sidewalks of the city in compact
micro conduits via narrow and shallow cuts called

1 microtrenches. Verizon request approval of this
2 method due to concerns about its ability to gain
3 access to certain buildings due to issues with
4 private property owners. DoITT and the Department
5 of Transportation allowed Verizon to start using
6 microtrenching as part of a pilot in November of
7 2012. Then in 2013 Verizon informed DoITT that it
8 was experiencing difficulties gaining access to
9 block properties or locations where
10 telecommunication services were traditionally
11 provisioned and a method requiring permission to
12 cross over multiple properties with facilities.
13 Verizon proposed to divide the city into grids and
14 then to prioritize the grids for building focused
15 on resources and certain grids to engage the
16 community and get work done and then move on to the
17 next set of grids. DoITT's response was supportive
18 only to the extent that this approach could be used
19 within the time frames allowed by the contract. As
20 Verizon reports of FiOS build approached 100
21 percent DoITT increasingly received anecdotal
22 evidence largely in the form of consumer replaints..
23 complaints suggesting that Verizon was
24 simultaneously taking credit for passing households
25

1 while declining to accept orders for nonstandard
2 service installations or NSIs from the same
3 household. While it was conceivable in the earlier
4 years of the franchise that there would be
5 complaints from residents in areas that did not yet
6 have access to FiOS these complaints became less
7 plausible as Verizon reported close to a complete
8 citywide buildout. This evidence in combination
9 with discussions of the particular households
10 involved with Verizon personnel led DoITT to be
11 concerned that these antidotes reflected not
12 occasional irregularities but possibly broader
13 failures by Verizon to fulfill its obligations.
14 Beginning in November of 2014 once Verizon claimed
15 that it had passed all residential households with
16 fiber it was obligated to accept orders for
17 residential service in all buildings across the
18 five boroughs. The anecdotal evidence however
19 continued to show the contrary. Verizon was
20 refusing to accept orders from residents and in
21 some cases told residents that Verizon had no plans
22 or no timeline to provide cable television to those
23 buildings. Realizing that informal attempts to
24 obtain data from Verizon were not being taken
25

seriously DoITT initiated an audit on September 17th of 2014. We announced the results of that audit last June. The following is a summary of its major findings. First of all, Verizon is not compliant with its agreement since it has not truly passed all residential households in New York City. Verizon's definition of passing a household is not consistent with industry practice and incongruous with Section 5.4 of its own franchise agreement with the city. Since the agreement itself does not define "passed" we turn to the industry for a definition. In this definition of terms, the fiber to the household counsel states the number of homes passed is the potential number of premises to which an operator has a capability to connect in a service area but the premise may or may not be connected to the network. This definition excludes premises that cannot be connected without further installation of substantial cable plant such as feeder and distribution cable to reach the area where a potential subscriber is located. Therefore, at a minimum the term passed must be understood to require sufficient proximity to permit Verizon to comply with a six-month deadline to complete an

1
2 NSI. Second Verizon continues to show that FiOS
3 service is not yet available to residential
4 addresses despite claiming to have passed all
5 residential households in the city. And I won't go
6 into the details of that finding as they are
7 reflective of the findings you had in your
8 investigation about what consumers were being told
9 when they reached out to ask for connectivity.
10 Next, Verizon has not completed large numbers of
11 nonstandard installation services or requests
12 within the six month and 12-month deadline required
13 by the franchise agreement. In our review of
14 Verizon's outstanding NSI reports received on
15 January 8th of 2015 we found that 75 percent of the
16 42,000 NSIs that were outstanding as of December
17 31st, 2014 have been outstanding for more than 12
18 months. In this report Verizon does not distinguish
19 among NSIs that are delayed due to an owner of a
20 multiple dwelling refusing to provide access and
21 NSIs from tenants in multiple dwellings where
22 provision of access by the landlord is not an
23 issue. In addition, Verizon's failure to timely
24 file NSI orders must be considered in conjunction
25 with Verizon's failure to accept NSI orders for all

residential premises it claims as passed and within
its incorrect understanding of the term passed. In
short the total number of NSIs may be still be
under... an underrepresentation of the true demand.
Verizon failed to cooperate with the city's audit
of FiOS rollout in violation of its franchise
agreement. Verizon initially failed to provide
access to the systems using calculating the status
of the network build with access granted five
months after DoITT's initial request. Throughout
the course of the audit and in violation of its
franchise agreement the company significantly
delayed or failed to provide access to various
other records reports and contracts requested by
the city. Finally, Verizon does not communicate
accurately and effectively with perspective
customers. And again I think our findings are
reflective of yours and what they're telling the
customers when they call for FiOS service. So
following the issuance of the FiOS audit the
counsel to the mayor's office and DoITT have been
meeting with a company to further discuss their
compliance issues. We are hopeful that Verizon will
commit the necessary resources to deliver upon the

promise that it made to all New Yorkers but also
remain prepared to pursue any necessary and
appropriate measures to compel its compliance.

Thank you for the opportunity to testify this
afternoon. Equality of access to service is a
hallmark of the de Blasio administration. And in
this age digital services including cable
television, internet, and VOIP services offered
through FIOS have a more profound impact than ever
on the New Yorkers who stand to benefit most from
them. We will continue to fight on their behalf.
This concludes our prepared testimony and we look
forward to your questions.

CHAIRPERSON VACCA: Thank you. I'd like
to mention we've been joined by Council Member Mark
Levine. Council Member Ritchie Torres. Okay I have
some... Oh and Jumaane... Jumaane Williams. Oh Ydanis...
people are all sneaking in at the same time, Ydanis
Rodriguez, my chair. Again, if you want to testify
you can fill out slips, don't forget. Okay let me
ask some questions. You know one question I think I
have is that Verizon made decisions about apartment
houses as we know them, multiple dwellings that
they had to go in there and did not address

individual apartment house requests. They wanted to address the entire building and if they could not address the entire building the building was skipped. Am I right in saying that? Is that... is that what your audit found?

COMMISSIONER ROEST: So we do understand that when they go into a multiple dwelling they do like to do the entire building. I don't know that we found that if they couldn't... if they couldn't get into the building the building was skipped.

CHAIRPERSON VACCA: The building was skipped.

COMMISSIONER ROEST: If they couldn't get into the building, yes.

CHAIRPERSON VACCA: Was there a way for them to wire individual apartments? Wouldn't that have been preferable rather than skipping the entire building?

MAYA WILEY: I think you should... that's a very good question for Verizon. Obviously they have... they can speak more to how they've made decisions about how they've made choices about wiring multiple dwelling units. It's certainly true that the audit found in at least one instance where

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2 the Verizon did not according to a... a building
3 manager asking for Verizon to come and provide FiOS
4 to the building did not do so because they did not
5 want to compete with another provider which is
6 obviously not a legitimate reason for failing to
7 provide the service in that multiple dwelling unit.

8 CHAIRPERSON VACCA: Yes, Commissioner
9 did you want to elaborate?

10 COMMISSIONER ROEST: No I think... I think
11 that covered it, thank you.

12 CHAIRPERSON VACCA: Alright so in your
13 estimation how many people in our city should have
14 had Verizon service but were denied. And is there a
15 plan separate from Verizon taking individual
16 building owners to court to gain access? But is
17 there a plan to provide for everyone who wants FiOS
18 service... is there a plan to give it to them?

19 MAYA WILEY: I think there's... I'll... I'll
20 ask the Commissioner to answer one part of that
21 question. Certainly there is a plan in... in the
22 sense that we are having discussions with Verizon
23 about how they will come into compliance and coming
24 into compliance includes making sure folks who have
25 our residents who've asked for service get the

1 service they've asked for. Now one of the things
2 that we definitely need to address here is also the
3 timeframes for the service because under the
4 franchise they're supposed to provide it within six
5 months they can request additional time and
6 obviously there are certain situations with which
7 they have exceptions under the franchise that may
8 be legitimate the... the... I think the... the important
9 point to understand here as the Commissioner said
10 is we actually don't know how many people want
11 service and do not... and are not getting it. We know
12 from the audit how many non-standard installations
13 have been requested that have not been filled
14 within the one-year period. But we also know
15 anecdotally that there are folks who tell us they
16 tried to ask for service. If there is not a record
17 of their request for a nonstandard installation, we
18 may not be appropriately counting the fact that
19 they wanted service and did not receive it. So I
20 think part of what we're looking to is a better
21 reporting system that is more accurate about who is
22 requesting service and when and if that request is
23 being fulfilled.
24
25

COMMISSIONER ROEST: And I think that the counsel covered both parts of that question. But I think it is important to emphasize that as I said in my testimony we do believe that the list of outstandings... NSIs is a... probably an underrepresentation of the demand... the unmet demand.

CHAIRPERSON VACCA: Can you tell us the status of the franchise right now? I know there's been an audit completed. You are... you said you're in discussions with FiOS concerning timeline and full compliance with the franchise but can you give us a further update on the status of the franchise itself.

MAYA WILEY: The franchise remains in force and effect. So there's still a contract... the obligation still exists and I would say quite frankly that we do not believe Verizon's in compliance with it.

CHAIRPERSON VACCA: Have your discussions been fruitful to date or have your discussions not been fruitful to date? Do you find compliance is something we can expect soon? Or do you think this is a matter of time or just that it

1
2 may never happen? I'd like your view of the status
3 on that.

4 MAYA WILEY: I think the fair summation
5 there is that we are currently having productive
6 conversations with Verizon. We look forward to them
7 continuing. It is very difficult to answer to the...
8 the other part of your question Mr. Chair mostly
9 because it's going to be a process of discussion.
10 Certainly this administration will not tolerate
11 anything that is not compliance with the contract.

12 CHAIRPERSON VACCA: Do we... do we
13 understand that this could be a question of putting
14 a lot of people to work that have not been put to
15 work doing what the city has required be done?
16 There are jobs that could have been made available
17 that were not made available based on the fact that
18 the rollout has been slower than we anticipated.
19 And knowing that this is important to workers in
20 our city I'm hoping that you... you would consider
21 that as well.

22 MAYA WILEY: Well we certainly are not
23 in a position to know what jobs would have been
24 created if we had full compliance under the
25 franchise. And I think that's an excellent question

1
2 for Verizon. Certainly as with any franchisee we
3 care a lot about if he cannot make impact on the
4 city one... one aspect of which of course is... is jobs
5 for our residents. Certainly it is our assumption
6 that as we have discussions with Verizon about
7 making good on a contract that some of the... that
8 will include their transparency about how they will
9 make good on the contract that we will be looking
10 to see that they are adequately staffed in order to
11 roll FiOS out effectively.

12 CHAIRPERSON VACCA: Well I... I am going
13 to go onto other questions. I didn't want to take
14 too long but I would request respectfully that you
15 keep our committees advised. I'd like to call on
16 Chair Gentile.

17 CO-CHAIRPERSON GENTILE: Thank you Mr.
18 Chair. And we do have other members good number of
19 questions so I'll be brief. But I'm just curious.
20 As you say you... you're now in discussions with
21 Verizon about their compliance. Just play out for
22 us what your options are at this point. What are
23 the city's options at this point beyond just
24 talking with... with Verizon?

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2 MAYA WILEY: Well certainly the option
3 available to us given that we do not view them to
4 be in compliance is that if we are unable to come
5 to an agreement about the effective rollout of FiOS
6 that we have the option to sue them for breach of
7 contract [cross-talk]

8 CO-CHAIRPERSON GENTILE: ...breach of...
9 breach of contract.

10 MAYA WILEY: That's correct.

11 CO-CHAIRPERSON GENTILE: Okay so in the
12 end how does that... how does that help us toward the
13 goal of... of... of this rollout... this buildout. I
14 assume it doesn't right?

15 MAYA WILEY: Well I... I would say that it
16 is our preference to work closely and in
17 partnership with any of our franchisees on their
18 compliance with any of our franchises and that's no
19 less true of Verizon. As an attorney I certainly
20 would not take the position that litigation is
21 meaningless to compliance with the contract and
22 that a breach of contract claim is meaningful
23 however it's not desirable. Our desire is to
24 actually come to an agreement about how this
25 happens effectively if Verizon is sincere in its

representations which I believe you will hear today
that it is committed to FiOS rollout. We certainly
hope that is true and we certainly appreciate the
oversight of... of the committees in terms of
ensuring that that is in fact true.

CO-CHAIRPERSON GENTILE: Also I'm... I'm
curious. Is there anything that is still
outstanding that you've asked for from Verizon and
they have not provided to you?

MAYA WILEY: We're... we're still in the
process of evaluating what information we have from
Verizon and expect to be making additional requests
but it's... unfortunately I can't answer that as of
yet because we're still in a process of combing
through what... what data and information we have.

CO-CHAIRPERSON GENTILE: I see. Now
they've... they've had... you've had some trouble with
their cooperation and they've turned things over
late and... and impartial I believe. Has... has that in
any way affected the audit and the results of the
audit?

COMMISSIONER ROEST: It certainly
affected the timing of the audit. It took us much
longer than it would have normally taken had we

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received the information timely but it did not
affect the outcome of the audit.

CO-CHAIRPERSON GENTILE: Great. Okay.
Thank you so much. Thank you.

CHAIRPERSON VACCA: Thank you. And we've
been joined by Council Costa Costa... Costantamiti... I
always have trouble with your name.

CONSTANTINIDES: [off mic]
Constantinides.

CHAIRPERSON VACCA: Costatamatides
[phonetic]

CONSTANTINIDES: ...guy from Queens...
[cross-talk]

CHAIRPERSON VACCA: He's the guy from
Queens, yes. Okay. Council Member Donovan Richards.

CO-CHAIRPERSON RICHARDS: Okay thank you
Chairs. Thank you Chair Vacca. So I just want to
run through a few things in particular in the
audit. So in... in... in DoITT's audit in particular
you spoke of allowing Verizon in particular to do
something called microtrenching as part of a pilot
in 2012, in November 2012. And part of the reason
obviously for the microtrenching was if they had
difficulty obviously running the... the... the fiber

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2 into private properties or ran into issues the city
3 then allowed them to... to do microtrenching. So I'm
4 just interested in knowing... and I... and I based on
5 the audit saw that only 75 locations use
6 microtrenching as... as of up to January 2014. Can
7 you just speak a little bit more about that?

8 COMMISSIONER ROEST: Yeah... so I would
9 defer to Verizon about how they make the decisions
10 where or where not... not to use microtrenching but
11 we believe the number's up closer to about 100
12 locations where they have used microtrenching now.

13 CO-CHAIRPERSON RICHARDS: Okay. And then
14 I know in particular regarding the time frames of
15 the audits the... so... so obviously forget the audits
16 but... so if Verizon was having an issue obviously
17 gaining access to particular premises they then had
18 the opportunity to go to the public service
19 commission. Am I correct on that? And so... obviously
20 I... I... from the numbers that were produced in the
21 audit saw that there were only 3,000 filings... a
22 little bit over 3,000 filings with the PSC. Can you
23 speak a little bit more on the city's opinion on
24 the PSC and we having 3,000 in particular filings?

COMMISSIONER ROEST: So obviously we're interested in the reason there would only be 3,000 when there are so many outstanding NSIs. And again I would defer to Verizon to answer that. But yes we do think that there's some explaining that Verizon should do about why they have not filed.

CO-CHAIRPERSON RICHARDS: And... and how many outstanding installations are out there? Can you just speak on that number?

COMMISSIONER ROEST: The outstanding NSIs? I believe we're at 49,000 plus... is that...

STANLEY SHOR: It's... there's 49,000 addresses but it's 106,000 actual housing units that have the owners or residents have requested service.

CO-CHAIRPERSON RICHARDS: So in your opinion would you say that because there are 106,000 outstanding installation requests that there should be more of a reflection of complaints with the public service commission?

COMMISSIONER ROEST: It would be some subset of that. It depends on how old they are and whether or not Verizon has had time to try to get into the building. But some subset of that... some

very large subset of that, at least the 75 percent
that are over a year old should have some kind of
complaint filed and some request to get access to
the building.

MAYA WILEY: Chairman I just wanted to
also point the Council's attention to a news
release that Verizon released on May 15th, 2014 to
your point about microtrenching because I think you
know one of the things the city has been always
willing to do in regard to the rollout of FiOS as I
think Commissioner Roest has illustrated is work
with our franchisee to ensure that they're able to
rollout. Successfully microtrenching is something
that they held out in this press release literally
said Verizon's new approach to trenching which was
approved by the city to go from pilot to standard
practice makes it easier and more efficient to lay
fiber. So that would suggest that there are other
mechanisms also... other tech... other strategies
available to them for deployment that we would be
expecting to see notwithstanding the fact that they
also have some barriers to entry in some cases and
certainly not necessarily demonstrating that in all
instances in which there are nonstandard

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2 installations that are over or beyond the timeframe
3 of a contract that... that they have demonstrated
4 that they can't gain entry.

5 CO-CHAIRPERSON RICHARDS: Ah-ha I knew
6 the answer to that. Can you speak... so in the audit
7 you spoke of you were having difficulties of being
8 granted access to staffing levels in particular
9 from Verizon. Did you ever receive information on...
10 on... on adequate staffing that they would have to
11 actually do all of this... the buildout of... of
12 obviously FiOS? And if so would you say that the
13 staffing levels that... that were presented to you,
14 if they were, are adequate enough to build out the
15 entire system?

16 MAYA WILEY: Just to correct any
17 misconception that I created. We... the audit itself
18 did not ask for staffing level information.

19 CO-CHAIRPERSON RICHARDS: Okay.

20 MAYA WILEY: The audit itself focused
21 specifically on passing premises and nonstandard...
22 and fulfilling nonstandard installation requests.
23 Oh did we?

24 STANLEY SHOR: Oh we did actually.

25 MAYA WILEY: Oh we did, okay.

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CO-CHAIRPERSON RICHARDS: Yeah...

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MAYA WILEY: Now... let me turn it over...

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CO-CHAIRPERSON RICHARDS: You...

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MAYA WILEY: ...to...

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CO-CHAIRPERSON RICHARDS: Are you sure

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because I... I'm...

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STANLEY SHOR: Yeah no we... we actually

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did ask that. We got some information. I don't... I

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wouldn't say it was sufficient to determine whether

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the levels were high enough. We... we asked for

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information on staff and contractors. We couldn't

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get the information on... on contractors and... and

14

certain contracts.

15

CO-CHAIRPERSON RICHARDS: Oh. Okay. And

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then something else that was raised. So DirecTV was

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obviously raised first FiOS. Can you speak to that

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and I... and I saw that Verizon was a little bit

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hesitant for security reasons to getting you

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information pertaining to DirecTV verse the FiOS?

21

Were you... ever able to... to get that information in

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particular the percentages of FiOS installations

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verse... versus DirecTV to see if obviously Verizon

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was pushing one particular product over the other?

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Can you speak to that a little...

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2 STANLEY SHOR: Well what the... we learned
3 from doing the audit that they were definitely
4 pushing DirecTV whenever it was a location where
5 they didn't have the network created on the block
6 they would offer a package... a two-year deal for...
7 which included DirecTV. We asked to see the
8 contract with DirecTV to see if that was an
9 obligation that they had contractually with DirecTV
10 and they refused to provide that contract to us.

11 CO-CHAIRPERSON RICHARDS: So they
12 refused that... [cross-talk]

13 STANLEY SHOR: Refused and they
14 continued to refuse... [cross-talk]

15 CO-CHAIRPERSON RICHARDS: Okay. Alright
16 my last question because I know we have other
17 colleagues who have a lot of questions as well. Can
18 you just speak of clustering a little bit? So
19 obviously you know someone calls in one building,
20 maybe it's one apartment. What has... has the city
21 worked in particular with Verizon to allow
22 clustering? Is clustering allowable in the
23 particular agreement so that they're not just going
24 into one building necessarily and... and doing one
25 apartment but that they're doing the entire

1
2 building? Can you just speak a little bit more on
3 that?

4 COMMISSIONER ROEST: So you're asking in
5 a particular building are they allowed to provide
6 service to more than one customer? So Verizon's
7 strategy as far as how they rollout... rollout in the
8 most cost effective way I think I would have them
9 speak to... but they're certainly allowed to provide
10 access to more than one person... more than the
11 request are in a building to wire the building if
12 you will. But that doesn't absolve them of the
13 requirements to meet the rest of the contract
14 obligations.

15 CO-CHAIRPERSON RICHARDS: Okay. Alright
16 I'll come back for a second round. Thank you
17 chairs.

18 CHAIRPERSON VACCA: Thank you Chair.
19 Okay let's go to council members who like to ask
20 questions. Council Member Reynoso.

21 COUNCIL MEMBER REYNOSO: Thank you
22 Chair. That was quite... Hello. Thank you guys for
23 being here this afternoon. I just wanted to ask a
24 couple of questions. The first one of course... what
25

penalties were outlined in the franchise agreement.

Should Verizon not uphold its agreement?

STANLEY SHOR: So the agreement provides for performance bond which is started out 35 million and they were allowed to have it reduced each year as they met their commitments. We... we have not allowed them to reduce it the last two years of the contract. It's at 15 million at this point because when it became apparent that they weren't showing the proper progress that they're... the records that they were showing us were conflicting as far as to where... where they actually completed their progress. So that's one... one aspect is there's a performance bond. Beyond that there's... if they don't comply with the provisions of the contract they found that to be at default we've issued several letters of default to specific locations where people have requested service and haven't gotten it within the time period that they were supposed to and now that sets up the framework for other options which I defer to counsel on.

MAYA WILEY: Yeah I'm just... Stanley's absolutely right. And the... in the franchises Section 15 and its subsections cover the city's...

1
2 what the city can ask for in the event of default
3 which also includes the ability to pursue any
4 rights we have... may have under the guarantee but
5 also seek and pursue money damages from the
6 franchisees compensation for such default as... as
7 well as an injunction. So that would be part of... if
8 in the event that we were in a stage where we were
9 going to court.

10 COUNCIL MEMBER REYNOSO: Okay so... so
11 what I'm understanding is it... that 35 million would
12 have been an reward I guess for finishing on time.
13 And it got to 15 million and you guys started
14 noticing that it was going to get to zero you know
15 faster than what you assumed... than... than you
16 expected and when it's at zero actually there's no
17 risk involved so it... it doesn't really matter this
18 35 million is... is... is... is... it has no purpose it...
19 it's no purpose because they're not going to finish
20 on time. But I want to ask that we know that a big
21 part of the city has already been wired right for
22 the most part. I think it... we're looking at maps.
23 It looks like 50 percent in my eyes or my
24 estimation has been done in the city, something
25 like that. I don't know the exact number. And I

1
2 think we wanted to make sure that Verizon would be
3 discrimination free as it... as it moved through the
4 city of New York so that it didn't miss Bushwick
5 and you know wired all the folks in other parts of
6 let's say Manhattan where they have larger
7 buildings that might get more customers. Now that
8 we've moved forward with a considerable amount of
9 wiring by Verizon would you guys reconsider that
10 clause and eliminate the six to 12 months and just
11 allow them to just now have a plan that would just
12 do the entire city comprehensively instead of doing
13 this patchwork system, just get it all done given
14 that a majority of the... the... of the city's done?

15 MAYA WILEY: Well certainly. First of
16 all, we'd like to be in a position to have clearer
17 data to confirm how much of the city is in fact
18 done or not done. I mean we would certainly not
19 concede what a percentage of the city is done in
20 the absence of more transparency from Verizon. We
21 certainly absolutely agree that there has to be
22 equity in how FiOS is rolled out. I mean we... we
23 said... and this administration's been committed to
24 ensuring that there is no zip code that is
25

essentially getting second class service and we
won't tolerate that.

COUNCIL MEMBER REYNOSO: And then my... my
last quick thing here is you know they're... they're
breaking their agreement at this moment and I don't
think... you know whatever penalties are available to
us, whatever we can do we should... we should follow
through with it. I don't necessarily think that if
I had a contract with Verizon to give me service
and I say didn't want to pay for this month that
they would allow me to do that. So it's just... I
just want to be fair across the board that if we
have... you know the... the agreement is an agreement.
Whatever you have in your power or we have as the
city of New York in our power to... to hold them
accountable we use that to hold them accountable.
But from what I see in this map you know I think
there's progress being made and I hope that we can
come to a place where we could finally get this
citywide and begin real competition. So thank you.
That's it. Thank you chairs.

CHAIRPERSON VACCA: Thank you. Council
Member Rosenthal.

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2 COUNCIL MEMBER ROSENTHAL: Thank you so
3 much. And thank you for holding this hearing Chair
4 Vacca and Gentile and Richards. And thank you all
5 for coming. I want to ask a question from a little
6 bit of a different angle and hope that your
7 expertise on the contract will help me out here. I
8 have constituents throughout my district who are
9 losing service because of the copper wire failing.
10 And because the... as I understand it, and if I
11 misspeak I apologize, but that the mission now is
12 to change over to fiber. And so there is no reason
13 or desire to fix broken copper wiring. Is that a
14 fair statement to start with?

15 MAYA WILEY: I... I think that would be an
16 excellent question for Verizon. We certainly can't
17 answer it on their behalf. We don't know what their
18 answer would be to that. It's certainly a legal
19 obligation of them to maintain their
20 infrastructure.

21 COUNCIL MEMBER ROSENTHAL: So does this...
22 does the franchise agreement speak to that issue at
23 all?

24 MAYA WILEY: The short answer is this
25 particular franchise does not.

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COUNCIL MEMBER ROSENTHAL: Okay.

MAYA WILEY: But I... I think...

STANLEY SHOR: Yeah there... there's
nothing in the contract that provides for them to
swap out copper with fiber. This contract
specifically provides for them to buildout fiber
network to provide cable television service.

COUNCIL MEMBER ROSENTHAL: Would you...

MAYA WILEY: But having said that there
are obviously other levels of... of government and of
regulation that create legal obligations for them
to maintain their... their infrastructure. So the
fact that it's not covered by this franchise
doesn't mean there aren't other legal obligations
that they have.

COUNCIL MEMBER ROSENTHAL: Would it be
covered in this franchise that someone whose
residents no longer gets the copper wire service
because of the broken wiring would have to get more
than a pass... a single pass to get the upgrade to
fiber? So in other words if we know that a
particular stretch or swath of a... of area it has
lost service because of the copper wiring is out
could there be a component part of the agreement

1
2 that says that has to be a priority area or even if
3 you've already passed that area you have to come
4 back now to offer this?

5 MAYA WILEY: I mean the franchise
6 obviously is silent on that. As I understand the
7 council member's question is... is that something
8 that can be part of a discussion about how FiOS is
9 rolled out moving forward...

10 COUNCIL MEMBER ROSENTHAL: Mm-hmm.

11 MAYA WILEY: ...in terms of...

12 COUNCIL MEMBER ROSENTHAL: Okay.

13 MAYA WILEY: ...looking at where there's
14 need. I think that's certainly something we'd like
15 to hear more about.

16 COUNCIL MEMBER ROSENTHAL: Okay well we
17 can take it offline. I have a lot of stories
18 including my office that was not serviced for
19 months and...\

20 MAYA WILEY: And we should say... so
21 that's...

22 COUNCIL MEMBER ROSENTHAL: ...not good.

23 MAYA WILEY: ...really I'm... obviously it's
24 important for DoITT to get information about how
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people are being provided service or not being
provided service across the board... [cross-talk]

COUNCIL MEMBER ROSENTHAL: Oh I have a
lot of stories.

MAYA WILEY: I would also remind
everyone that we do have 3-1-1 a... for receiving
complaint as well.

COUNCIL MEMBER ROSENTHAL: Right.

MAYA WILEY: So...

COUNCIL MEMBER ROSENTHAL: I mean what
has happened in my district is a refusal by Verizon
to send somebody out.

[pause]

[applause]

CHAIRPERSON VACCA: Okay our next...

COUNCIL MEMBER ROSENTHAL: So I do think
that this is a... a timely discussion given the
conversation we're in right now with Verizon so we
will reach out and set up a discussion.

CHAIRPERSON VACCA: Council Member
Rodriguez.

COUNCIL MEMBER RODRIGUEZ: Thank you
Chairman. So I have one of those districts at
Community Board 12 which has... which has the worst

FiOS service in the city of New York. How can we explain that to the working class... people who live in my district that we don't have the access in our buildings?

COMMISSIONER ROEST: Are you referring particularly to access to FiOS or broadband in general?

COUNCIL MEMBER RODRIGUEZ: But what is the plan to make Verizon accountable to install the services? How can I live having Broadway Avenue in the whole district... community Board 12 and only one building at Broadway and 215 when Verizon building used to be located... the only one that have FiOS services. So what is our plan to be sure that as a group... they'd also look for the need of services of the working class community such as the top... Manhattan.

MAYA WILEY: So that's why... one of the reasons... So the short answer is it's... it's not acceptable. And the longer answer is it's one of the reasons that I'm glad that I get to work with Commissioner Roest because it's having a Commissioner who's deeply committed to ensuring that the rollouts be... be fair and equitable. Means

that it's part of the discussion is how we meet the
needs of all New Yorkers and particularly those
places that are deeply underserved.

COUNCIL MEMBER RODRIGUEZ: And how we
have let Verizon... of course I... I'm one of those
elected official who believe you know that we need
to work together with the private sector. And we
are committed to work with them. And no doubt that
Verizon is a... a large corporation not only on cable
but also on other area on finance. So it's not that
they don't have the resources. It's about what is
the plan to be sure that when they got that
agreement with the city with the franchise when
they agree that they will have the cable close to
those building how does not any of those crossing a
street in my district that has those cable? And how
we as a city after they signed this agreement let
them leave without living up to those agreements?

MAYA WILEY: So we certainly will not
allow them not to live up to the agreement. And I
think we're really looking forward to our
partnership with the council to ensure that
oversight and that accountability.

COUNCIL MEMBER RODRIGUEZ: What about
our schools? I used... I used to be a teacher for 13
year and I know that the previous administration
whatever deal they did with Verizon came out with
something that by paying a few million dollars to
DOE now Verizon is not responsible to providing
broadband to our schools.

MAYA WILEY: Well the... this particular
franchise of course doesn't cover that issue. I... I...
I think what the council member's pointing out is
obviously there are a range of different contracts
that the city has with Verizon. We're very proud
that the mayor's new initiative 650 million for...
for more broadband technology in schools which is
obviously critically important. I think that the
question of the bidding process and the procurement
for those services is that one that you know we
will be looking at and ensuring that we get the
best service providers we can to deliver those
services.

COUNCIL MEMBER RODRIGUEZ: ...franchise
whereas Verizon be responsible to provide a
services to any... to anyone residential and also a
school that they were suppose also to be... they were

1
2 suppose also to be a... to provide the broadband to
3 our schools however there was a... a waiver where
4 Verizon by paying few million dollars to the DOE
5 now they put themselves out of the question because
6 now DOE's the one that is responsible to look to...
7 services and Verizon does not have. Because I know
8 that they don't in my district. There's not a
9 school in my district that they have FiO
10 [phonetic].

11 MAYA WILEY: So... so the... the... this
12 particular franchise does not cover schools. But we
13 should follow up with you in terms of the
14 conversation about what's happening with the
15 schools. And we would be happy to do that.

16 COUNCIL MEMBER RODRIGUEZ: Great so I'd
17 like to thank the Mayor and you as a... and your team
18 for having this conversation with Verizon. Again
19 this is not against Verizon. And I'm a customer of
20 Verizon with my cellphone you know having my
21 blackberry. But I just hope that Verizon sit in the
22 table and do better in this franchise.

23 CHAIRPERSON VACCA: Thank you. Thank you
24 Mr.... Council Member Rodriguez. We would like to get
25 to Verizon but I want to afford all the members the

opportunity to question the administration. But that means that if we could be a little considerate of the clock everyone that would be helpful to us at this point. We've been joined by Council Member Ben Kallos and I'm sorry that I did not see you there Ben but we've been joined by Council Member Kallos. Council Member Crowley and then Council Member Levine.

COUNCIL MEMBER CROWLEY: Thank you to our chairs for having this important hearing today. Commissioner you said in your testimony that for over five months DoITT had requested information from Verizon and they continuously failed to provide access to the critical information that you were looking for. At that point did you... do you have it in the power... does the city have it within the franchise agreement to stop their permission to do work?

COMMISSIONER ROEST: So I... I think that would be counterproductive to where we're trying to go to... to get everybody cabled and wired for... for FIOS. That wasn't a consideration to have them stop work.

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COUNCIL MEMBER CROWLEY: But if they are
you know... they have over 100,000 customers or
potential customers looking for service and you
believe that's grossly underestimated. They are not
providing the requested information. What... what can
we do to push them to do more and to certainly be
upfront with records and reports when requested by
the city?

COMMISSIONER ROEST: So fortunately I
think with the support of Maya Wiley's Office and
with the support of the administration and now from
the council we have been able to get to a place
where we've received information from Verizon so
the additional pressure did get us at least a
submission of information. Again we're reviewing it
to make sure that it is complete and thorough. But
what we did is look for additional pressure points
to get them to comply.

COUNCIL MEMBER CROWLEY: Do you believe
that they don't have the workforce size needed to
meet the demand of customers in the city?

COMMISSIONER ROEST: I don't know the
answer to that. Verizon would have to answer why

they're not meeting the demand and why they have
not completed their obligation.

COUNCIL MEMBER CROWLEY: Of the 100,000
potential customers that do not receive the service
are they out of borough customers? Do you know if
those communities are more socioeconomically
depressed?

COMMISSIONER ROEST: We do have a
breakdown by borough. I don't have it in front of
me. But we can get that back...

COUNCIL MEMBER CROWLEY: I know I've
gotten a significant number of complaints in
Queens. The districts that I represent... a problem
Verizon has used for delay is... is access as you
mentioned and earlier you said that they could
install underground with a microtrenching as
opposed to providing polls and wiring through
polls. Do you know which one is more expensive for
them to do? There were times when Verizon put polls
in areas that did not have polls which is sometimes
dangerous and unsightly. And if the customers are
getting electricity and other services underground
does it really make sense to put those polls in and
why are they choosing to put polls rather than

trench in those areas. I would like to know whether
it's cost and labor driven.

COMMISSIONER ROEST: Again I would ask
Verizon to answer that question. We do believe that
the microtrenching was a more cost effective method
than others but I would refer to Verizon.

COUNCIL MEMBER CROWLEY: Right but is
the city and Department of Transportation has given
the permission to put these polls in when they may
not be needed.

MAYA WILEY: But we... I... I don't think
we're in a position to answer whether or not there
have been polls put in when they're not needed
because we need more information to assess that.
But it's certainly true that Verizon has publically
stated that microtrenching is easier and more
efficient and cuts down the time to deliver the...
the service. So based on that public statement that
Verizon has made certainly we believe that
statement.

COUNCIL MEMBER CROWLEY: And going
forward when customers are calling for service is
there a way to know for sure that they're
accurately reporting the numbers and... and not

encouraging people to... to get DirecTV instead just
because they can't provide the service quickly.

COMMISSIONER ROEST: Yeah. And as Maya
stated earlier we are in conversations with
Verizon. And that includes what kind of information
we will need to be able to effectively oversee the
franchise.

COUNCIL MEMBER CROWLEY: Will you make
sure the company gets penalized if they're not
tracking this accurately?

MAYA WILEY: So I... I think the... as... as
part of the discussions we are having with Verizon
we made very clear that if we are able to come to
an agreement about how rollout will happen
effectively and equitably that we will also need to
make sure we have sufficient transparency in
reporting and accountability and that we will have
mechanisms and actual teeth in enforcement.

CHAIRPERSON VACCA: Thank you. Council
Member Levine and then public advocate James.

COUNCIL MEMBER LEVINE: Thank you Chair.
Thank you Chair Vacca, Gentile, and Richards. I
happen to be a resident of 163rd Street in Northern
Manhattan. And when my family thought to access

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2 FiOS service we were told it was unavailable that
3 we were not given a timeline in which it would be
4 available. And yes we were steered to a package
5 with DirecTV that was of no interest to us. So I
6 have some direct personal experience. And I
7 understand that I'm one of tens of thousands of
8 people in a similar condition. Now for me I'm very
9 fortunate. I have a job with high speed internet at
10 work. I have a phone with a good data plan. But
11 there are many many New Yorkers who are working
12 from home who actually depend on high speed access
13 for their economic livelihood. There are students
14 who require that kind of access for today's modern
15 academic work. And there are people who can't
16 afford a high... a high end data plan on their cell
17 phone and can't do any kind of streaming on their
18 handheld device. So for a lot of people this isn't
19 just a luxury item as we would teach to our kids.
20 It's a need, not a want. So I think the
21 implications here are real. I do feel very
22 heartened by the fact that I think Commissioner and
23 Ms. Wiley the administration has been fantastic and
24 that regular New Yorkers can feel like someone's
25 fighting for them. It... it feels to me that you all

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2 are taking this incredibly seriously and martialing
3 every bit of leverage that the city has. So I'm...
4 I'm very grateful for that. I... I am curious that
5 you... you've recounted in some detail that initially
6 Verizon was reluctant to cooperate on the audit.
7 Now I'm not sure if they counted on the fact that
8 they would be going up against a leader of the
9 stature... Maya Wiley with your determination and
10 your backbone of steel and wonder whether they have
11 in any way evolved or changed their tune over the
12 course of this process.

13 MAYA WILEY: Well I am happy to report
14 that they have. And I think we are seeing as
15 particularly in the past few weeks substantially
16 more cooperation. And I think they deserve credit
17 for that cooperation. And certainly we've been very
18 frank given our past history of a lack of
19 transparency and cooperation that a few weeks of
20 cooperation is welcome and we expect to see that
21 level of cooperation over the course of the
22 franchise lifetime and that that's what we're going
23 to be looking to ensure that we have in place.

24 COUNCIL MEMBER LEVINE: Well I... I am
25 very very happy to hear that and happy to credit

1
2 you with bringing us to that point. You did mention
3 before that the option of the city suing Verizon is
4 still on the table. And would I be correct in
5 saying that if... if they continued to cooperate as
6 they have in the recent period that you wouldn't
7 see the need to set that off. And if not what... what
8 would be the trigger for... for moving to the
9 direction of a lawsuit?

10 MAYA WILEY: We certainly will not take
11 off the table any of our legal rights and our
12 ability to execute on those legal rights which
13 includes litigation if necessary. What would... so it
14 is not off the table because we are not at a place
15 in which we've been satisfied that we will have
16 successful rollout. What I would say is at the
17 point at which we have come to a clear agreement
18 about how FiOS will be successfully rolled out
19 across the city no matter the zip code that we have
20 been ensured that of the capacity to do it. And
21 that we have a clear set of timelines and reporting
22 mechanisms and accountability with teeth then we
23 will be very happy and we will credit both
24 Verizon's cooperation with the city, the council
25 for its oversight and for her tremendous efforts.

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And I think that it will be a win/win both for the
city and for Verizon. So we are very hopeful that
we can get there and if we don't we will see them
in court.

COUNCIL MEMBER LEVINE: Alright thank
you very much.

CHAIRPERSON VACCA: Public Advocate
James.

PA JAMES: Does that cooperation include
ensuring that Verizon bills facilities on every
residential block in the city? Yes?

COMMISSIONER ROEST: Yes.

PA JAMES: Does it also include
Verizon's commitment to inform all perspective
subscribers that they can place nonstandard
installations at their residence?

COMMISSIONER ROEST: Yes.

PA JAMES: Does it also include that
Verizon will have sufficient staff and resources
deployed in order to complete NSIs?

COMMISSIONER ROEST: It will ensure that
they complete the NSIs timely, yes.

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PA JAMES: Will it... does it also include
Verizon's commitment to provide access to all of
their records?

MAYA WILEY: It will in... include that
Verizon gives sufficient access to records to
ensure oversight of compliance. There are certain
provisions both in the contract that... that we don't
have a dispute with of their ability to withhold
certain information as proprietary but we won't
tolerate anything that does not allow the city to
ensure oversight and compliance.

PA JAMES: And you recognize that you...
the city of New York as you know subsequent
pursuant to the cable franchise agreement has the
right to inspect their books and their records?

COMMISSIONER ROEST: Yes.

PA JAMES: And you also have the right...
and I would like to know whether or not the Verizon
has submitted their annual and their quarterly
reports. They have...

STANLEY SHOR: Yes.

PA JAMES: They have submitted those
quarterly and annual reports?

STANLEY SHOR: Yes.

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PA JAMES: And are those reports... do you
also submit them to the chairs of this committee?

STANLEY SHOR: We... we certainly can.

PA JAMES: I'm sorry.

STANLEY SHOR: We will provide them,
whoever wishes to have them.

PA JAMES: Do you have them in your
possession?

STANLEY SHOR: We have them back at the
office.

PA JAMES: So you'll submit them to the
three chairs.

STANLEY SHOR: Sure.

PA JAMES: Thank you. Let me ask you
this other question. And the New York Times article
which is very disturbing it indicated that there
was an allegation that Verizon was not providing
service to communities that were economically and
geographically undesirable in particular there were
two women from Bedford-Stuyvesant who complained
about the difficulties. Does your cooperation... well
does Verizon cooperation now with the city of New
York will you ensure that they will provide service

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2 to all geographical and economical areas regardless
3 of their status?

4 COMMISSIONER ROEST: Yes.

5 PA JAMES: And... and... and in the report
6 both annual and quarterly that information will be
7 provided to the city of New York as well as to the
8 members of the city council?

9 COMMISSIONER ROEST: To their... to their
10 coverage their equitable coverage.

11 PA JAMES: It's also my understanding
12 that in 2008 under the previous administration they
13 basically negotiated some concessions. Did they
14 negotiate the ability to enforce compliance with
15 franchise agreements in the city of New York?

16 MAYA WILEY: I don't think we can answer
17 that question sitting here today. We can try to
18 find out since we were not here then. So we'd have
19 to check... [cross-talk]

20 PA JAMES: My understanding that the
21 previous administration negotiated a number of
22 concessions which basically negotiated the power
23 and the rights of the city of New York which is why
24 the city did not take a position with regards to
25 the merger of Time Warner and... and Comcast. And I

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2 would like to know going forward what other
3 concessions did the previous administration
4 negotiate a way in regards to franchises in the
5 city of New York which basically hurt our position?

6 MAYA WILEY: So just as one
7 clarification I think each franchise obviously...
8 each franchise has different provisions...

9 PA JAMES: Yes.

10 MAYA WILEY: ...so they're not uniform.
11 And of course they were negotiated at different
12 periods of time. The... in terms of Comcast, Time
13 Warner, cable the administration was very vocal and
14 sat out a number of issues and concerns both with
15 the FCC as well as the PSC. And actively actually
16 engaged in negotiations with Comcast around the
17 terms of its merger in order to ensure that we had
18 the potential to increase equitable broadband
19 coverage for all New Yorkers.

20 PA JAMES: And my last question is the
21 current resolution it expires in 2017, correct? Is
22 that true? Or 2020?

23 STANLEY SHOR: The... the authorizing
24 resolution you're... I don't know the actual date but
25 2017 maybe.

PA JAMES: It's 2017? And that's subject
to the approval of the city council?

STANLEY SHOR: Yes.

PA JAMES: And if Verizon continues to
fail to comply with the city administration is the
city prepared to walk away and allow this contract
to expire?

STANLEY SHOR: Well the... the contract
well expires in 2020. The authorizing resolution
would be 2017. The... there's federal law regarding
the renewal of cable television franchises. So I
can't say that we could just walk away from a... a
contract.

PA JAMES: So let me...

STANLEY SHOR: It's a process.

PA JAMES: Could you just explain the
difference between the authorizing resolution
approved by the city council. And the contract
which expires in 2020. One expires in 2017 and one
in 2020. What's the difference?

STANLEY SHOR: Oh the... yeah the
difference is the authorizing resolution allows
the... is an authorization from the city council to
the department to issue solicitations for its

specific type of franchise. And then the solicitation once issued will result in a proposal and the proposal then is approved by the franchise and concession review committee and then there is a contract. So that contract then continues whether or not the authorizing resolution continues. So authorizing resolutions typically around for five years and then get reauthorized by the council at those five year periods.

PA JAMES: Because of time constraints let me just summarize or let me just ask this final question. Given the fact that the continuing resolution expires in 2017 will that give the city council the power to enforce the commitments under this franchise agreement with Verizon, yes or no?

MAYA WILEY: I... I think the... the short answer is the compliance provisions in the contract continue to govern whether or not the authorizing resolution continues in effect. So what would be available to the city as what's currently in the contract.

PA JAMES: Thank you.

CHAIRPERSON VACCA: Thank you. Council Member Lancman.

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COUNCIL MEMBER LAN: COUNCIL MEMBER AN: Hi.

First let me take a moment just to commend you for
diligence for with which you've overseen the... the
situation and the work that you've done so far. It
is a sea change in how previous administrations
viewed their responsibility for overseeing these
very very valuable franchises. And I would
emphasize that this is a very very valuable
franchise for Verizon which is an enormous company
which entered into the... the terms of the franchise
knowing full well what its obligations are and the
fact that I have constituents, tens of thousands of
constituents who are not able to avail themselves
of this service which Verizon has promised to
provide is really very galling and disappointing.
All the questions have... have been asked. I just
wanted to take this opportunity to urge you to
continue to press the case with Verizon to use
every tool at your disposal and know that we will
have your back because the city of New York has
granted to Verizon something which is
extraordinarily valuable to it and which we
expected something in return. And I can't go back
to my constituents and explain to them with a

straight face why it is that Verizon hasn't
allocated the resources necessary to meet its
obligations under the contract. So keep pressing on
and we've got your back.

MAYA WILEY: Thank you.

CHAIRPERSON VACCA: Thank you. Council
Member Kallos.

COUNCIL MEMBER KALLOS: Thank you to
Chair Vacca for your leadership on this issue
convening the committee and for chair Donovan
Richards and Vinny Gentile for joining on as well
as our public advocates leadership on this and
thank you to the administration to Counsellor Wiley
as well as Commissioner Roest for doing this audit
and doing a lot of work and putting something
together to the... where a cooperation was not acting
in good faith. I like many of my council members I...
I want FiOS. I can't get FiOS. I live at York
Avenue between 80th and 81st and they placed that
all the research and everything everyone is saying
should have service. So it's a concern for me that
not only is it not... not only do we not have FiOS
in... in Brooklyn but we don't have it in Manhattan
either. We don't have it pretty much anywhere. What

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2 we do have is a wire passing every single residence
3 and it's hard to understand how under any color of
4 law the definition of passed could mean anything
5 other than actual delivery of service but if I... I...
6 I'll give you water but the water's underground in
7 a... in a pipe and good luck getting to it. I... I gave
8 you water so that... that is completely bizarre. So I
9 guess a question is according to the audit response
10 Verizon agreed to change the answer from
11 unavailable to their... we will get it for you as a
12 standard installation or it's not a standard
13 installation and here's the response. That's
14 something they said. This is something they said in
15 response that you published. And yet when I went
16 back to check it's still telling me it's un...
17 unavailable so how do we make sure that they either
18 file the order of entry or change... do what they
19 said they would do in the initial response to the
20 audit.

21 MAYA WILEY: I think that's both really
22 important to note that even where you live that
23 there are many zip codes that don't have sufficient
24 FiOS. And it would be a great problem to have if it
25 was just like the waters under the building and you

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2 just can't access it because we're... we're not even
3 in that position yet. So I think the short answer
4 is the negotiations that we're in right now with
5 Verizon and the fact that it's much more productive
6 negotiation but so that the reality becomes one in
7 which you get a clear timeline that's compliant
8 with an agreement about when that service will be
9 available to you.

10 COUNCIL MEMBER KALLOS: And now as a
11 group of lawyers to my right and behind me at your
12 table litigation can sometimes take a while if we
13 just cancel the contract or do we do a new
14 contract? Would it be five years remaining? Are
15 there any rights where we can just get people wired
16 as soon as possible versus getting to litigation
17 that might outlast the franchise agreement itself
18 and thereby rendered moot?

19 MAYA WILEY: You know well certainly
20 litigation... that's why litigation is never your...
21 your first tool but your last. It's because it's
22 much better to come to agreement. I think the short
23 answer is it's complicated given the fact that we
24 have obligations on both sides of the contract. And
25 obviously what we want to do... the city we... we

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2 believe has been meeting its side of... of
3 obligations and responsibilities under the contract
4 and Verizon must do the same. I think the short
5 answer is it is premature to examine those options
6 until we finish going through what is becoming a
7 more productive discussion with Verizon.

8 COUNCIL MEMBER KALLOS: So I... I guess
9 the... the other piece is just I think my... my big pet
10 peeve is when people point fingers. So I think that
11 the city is doing its side. I think Verizon in this
12 case has been a bad actor. But where they are
13 calling landlords into question I think that that
14 is not a valid excuse especially when they can go
15 to public service commission and get an order of
16 entry. Do we know how long that takes? And is the
17 public service commissioner cooperating and making
18 sure that we're getting at an... has Verizon given us
19 a list of... of these are the buildings we've tried
20 to get into. This is when we requested the order of
21 entry and we don't have it. Because as far as I
22 understand 36 hundred have been granted so that
23 should be 36 hundred people getting service.

24 MAYA WILEY: We can't speak to the
25 period of time it takes with the public service

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2 commission since we don't have control of that
3 Verizon may be able to give a much better sense.
4 Certainly it is our understanding that the public
5 service commission is paying attention to this
6 issue, is concerned about the nonstandard
7 installations and has been asking Verizon questions
8 similar to ours around them and the discussions
9 that we have had with the public service commission
10 to date so far is that they obviously are very
11 concerned about ensuring entry if entry is an
12 actual problem to delivery of service to any
13 resident whose requested it and that one of the
14 things we also want to make sure of is we know
15 where that's been the case versus a decision simply
16 not to serve.

17 COUNCIL MEMBER KALLOS: Thank you for
18 your advocacy. What we win here is universal
19 broadband, access to the world's knowledge and
20 that's our fighting chance to end income
21 inequality. Thank you.

22 CHAIRPERSON VACCA: Thank you.
23 Councilman Constantinides.

24 COUNCIL MEMBER CONSTANTINIDES: Thank
25 you Chairman Vacca, Gentile, and... and Richards and

1
2 thank you. I'm going to very brief because I
3 definitely want to be able to hear from Verizon
4 today as do all of my colleagues. But I want to
5 thank you for your work. It... it's abundantly
6 apparent that under this administration you're
7 taking this obligation very seriously to monitor
8 this contract and to ensure the people of the city
9 of New York get what we're promised that does not
10 seem to be the case prior to this administration.
11 So I want to make sure that in spite we're asking a
12 lot of questions today that you do feel validated
13 in your work. And as Council Member Lancman did
14 indicate we do have your back. Because our
15 constituents do have this service... do want to make
16 sure they have access to broadband. My quick
17 question relates to public housing. I can see from
18 my map here and from the... the conversations I've
19 had with the residents is that... houses is not wired
20 for FiOS. Is that a trend? Because I know that we...
21 the public advocate had brought up ensuring the
22 geographic and economic issues would not be a
23 barrier to getting FiOS. Is that a trend throughout
24 the city because 40 percent of the residents in... in
25 public housing do not have access, do not have

internet. So how... how do we get there? And is this
a trend? And how do we make sure this isn't forced
to get... make sure they can get what they need.

MAYA WILEY: Mm-hmm. We... we certainly
share the concern that... that our NYCHA residents,
our NYCHA developments must be getting FiOS as well
as which is covered under this... this franchise. And
we certainly have been requesting information that
both looks at communities and zip codes but also
our... our public housing developments as well. So
the short answer is we share the concern and we've
seen similar patterns and we certainly are... are
going to be looking at how the rollout includes our
NYCHA developments and as I have said earlier the
administration's also committing to ensuring that
we're giving more free access to broadband speeds
to... to residents of NYCHA developments as well.

COUNCIL MEMBER CONSTANTINIDES: I
appreciate that. And this is a... a serious issue
with... as been stated before, if you're not able to
get on the internet it's... it's Mark... Council Member
Levine... it's not a need it's a... it's not a want
it's a need. Whether it's for homework, whether
it's applying for UPK, whether it's applying for a

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2 job... all of this is on the internet now. So I'm
3 ensuring that everyone has access to internet. It
4 has been a shared goal. So I appreciate your great
5 work. Thank you. Chairs.

6 CHAIRPERSON VACCA: Council Member
7 Torres.

8 COUNCIL MEMBER TORRES: Thank you Mr.
9 Chairman I will... I will be brief. I have a question
10 about the relationship between these exclusive
11 marketing agreements and the franchise agreements.
12 So if you have a building owner that has an
13 exclusive agreement with another provider cable
14 vision what implications does that have for the... I
15 guess the application of the franchise agreement to
16 that particular building.

17 MAYA WILEY: There is a specific
18 provision that covers commercial reasonability. Sam
19 do you want to take the more specific...

20 STANLEY SHOR: If a building has entered
21 into an agreement where it becomes impossible for
22 Verizon to actually recover its cost going into the
23 building because they... they basically done an
24 exclusive. There is a provision on the contract
25 that... [crosstalk]

COUNCIL MEMBER TORRES: I... I can't quite
hear you, I'm sorry.

STANLEY SHOR: Yeah I'm sorry. There is
a provision in the contract that speaks to a
formula that if there because of a contract with
the building that the building has for example put
it as part of the charges to the tenant so that
they have cable television with one provider and
they're paying for that and that the Verizon coming
in there might be a tenant or two that want Verizon
and are willing to pay twice for them. But if they...
if they can only get two customers in the building
that would under the formula would be considered
unreasonable. So they wouldn't have to do that
building. So there's... there's a small carve out in
the contract that does allow for them to not do
certain buildings if they have... if... if the building
has already entered into that kind of an agreement.

COUNCIL MEMBER TORRES: But I... my
understanding is that the franchise... the basis for
the franchise agreement is an authorizing
resolution enacted by the city council. So would I
be correct to assume that the franchise agreement
has the effect of law and that it would trump

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2 whatever... agreements exist in the city or is that a
3 correct assumption.

4 MAYA WILEY: Well the franchise
5 agreement's a contract specifically so it... it does
6 be... whatever the city has agreed to in the contract
7 is binding as a contract. The short answer is we
8 don't think there's anything in the franchise that
9 actually violates any law. And certainly I think
10 it's the obligation of Verizon to tell us if there
11 is a building for which this exception would apply.
12 It's not something that you know actually let DoITT
13 speak to it but it's not something which... what we
14 have heard from Verizon is for those 40 plus
15 thousand nonstandard installs the reason we haven't
16 made them is because... because this exception under
17 the franchise applies. That is simply not something
18 we have heard from Verizon.

19 COUNCIL MEMBER TORRES: Obviously, a
20 number of findings here are alarming. There was one
21 in particular that caught my attention, that
22 Verizon failed to cooperate with the city's audit
23 of FiOS rollout, that it took five months for
24 Verizon to cooperate with your initial request. I'm
25 just curious does the city have... if... if... if a

franchisee is refusing to provide information to
the city do... does... does DoITT or the city have
subpoena power?

COMMISSIONER ROEST: We don't have
subpoena power. What we have is Maya Wiley power.

COUNCIL MEMBER TORRES: I'm sorry. Which
is wonderful but no substitute for subpoena power.

COMMISSIONER ROEST: Yeah it is not. No,
we... we... we actually don't have subpoena power. That
is in fact we really appreciate the support we've
received from Maya and her team from Maya and her
team from the administration and now from the
council because I think it is with that pressure we
were able to get Verizon to comply with our
requests and at least provide the information.

COUNCIL MEMBER TORRES: But it seems
like without subpoena power that renders the
agreement less than forcible is there something...
could the council in the future write subpoena
power into an authorizing resolution?

COMMISSIONER ROEST: We're actually... as
part... we're having the conversations with Verizon.
We're also examining ourselves what would allow us
to have more authority to enforce the franchise

1
2 agreements and we will be getting back to the
3 council with some ideas.

4 COUNCIL MEMBER TORRES: Specifically, to
5 my question or you do you have to get back to me?

6 COMMISSIONER ROEST: We'll get back to
7 you.

8 COUNCIL MEMBER TORRES: Okay. Thank you
9 Mr. Chairman.

10 CHAIRPERSON VACCA: I could provide you
11 with a copy of the oath that we use where we swear
12 people in and you can use that in your negotiations
13 maybe. Somebody will tweet that you know. Let me
14 tell you one thing though. I expect when we get a
15 report from the administration that inclusive in
16 the report will be the resources that are allocated
17 to fulfill the agreement that is reached. Mainly
18 the jobs that are opened up the... the time table.
19 But I think that we're looking for a negotiated
20 effort inclusive of resources so that the job can
21 be done that you decide with Verizon and others is
22 going to become a reality. Okay. I'm going to thank
23 you for coming Ms. Wiley, Commissioner, Deputy
24 Commissioner.

25 MAYA WILEY: Thank you.

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CHAIRPERSON VACCA: I promote... I promote
you after all these years. You deserve to be
promoted. I will now want to call our next panel
and thank this panel. Our next panel is Leecia Eve
from Verizon and Kevin Service from Verizon. Now
let me first say that we just received this. This
is not your testimony right? It's a brief. Oh and...
[cross-talk]

LEECIA EVE: Yes... yes Chair, yes.

CHAIRPERSON VACCA: Oh I... I... if you're
going to read all this I don't know you better get
me... [cross-talk] But why don't we start. Ms. Eve do
you wish to lead off? And would you have... or... or
does Mr. Service wish to start?

LEECIA EVE: Yes...

CHAIRPERSON VACCA: I must swear you in.
Do I have to swear them in? No I don't have to
swear you in. I'll swear at... I'll swear at you
later. Okay would you want to start?

LEECIA EVE: Yes. And then my...

CHAIRPERSON VACCA: Okay introduce...
introduce yourself for the record.

LEECIA EVE: Yes, my name is Leecia Eve.
I'm Vice President for State Government Affairs for

1 the tristate region. And joining me who will finish
2 our presentation before Q&A is my colleague Kevin
3 Service who's the Senior Vice President for Network
4 Operations for Verizon. First let me say to all of
5 you good afternoon. And members and chairs... Chair
6 Vacca, Chair Richards, and Chair Ventile
7 [phonetic]. And Madam Public Advocate thank you for
8 hosting this hearing and inviting us to appear
9 today to discuss the status of Verizon's cable
10 television franchise with the city of New York. On
11 behalf of New York, Verizon New York, we could not
12 be more pleased to be here. And Chair Vacca you
13 referred to the information that we provided. Our
14 testimony is going to be much more brief. But in
15 the interest of open... transparency and providing as
16 much information to all of you as well as the
17 members. We wanted to give you as much background
18 information as possible. We want to say at the
19 outset that Verizon takes great pride in being the
20 very first cable operator ever to make our services
21 available citywide that all five boroughs and thus
22 to provide all of the city's residents with a
23 competitive choice for cable television services
24 delivered over the only... the only all fiber network
25

1
2 in the great city of New York. For more than seven
3 years Verizon and many of our more than 21,000
4 employees across the state of New York. Including
5 12,000 here right in New York City alone have
6 worked hard to bring to life the vision of making
7 competitive choice... competitive video choice
8 available to residents across our great city. When
9 Verizon entered into this 12-year cable franchise
10 agreement with New York City in July of 2008. The
11 incumbent cable providers were each providing
12 services in different parts of the city. So they
13 basically divided up parts of the borough and... and
14 in some cases whole boroughs between and amongst
15 themselves and they were insulated from the risk of
16 completion from anybody else. What they basically
17 said in terms of the provision of service went. And
18 so they were in a low risk high reward monopoly
19 environment. Verizon is the only provider that
20 undertook a citywide build while facing competition
21 with these entranced monopoly providers in each
22 borough. Verizon has brought the benefits of video
23 completion. That includes consumer choice,
24 competitive pricing, and continued innovation to
25 the residents of New York City through its

1
2 innovative fi... FiOS video services delivered over
3 in advance all fiber optic network Verizon has
4 offered city residents a best in class cable
5 television service that is also the cornerstone... a
6 variety of multi service bundles. Unquestionably...
7 unquestionably the incumbents deployed their
8 networks under far different circumstances than
9 Verizon deployed ours. And in far more favorable
10 conditions. First the incumbent cable providers
11 were entering a monopoly market which meant that
12 they had far more assured sources of revenue than
13 Verizon. Second they were able to build out their
14 networks incrementally over a very long period of
15 time. And in some cases they acquired completed
16 networks rather than building their own. And they
17 did not face the daunting citywide construction
18 task that Verizon chose to undertake. Third, the
19 incumbents likely faced far less opposition from
20 apartment building owners and managers than Verizon
21 has faced. This is because at the time that the
22 incumbent cable television providers entered a
23 building. They were the first game in town. And so
24 owner said come on in. Well when we made the
25 decision to deploy our best in class [phonetic]...

our best in class service across the city we weren't the first person or the first entity in the building. And so that created an environment where some building owner said you know we've already got somebody here. We're not sure we want to let you in. The deployment of Verizon's all fiber network in New York City has been the largest and most ambitious communications infrastructure project in any city in the United States of America in United States History. It is an enormous and ongoing construction effort. And it's been... it's required the extraordinary skills and extraordinary work ethic of the 12,000 colleagues of mine who are proud to call New York City our home. We have faith in number of challenges. We all know that the city of New York is the most populated city in the country. It's also one of the most densely packed... densely packed cities. And what that has meant is that as... and my colleague Kevin Service will speak to this a little bit later that may not exist in other communities in terms of getting rights of way dealing with density of how many of these multiple dwelling units are positioned. And these pose considerable challenges. We have worked diligently

1
2 to complete our buildout and we are proud of what
3 we have achieved. Verizon has invested more than
4 3.5 billion dollars, 3.5 billion dollars in this
5 unprecedented effort which has resulted in the
6 installation of more than 15,000 miles of fiber
7 optic cable, enough cable to get from here to Las
8 Angeles five times and back or to wrap around the
9 entire city of New York 340 times. Much of it
10 requiring excavation to build underground. It has
11 also resulted in the extension of that fiber optic
12 network to almost two million houses and apartments
13 to date so that residents of those households can
14 now obtain service upon request within a matter of
15 days. Verizon is committed as an investor,
16 employer, infrastructure creator, tax payer, and
17 corporate donor to New York City and state as a
18 whole. But beyond the obvious benefits of bringing
19 competition and choice at a 21st century advanced
20 infrastructure to New York City Verizon has now in
21 fact passed all of the households in the city with
22 its fiber optic network. And as again Kevin will
23 address that shortly. And we've installed the
24 extensive facilities in all of our 66 centers
25 across the city enabling us to provide already

ready access to more than two million households.

In addition to date Verizon has paid to the city of New York and franchise fees and to many community access organizations across the five boroughs almost 200 million dollars. We have also built and currently maintain and advance fiber optic network that provides support to the city's critical public safety communications networks as well as to city agencies as a whole. And we have in fact activated all 53 public educational governmental access channels required under the franchise agreement.

This extraordinary level of commitment is reflective of Verizon's cooperate principals and dedication to the community that it serves. Indeed, the progressive public policy institute as recently named once again Verizon is one of the top investment heroes among all companies across all industries in our nation. We are proud to be a charter member of the billion dollar round table, one of only 21 US companies in the nation, in the nation that conducts more than one billion dollars in business with minority and women owned businesses. Last year Verizon nationally spent not one, not two, not three, not four, but more than

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five billion dollars in business with minority and
women owned firms across our... our nation. Verizon
citywide FiOS project has not always been easy.
There have indeed been obstacles. And while some of
these obstacles were anticipated many could not
have been anticipated frankly by neither Verizon
nor the city of New York when the agreement was
signed seven years ago. And they called for a joint
approach which Verizon and the city will continue
to work together to overcome these obstacles before
turning over the latter part of our presentation to
my colleague Kevin. Let me also state that Verizon
has been a willing transparent and cooperative
partner with DoITT's exercise of its overwrite,
oversight responsibilities over the last seven
years. We have participated in good faith
negotiations. We responded to numerous requests. We
have filed various reports with DoITT at a timely
matter and alongside DoITT staff conducted annually
extensive and comprehensive field verifications
tests to assess Verizon's compliance with
deployment provisions in the franchise. Let me
close by saying before turning to Kevin that we
really do very much appreciate all of the chairs

1
2 coming together and Madam Public Advocate hosting
3 of this hearing and the participation of all the
4 city council members who are here because what we
5 do every day in running this extraordinary company
6 that continues to choose to call New York City home
7 that employs 12,000 New Yorkers all with good
8 paying jobs we focus on facts. We focus on facts.
9 And we applaud your efforts in hosting this hearing
10 because we believe addressing our challenges and
11 talking about a path forward so that we can get
12 many of our perspective customers as quickly as we
13 can is the right thing and the smart thing to do.
14 And it's in the best interest of all New Yorkers
15 and our customers. No one... no one... no person, no
16 entity, no one wants to get our best in class
17 product more quickly to our perspective customers
18 than we do. And let me now turn it over to my
19 colleague Kevin Service who... who's been just
20 absolutely extraordinary in terms of the effort
21 that he is overseeing and I believe that will
22 answer a lot of the questions that were posed to
23 DoITT during the preceding panel. Thank you.

24 KEVIN SERVICE: Thank you Leecia. Good
25 afternoon. As Leecia said my name is Kevin Service.

1
2 And I'm the Senior Vice President of Network
3 Operations for Verizon. I'd also like to thank the
4 council for the opportunity to speak on behalf of
5 Verizon to really clarify two issues that have been
6 at the center of the recent discussions concerning
7 our FiOS deployment; one, our obligation to pass
8 all households in the city with our fiber optic
9 network and two, how that relates to providing FiOS
10 service to potential customers in multiple dwelling
11 units or MDUs. With respect to passing households
12 under the franchise agreement Verizon must pass all
13 households served by our 66 wire centers by
14 upgrading its network within the franchise area by
15 not later than June 30th, 2014. Because of several
16 force major events including Hurricane Irene and
17 Superstorm Sandy we accomplished this... we
18 accomplished this feat in October of 2014. And this
19 was a significant accomplishment for Verizon and
20 all of its employees and one that I'm particularly
21 proud of. To simplify the issue to pass all
22 households obligation involved strategically
23 placing fiber optic cables throughout the streets
24 of New York City such that the fiber optic network
25 can then be extended into specific buildings upon

request provided that we can get access to the building and into that building. It does not mean contrary to some public confusion that Verizon's network would have been extended into every New York City household. That obligation is set forth in the service availability provisions of the agreement which I'll discuss a little later. The agreement also requires that the buildout be carried out in the way that ensures a fair equitable and nondiscriminatory deployment throughout all income levels in the city. We've fully met those obligations as documented in reports submitted to DoITT which were also verified and validated by DoITT. I think it's important to note that the city's franchise agreements with cablevision and Time Warner included an express obligation to run facilities in front of each building in the city. In stark contrast Verizon's agreement does not include that language. This is no accident. The party's recognized while the agreement was being negotiated that Verizon would deploy its all fiber network as an upgrade to its existing copper network running the fiber along the same routes as it had historically used to serve

the buildings in the city. In obtaining access to individual buildings using strategies similar to those that had been used in the past. Although there are now attempts by some to unilaterally and retroactively revise the intent and meaning of the agreement the word passed was always understood and used by Verizon and the city in that context. The bottom line is that Verizon now passes every household in the city. Once passed Verizon is also required under the agreement to make cable service available to all resident... residential dwelling units in the city upon request. Therefore, in order to fulfill that obligation to a resident and an MDU not only does the building have to be passed by Verizon's facility as all buildings are today. But it also must be network created. In other words, the deployed fiber used to serve the building must be extended into the building from the street or backyard or is free... is frequently the case through adjoining buildings to provide service to the individual units in the building. These kinds of service requests are what we call nonstandard installations or NSIs. I want to emphasize that our practice even though the agreement only requires

1 service of that one specific request unit has been
2 to network create the entire building when it
3 receives an NSI request for service from one single
4 resident in that building. As a result of that
5 action subsequent request for service arising
6 within the same building will no longer be NSI
7 requests. Instead they are what we call standard
8 installation requests. And those are generally
9 fulfilled within a few days. The importance of this
10 practice is that it makes service available to
11 other residents of the building much more rapidly
12 than would be the case if we did no more than
13 comply with its obligation with our obligation to
14 buildout facilities only to the requesting party's
15 premises. In fact, as a result of this
16 extraordinary practice approximately 800,000.
17 800,000 additional New York City households can now
18 order FiOS service within a few days rather than
19 waiting several months. Verizon's six or 12-month
20 network creation obligation is also subject to
21 exceptions; namely our inability to obtain rights
22 of way from private properties. This includes a
23 property requesting service and any adjacent
24 properties where right of way is necessary to reach
25

the property requesting service. This franchise exception for inability to access MDUs was incorporated into the franchise because Verizon and DoITT were both keenly aware of the potential widespread challenges that obtaining consent from hundreds of thousands of landlords and property managers would present. In each of these circumstances our... our ability to install facilities in the building in response to a service request can either be delayed or denied because Verizon does not have the requisite authority to access the private property. While Verizon works diligently to pursue access consistent with the agreement the fundamental reality is that Verizon cannot control the behavior of landlords or property managers. Now as noted some of these obstacles were expected in Verizon and DoITT attempted to negotiate franchise provisions designed in theory to mitigate the delays associated with these circumstances. However, given the unprecedented nature of our citywide deployment neither DoITT nor Verizon could have completely foreseen the extent to which these access issues have at times frustrated progress. Of course

1
2 improvements to the agreed upon process can be
3 made. And it's clear at this point that the
4 existing process has flaws and is inefficient. But
5 Verizon is hopeful... they can continue to work
6 closely with DoITT in a constructive and
7 collaborative manner to enable more city residents
8 to more quickly enjoy the benefit of Verizon's
9 fiber optic network. Thank you for your time.

10 CHAIRPERSON VACCA: Thank you. We've
11 been joined by Council Member Brad Lander. Some
12 questions. Your testimony is very interesting I
13 have to say.

14 [laughter]

15 CHAIRPERSON VACCA: But let me ask you
16 some questions. You said that you accept all
17 requests for service. That's what I thought I heard
18 you say, that you accept all requests for service,
19 but when I spoke with... when I questioned
20 Commissioner Roest and I had said... I had asked her
21 how many requests are pending at this time she... she
22 could not give me an answer. So my question to you
23 is do you keep records of how many people request
24 service? And can you tell us how many requests are
25

now pending? And is there a time table to fulfill
the request?

KEVIN SERVICE: [off mic] We do accept
all request of service. I can confirm the number
that I believe...

CHAIRPERSON VACCA: Start again with
your answer. I'm sorry...

KEVIN SERVICE: I'll rewind that. Sorry
about that. We do request... we do accept all request
for service. I can confirm what I believe I heard
from the prior panel that there's approximately
100,000 outstanding requests that have not been
fulfilled. The vast majority of which have access
right of way issues that we're working to resolve.

CHAIRPERSON VACCA: Are you including
people that you may get a request from but then
they end up going to DirecTV rather than wait for
FiOS? Is that included in that number? Or is this a
separate number we're talking about?

KEVIN SERVICE: To... to the extent that a
customer requested FiOS service that would be
included in that number. So if a consumer requests
FiOS and also orders DirecTV we would include that
in our number.

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CHAIRPERSON VACCA: Is there any part of
the city right now where someone would call and
they would be told we cannot service you at this
time?

KEVIN SERVICE: There should be. Let me...
I'll clarify that. There is no area in the city.
And nobody should be being told that. Now having
said that we have 12,000 employees... [cross-talk]

CHAIRPERSON VACCA: Ladies and gentleman
let's hear the answer please.

KEVIN SERVICE: Having said that we have
a large employee body that we are constantly
training and retraining. And to the extent that
they have told somebody that service is not
available that's an indication that we have more
work to do in that area.

CHAIRPERSON VACCA: Well I... [cross-talk]
Excuse me, I... I must tell you that another
colleague just whispered in my ear, Councilman
Lander, that he was told 30 minutes ago that where
he lives in Brooklyn is not serviced. So... [cross-
talk] I... I... I do think...

KEVIN SERVICE: Excuse me?

CHAIRPERSON VACCA: ...and there... there
calls here. So I... I do think that we have a concern
here. I wanted to comment or ask you about co-op
city particularly in Starrett City and Brooklyn.
Co-op City as you know has 50,000 residents. My
understanding as a Bronx Councilman is that Co-op
City's board of Directors has requested FiOS but
that it's not been made available. Can you... can you
clarify this for me?

KEVIN SERVICE: Well we've had several
conversations with the board of Co-op City. Co-op
City has an exclusive marketing agreement with one
of our biggest competitors that runs through 2024
which precludes us from building to that facility.

CHAIRPERSON VACCA: And that is... is that
home entertainment? I... I think that's...

KEVIN SERVICE: That's cable television.

CHAIRPERSON VACCA: ...it's cable
television. So you're precluded by that exclusive
agreement from going into Co-op city?

KEVIN SERVICE: We... we... we... we have
chosen not to build into that facility as a result
of the exclusive marketing agreement that Co-op
City has with one of our competitors.

CHAIRPERSON VACCA: So you're not precluded. You've chosen to... do you feel that if you went into Co-op City that you could be sued for example? Is that... is that why you're not going in there?

KEVIN SERVICE: There's a variety of issues associated with this then I'm probably best not discussed in a public forum. It's a more of a private negotiation we're having with the Board of Co-op City.

LEECIA EVE: Chairman... Chair Vacca if I may with respect to the earlier question about service availability. As Kevin mentioned we constantly listened. I think we do a pretty good job at our jobs but our... at Verizon is better matters and every day... every day we seek to do a better job. And we believe that all of our employees seek to do the same. But just to clarify because I think it bears emphasizing; as Kevin mentioned we have passed... we have met our obligation in really what we call the first phase of our deployment. To pass all the premises across the city. So if you think about kind of arteries in a body, we've done that. The second phase is an

individual in a particular apartment building or a
home who says alright I know you're in the
vicinity, now I want your service. We have part of
the train that we have been doing with our
employees is to educate and... and be able to better
communicate with perspective customers that when
you say service is not available it's... it's
available in their community. It's available in
their neighborhood. We may not be able to get to
their particular building. And part of the work...
part of the work that we have undertaken... part of
the work that we have undertaken with DoITT and
Maya Wiley and Commissioner Roest I think spoke to
this in a thoughtful way earlier. Part of the work
that we've been engaging with DoITT over the past
few months and even weeks including a meeting that
we had with both of them just a few weeks ago was
to update them on some of the significant
improvements we have made to better explain to
perspective customers where we are in the process
of getting to their specific building and to the
extent there are challenges because their landlords
don't want us there or for some other reason or a
neighboring building doesn't want us in to do a

1
2 better job of keeping those perspective customers
3 posted. And so I just think it bears emphasizing
4 and I... and I hope that that additional information
5 is helpful to maybe explain some of the questions
6 that you and some of the other members may have
7 had.

8 CHAIRPERSON VACCA: Okay I'm... I'm going
9 to yield now. But before I do I do acknowledge... I
10 do see rather that you had gotten an award from the
11 progressive policy institute?

12 LEECIA EVE: Yes, Sir.

13 CHAIRPERSON VACCA: And I do... granted
14 that sometimes that word is overused but I want you
15 to understand what I think our role is, certainly
16 my role, speaking for myself. As a city councilman
17 we understand that there's a franchise agreement
18 between you and the city. Our role is to make sure
19 that the franchise agreement is implemented and
20 followed. Now is everything in that franchise
21 agreement good, bad... that's not up to us. We have
22 oversight power. But once the agreement is signed
23 then we have to insist on implementation. That's
24 our oversight power. So going forth in the days
25 ahead we did hear from the city that there are

1 negotiations, discussions. We do know that there
2 are challenges. But very honestly we expect that
3 agreement to be adhered to and we look for your
4 cooperation and expeditiously.
5

6 LEECIA EVE: You will have it Mr. Chair.

7 [cross-talk]

8 CHAIRPERSON VACCA: Okay.

9 LEECIA EVE: ...have it. And let me also
10 say one of the other Council persons in the
11 previous panel had posed a question about Verizon's
12 responsiveness. As I mentioned my colleague Kevin
13 Service and a number of other of our colleagues met
14 with Council Wiley, Commissioner Roest, a number of
15 members of the city's administration on September
16 14th. We've had a number of meetings even since the
17 audit in our response over the course of the
18 summer. Very fruitful meeting. Very productive. I
19 think you got a sense of that, that progress was
20 made from both Council Wiley and Commissioner
21 Roest. Approximately eight days later... so we met on
22 November... September 14th, on September 22nd we got a
23 very detailed written request for I think by any
24 measure would be described as an enormous amount of
25 information from the Commissioner and from Maya

1
2 Wiley. And eight days later... eight days later we
3 provided virtually every piece of information
4 including extremely proprietary confidential
5 information far above and beyond anything that the
6 franchise would have required us to disclose and we
7 disclosed it. And then just last week we basically
8 provided all the remaining information that was
9 requested just a few weeks ago. The city right now
10 is reviewing the information. It was so extensive
11 that it's taking them a little bit more than two
12 weeks to review it. But my colleagues are in the
13 process of arranging for follow-up meeting where we
14 will walk through with whatever specificity both
15 Counsel Wiley and Commissioner Roest would like us
16 to do. And I think that you know that's a
17 reflection of the spirit of cooperation that has
18 developed that is in the best interest of our
19 current perspective customers and in the best
20 interest of... of New Yorkers.

21 CHAIRPERSON VACCA: Okay. Thank you.

22 Chair Gentile.

23 CO-CHAIRPERSON GENTILE: Thank you Mr.

24 Chair and Vice President Eve, Vice President or

25 Senior Vice President Service. Thank you for... for

1
2 being here. So we... we put on the table today the
3 dispute that is ongoing I suppose about when
4 premises are deemed passed. I... am I correct in that
5 you're... you and DoITT are still at odds with the
6 definition of when a premises is passed?

7 LEECCIA EVE: I can't speak for DoITT.
8 What I will tell you is without question we have
9 passed all the premises. I think there was a... a
10 different definition that DoITT seven years after
11 we executed the franchise agreement chose to employ
12 that does not govern our franchise. And we have
13 made crystal clear it doesn't govern our... [cross-
14 talk]

15 CO-CHAIRPERSON GENTILE: Well DoITT is
16 relying on what they... what they referred to as an
17 in... industry wide definition. They used an
18 industry-wide definition of passed. That's what
19 they're relying on.

20 LEECCIA EVE: Well if I... if I may
21 respectfully Mr. Chair it is a definition used by
22 a... a... in an industry association it is not a
23 definition that has been employed with any
24 regularity by any cable provider including ours.
25 But let me say... let me say that under the

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definition of premises passed as reflected in the
agreement that was negotiated seven years ago we
have passed all premises and frankly even under a
definition that DoITT seven years after execution
of the franchise agreement chose to employ that
even under that definition we satisfy the prims
passed requirement. Let me also say that that's not
just our word. But we have four letters... 2009,
2010, 11, 12, 13 counsel to DoITT Stanley Shor
referenced it earlier. We had a performance bond of
I think it was roughly 50 million dollars and as we
met various passed premises milestones Verizon
approached the city of New York and said here are
all the ways that we have met this particular
milestone. By the way come join us and physically
see what we've accomplished. Here's the data to
demonstrate, to prove that we in fact have met the
milestone. On... on four separate occasions, four
separate occasions DoITT said yes, we agree, and
therefore we are going to reduce your bond from 50
million to 40 million to 30 to 25 and on and on.
And you know so it's not just our word that we have
passed premises it's evidenced by the unequivocally

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clear record that we have in fact done so. But I
think you know... I assume... [cross-talk]

CO-CHAIRPERSON GENTILE: So...

LEECIA EVE: ...Mr. Chair that what you're
focused on however is how we are getting to meet
the needs of perspective customers... [cross-talk]

CO-CHAIRPERSON GENTILE: Yeah and also...
[cross-talk] I... I want to find out from Verizon do
you... do you not consider the proximity of a
location to be part of whether or not that area has
been passed?

KEVIN SERVICE: We do consider the
proximity to an extent. If you look at this
exhibit... this... this... we brought to... to demonstrate
where we have our FiOS network. And I think this is
Queens with red lines denoting where we've run our
fiber optic cables to position them in such a
fashion that once a customer requests service and
we've secured the necessary access rights and
rights of way from the properties that are required
to bring the last piece of fiber into the building
we've done that. So...

CO-CHAIRPERSON GENTILE: What... what is
your proximity according... according to the

1
2 definition that DoITT is relying on it has to be
3 that cable is able to reach that location without
4 any extra installation provided. And... and that
5 from... from what... from what the industry says it... it
6 excludes any installation that requires additional
7 substantial cable plant distribution of fiber
8 cable... feeder cable in order to be connected. So
9 their definition is that it has to be capable of
10 connecting in a service area whether... whether or
11 not they actually get that service but it has to be
12 capable of it.

13 KEVIN SERVICE: Correct.

14 CO-CHAIRPERSON GENTILE: And... and you're
15 saying even if you needed the additional fiber
16 cable and feeber... feeder cables you still consider
17 it to be passed... a particular location?

18 KEVIN SERVICE: We consider it to be
19 passed if it... if we're within the realm of
20 substantial fiber placement. So I'm not a lawyer.
21 Here's... here's what I would say. We've passed a
22 household if... when we get a request for service and
23 have the necessary rights of way what we have left
24 to do does not create a delay in bringing service
25 to that customer. Under that Kevin Service

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2 definition, we've passed every household in New
3 York City.

4 CO-CHAIRPERSON GENTILE: Let me... let me
5 read to you and... and get your reaction as to how...
6 how much you have fulfilled this promise that was
7 given by Verizon in a press release in 2008. And
8 back then when this franchise was... was created
9 Verizon said ...when our fiber deployment project is
10 completed it will reach to each and every borough,
11 neighborhood, boulevard, avenue, and street without
12 regard to the demographics of a particular area.
13 How closely have you fulfilled that promise that
14 Verizon made in 2008?

15 LEECIA EVE: Chair Gentile I'm happy to
16 answer that question; 1,000 percent we have, 1,000
17 percent.

18 [laughter]

19 LEECIA EVE: And let me...

20 CO-CHAIRPERSON GENTILE: 1,000 percent.

21 LEECIA EVE: Yes, yes. And...

22 CO-CHAIRPERSON GENTILE: And yet...

23 LEECIA EVE: And...

24 CO-CHAIRPERSON GENTILE: And yet... if...
25 okay if you say it's 1,000 percent and they're

1
2 talking about every borough, neighborhood,
3 boulevard, avenue and street you and your data that
4 you gave to the DoITT audit...

5 LEECIA EVE: Mm-hmm.

6 CO-CHAIRPERSON GENTILE: ...said that 20...
7 almost a quarter 23.6 percent of New York City
8 blocks today that you deemed passed have no
9 buildings with service installed.

10 KEVIN SERVICE: Can I... the important
11 point I think... and I think I... I tried to reference
12 this in my testimony there's two elements to this.
13 One is the prims passed which I... I think we're
14 talking about. Now the second element that's
15 important though is bringing FiOS service to the
16 customers. And the major requirement impediment to
17 that is securing the necessary rights of way. So
18 where we have not brought our FiOS service to a
19 customer that's requested it it's because we
20 haven't yet secured all the necessary rights of way
21 to do so.

22 LEECIA EVE: But we have... we have
23 literally blanketed consistent with the franchise
24 agreement. And frankly what was in our best
25 interest to do as a company that employs 12,000 New

1
2 Yorkers in the... in this great city we have passed
3 all the premises. Kevin is the expert on that
4 issue, I am not, but it just bears emphasizing
5 because I do believe you know it is a source of
6 confusion. We are able to if we have a right of way
7 to a building to get service to that building. And
8 what I'm hopeful... what we as a company are hopeful
9 is to the extent that given that the vast majority
10 of the outstanding requests relate to buildings
11 that we want to get to. As I said we have spent
12 three and a half billion dollars. No one wants to
13 get to a perspective customer more quickly than we
14 do. But to the extent that there are challenges
15 with us getting to a building I think there are
16 ways that we can... [cross-talk]

17 CO-CHAIRPERSON GENTILE: Well...

18 LEECIA EVE: ...work with the city, and
19 we're in those discussions, but also frankly with
20 individual members of the council to help us in
21 that... in that regard. I... [cross-talk]

22 CO-CHAIRPERSON GENTILE: But you have
23 other... you have other options available to you. You
24 keep talking about access and right of way...

25 LEECIA EVE: Mm-hmm.

CO-CHAIRPERSON GENTILE: ...but you have other options available to you. And the question becomes why do you focus on that one right of way access and not use the other options to the extent that you need them to get the access that you need to put the wires. You have the micro... the microtrenching. You... you have the... the public service commission petitioning. You have 3,000 petitions and... and you reported you have 31,500 NSIs that are 12 months old or older. And you've done 3,000 petitions. You're... you're not using the other options. You continue to rely on just we can't get access.

LEE CIA EVE: If I may Chair Gentile there's... there's... if there's really two parts to appropriately answer to your question. One is you said... you're referring to other avenues. Our franchise agreement is different in many respects from the agreements with our incumbent... the incumbent cable competitors. And one of the most significant differences is we have proudly called this city our home for a century. That hasn't been the case for the incumbent providers. And what that has meant is that because over the course of

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decades, close to a century we have been providing
communication services to the citizens of the city
of New York. We have an extensive... really almost a
mind boggling network underground... primarily
underground in some places like Staten Island more
over ground, but an extensive network underground
you know many feet below the service where we have
for many many many years, for decades run our
conduit system to provide communication services to
customers. That is something that none of the
incumbent providers had. And so when my predecessor
colleagues negotiated the agreement with the city
of New York seven years ago we focused on the fact
that our deployment was going to be primarily,
almost exclusively, along what we call the existing
pathway where we have been providing communication
services to millions of New Yorkers for many many
years. And so yes there are other options that we
have explored and that we have discussed with the
city but our franchise is unequivocally clear and
that's based upon the historical presence of our
company in the city of providing communication
services that the primary pathway that we were
going to be using to get to our perspective

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2 customers into providing them FiOS was the existing
3 pathway that has been present and that has served
4 many New Yorkers, millions of New Yorkers well...
5 [cross-talk]

6 CO-CHAIRPERSON GENTILE: Is... isn't it...
7 isn't it the case that you have objected to
8 microtrenching because the requirement would be to...
9 to include extra capacity for other companies to
10 use the... the... the same trench line?

11 KEVIN SERVICE: No I... I don't think we
12 have objected to using microtrenching. We've used
13 it as a tool to extend our network in a variety of
14 cases at the right time and in the right places.
15 Microtrenching was never designed as a panscient
16 [phonetic] to access issues. Microtrenching was
17 developed and designed to be used as a methodology
18 to do underground cabling that's less disruptive
19 and more efficient than traditional direct buried
20 cabling would be.

21 CO-CHAIRPERSON GENTILE: But also let
22 you allowed... allows to come in from the front and
23 not from the back.

24 KEVIN SERVICE: But direct building
25 would allow you to come in from the front and not

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the back. So it's... it's a tool you can use if you...
if you have to do underground cabling. It... it's not
a solution. One of the examples we've used in the
past is a closed block in a place like Brooklyn. So
when we use the term closed block we say that you
can't get into the back yards where the pole line
runs and the cables are strung that serve each of
the household without going through somebody's
yard. If there's a resident in the middle of that
block that requests FiOS service for us to get
access to our network we need access from not
necessarily the person that requests it right, we
need access from the people that provide the access
to the underground facilities that feed that
backyard pole. That's one of the major impediments
to... to this NSI issue. If we were to direct build
or micro trench it would be incredibly disruptive
for one because you would be digging up the street
for one house in the middle of the block. And then
the next week you'd be digging up the street for
the next person that requested it. And then the
next week you'd be digging up the street again for
the next person. Multiply that across the scale of
New York City and it would chaos. So microtrenching

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2 doesn't solve the issue. It's... it's absolutely a
3 tool we can use and we use it when appropriate but
4 it doesn't fix the crux of this is... issue which is
5 gaining the necessary right of ways on private
6 property to attach our facilities.

7 CO-CHAIRPERSON GENTILE: Address then
8 quickly because I have other questions the PSC
9 issue of why you have not used the PSC petitioning
10 as a means to gain access.

11 LEECIA EVE: Well we have used the P...
12 [cross-talk]

13 CO-CHAIRPERSON GENTILE: Not... not
14 enough.

15 LEECIA EVE: ...SC process... But let me...
16 let me say Chair Gentile we have used that process
17 but let me be clear you know just as Counsel Wiley
18 said litigation is a last resort. Going to the
19 public service commission to request an order to
20 enter into someone's property that here to for said
21 no you can't come in or after repeated calls or
22 letters didn't respond we use as a last resort. The
23 fact that we have filed a certain number of
24 petitions is not reflective by any means of an
25 extraordinary amount of effort that takes place

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well before those petitions are filed, multiple
calls, multiple letters. Filing a petition with the
public service commission is not short nor should
it be... nor should it be the first course. It is the
last course. And what has happened fortunately in
many instances is after we do file a petition in
some cases and in an increasing number of them some
building owners say okay I get it, you know come on
in. But often times we get there in the absence of
filing a petition. And frankly that's in Verizon's
best interest, the owner's best interest for the
sake of resources of the public service commission
it's in the public service's commission's best
interest. Let me also just note that even when we
do get an order... even when we do get an order from
the public service commission that says basically
okay now Verizon you can go in this building it
actually doesn't give us the right to break the
door down. It actually doesn't. It's another piece
of paper that has the force of the public service
commission and it's more effective than a phone
call and it's more effective than a letter but it
doesn't give us the right. If we had that petition
and an order from the public service commission, we

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2 could not go into someone's property still without
3 their permission. But it does give us greater juice
4 so to speak to try and get in. But the fact that a
5 certain number of petitions had been filed is not
6 reflected... [cross-talk]

7 CO-CHAIRPERSON GENTILE: Okay.

8 LEECIA EVE: ...by any means of the
9 breadth and depth and the comprehensive way that we
10 reach out to building owners to get access to their
11 building.

12 CO-CHAIRPERSON GENTILE: Let me move on
13 to a issue of now that you've passed or in your
14 definition passed the entire city your obligation
15 now as citywide to deal with the NSIs citywide,
16 correct?

17 LEECIA EVE: Correct.

18 CO-CHAIRPERSON GENTILE: And so the term
19 of the word unavailable should no longer be part of
20 your lexicon?

21 KEVIN SERVICE: Can I... let me... let me
22 try to clarify my earlier answer if I could. So one
23 of the issues that we've discussed with DoITT was
24 around this exact issue in the communication that
25 we were providing to our customers both online and

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2 when they called one of our call centers around
3 this NSI process. And one of the changes we have
4 recently made is in the scripting on our webpage
5 which you'd see if you went to look... so that's a
6 mechanism to enter a request... if you went to the
7 webpage you'd see the scripting that we use. It's
8 also the same scripting we've instructed our call
9 centers representatives to use and train them to
10 use. And what we would like them to say... there's
11 three scenarios in my mind that can happen. One,
12 the household is passed and it's network created
13 thereby making FiOS available. The conversation
14 should begin with; great news, FiOS service is
15 available to you, when would you like it. That's
16 number one. Are we 100 percent accurate on doing
17 that? No, we're not. We have work to do there. The
18 second instance is when the address that the
19 customer gives us isn't in our database. So they
20 might say I live on 34 Church Street, apartment 3
21 and in our data base it's 34 Church Street,
22 apartment 3A. Prior to the discussions with DoITT
23 our webpage and our conversation with the customer
24 would be we don't have... on the webpage would be we
25 don't have that address, please call us. No mention

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2 of FiOS, no mention of anything. That was a
3 problem. Our script says FiOS is available in your
4 neighborhood but we're unable to determine if it's
5 available at your specific request, please call us.

6 CO-CHAIRPERSON GENTILE: Well...

7 KEVIN SERVICE: And... and if I may just a
8 third instance because I think it's the one that's
9 referenced up there... if... if FiOS is passed which it
10 is but not yet network created the conversation
11 should be FiOS is not... FiOS is unavailable or not
12 available at your specific address but it is in
13 your neighborhood, would you like to order it.

14 CO-CHAIRPERSON GENTILE: I... you know I...
15 I thought that those answers might come today
16 during the committee and that's why I had the staff
17 of my committee check and make some calls and find
18 out what your call representatives are telling
19 people. And... and these calls were made. It's great
20 the way you laid it out but these calls were made
21 within the last two weeks and you... you will see it
22 up on the board and I'll tell you four multiple
23 dwelling units in Harlem... how... I don't know how you
24 explain this. They... they... the callers were told
25 that FiOS was unavailable and two of the four were

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2 incorrectly told that you could not determine how
3 long it would be until the installations were
4 possible. And that same correct information...
5 incorrect information was given to our caller who
6 inquired about a building in the Mott Haven section
7 of the Bronx. So it's nice in testimony...

8 KEVIN SERVICE: Mm-hmm.

9 CO-CHAIRPERSON GENTILE: ...to give that
10 package of what is being said or should be said but
11 in reality it's something quite different. How do
12 you explain that?

13 KEVIN SERVICE: I... I... I explain it by
14 saying that in the instance... I can't explain the
15 fact that it happened because it did. I explain it
16 by saying that we need to go back and refresh both
17 training and compliance to the existing scripting
18 process that we've recently developed. We've spent
19 a lot of time training and reinforcing this
20 messaging based on your experience we clearly have
21 more to do.

22 LEECIA EVE: And one thing I would add
23 to what Kevin said Chair is that in addition...
24 [cross-talk] in addition to training you mention we
25 would love to follow-up with respect to those

specific requests but you mentioned that in some instances some of the constituents called and said that the... one of our Verizon colleagues said you know we can't tell you when service will be available. There probably was better scripting but frankly that... that was not an inaccurate answer. If... if... [cross-talk]

CO-CHAIRPERSON GENTILE: ...the answer should be you have... we... we can get it to you within six to 12 months.

LEECIA EVE: Well... well the if... if that we have right of way we're able to get into their building... [cross-talk]

CO-CHAIRPERSON GENTILE: You don't know that on a call. You can say but you... you... I... I think the franchise obligates you to say that in an NSI we could get it to you within a six-month period with maybe another... [cross-talk]

KEVIN SERVICE: Yes... [cross-talk]

LEECIA EVE: Our...

CO-CHAIRPERSON GENTILE: ...six-month... [cross-talk]

KEVIN SERVICE: Yes...

LEECIA EVE: Our... our...

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KEVIN SERVICE: Yes, we...

3

LEECIA EVE: ...communication...

4

5

KEVIN SERVICE: ...we have more work to do
on training folks to say that.

6

LEECIA EVE: And on our...

7

KEVIN SERVICE: We absolutely do.

8

LEECIA EVE: And our...

9

[laughter]

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LEECIA EVE: ...on our communication does
say that but one of the things that we have
discussed with DoITT that we are exploring moving
forward is finding additional touch points with our
customers so that if a customer is in a building
and there are many of them... as Kevin said the vast
majority of the existing NSIs are buildings for
which we either can't get into the building because
of somebody next door we can't get in their
building and what we want to be able to do is keep
our customers posted about where we are in that
process. And so that's why I was saying that in a
particular instance one of the you know persons who
was answering the phone may not have been able to
say you know when exactly we can get in the
building. Yes, the franchise speaks to six to 12

1 months but if... if somebody's not going to let us in
2 the building they're not going to let us in the
3 building period. But we are doing our best to not
4 only break down those barriers and... and as I said
5 we've had many conversations with DoITT with
6 respect to that issue and Counsel Wiley. And we've
7 actually briefed many of your colleagues here on
8 the committee and those who are not. But we want to
9 actually do a better job of communicating with our
10 customers with specificity as to you know where we
11 are in the process. So for example you know if
12 their particular landlord or building owner is not
13 letting us in finding a diplomatic or not so
14 diplomatic way of communicating that because many
15 of our customers assume that if we can't get in
16 their building that it's because of something that
17 Verizon is doing when in the vast majority of cases
18 with respect to these... [cross-talk]

20 CO-CHAIRPERSON GENTILE: I hear you...

21 LEECIA EVE: ...NSIs...

22 CO-CHAIRPERSON GENTILE: I hear you.

23 LEECIA EVE: ...that is not the case.

24 CO-CHAIRPERSON GENTILE: I hear you. But

25 I think we were speaking about the fact of what

1
2 potential subscribers are being told from their
3 calls to the company. And that... that is an issue
4 and... and a... and a problem to come and say that this
5 is the script... the script is not being employed.
6 It's not being used. But now that you... you report
7 to DoITT that over 31,000 installations or requests
8 for installations are over 12 months old, NSIs that
9 are over 12 months old are technical violations of
10 the franchise isn't it your obligation to do
11 whatever you can possibly to work on that backlog
12 of those 31,500 NSIs and to get it done as quickly
13 as possible? Because right now you're in a
14 technical violation of the franchise.

15 KEVIN SERVICE: We're... we're... we are
16 working every single day to bring FiOS into the
17 buildings and households.

18 CO-CHAIRPERSON GENTILE: And does that...
19 does that include a determination by the company to
20 add resources and staff so that that good faith
21 effort to... to clear up that backlog goes forward?
22 Does that include resources and staff to make sure
23 that happens?

24 KEVIN SERVICE: I would say it includes
25 looking at all available solutions. I would say

1 that the... the number one issue is securing access.
2
3 And all the resources in the world aren't going to
4 solve that particular issue. So we need to solve
5 the right of way issue. We need to solve the
6 language around that. That's what we're working
7 collaboratively on with DoITT right now. And once
8 we clear that hurdle we'll move to the next hurdle.
9 But reinforce what my colleague said we have
10 2,000,000 households in New York City that can buy
11 FiOS today and get it installed tomorrow. That's
12 incredible. That's a testament to the work of all
13 the employees of Verizon in New York City. It makes
14 no sense for us to not want to bring it to
15 everybody else. That's what we're working on every
16 single day.

17 CO-CHAIRPERSON GENTILE: And... and... but
18 at the same time moving chess pieces around from
19 bringing people from upstate to down state to try
20 to add to the... to the staff is not a good faith way
21 of trying to clear up that backlog of 31,500 NSIs.
22 It's just not a good faith way of doing it. Does
23 not indicate to us that you're committed to do
24 whatever is necessary to... to address those NSIs
25 that are 12 months or... or older. Now I understand.

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2 Maybe... maybe it's a changing economy. Maybe it's a
3 changing technology. And it's become somewhat of a
4 business decision right? That... that back in 2008
5 you know fiber optics was... was... was the thing. But
6 now it seems that Verizon especially with the new
7 CEO taking over in 2011 is moving more and more and
8 more and more into the wireless division and
9 leaving less and less and less resources and... and
10 ability for... for fiber optics and other wire line
11 services. In... indeed if... if I recall correctly
12 somewhere was... it was stated that... that you... that
13 Verizon is selling its wireline assets in Florida,
14 Texas, and California. And you've also announced
15 that you will not do any new buildouts of FiOS in
16 new territories. And you will just focus on the
17 penetration issue in areas that you have serviced.
18 So it seems to me that very quietly there's a
19 business decision going on here by Verizon that
20 wireless is where it's at in 2015. And everything
21 else is secondary.

22 LEECIA EVE: Well Chair I... I don't... I... I
23 appreciate your comment. I... did you have a question
24 or did you just want us to respond?

25

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CO-CHAIRPERSON GENTILE: Well yeah I... I...
I'm... I'm saying if that's the case we have to deal
with that because we have all these positions not
only we... we have these 31,500 NSAs that are 12
months old or older. We have people calling. We
have... we have people on the phone representing your
company that are giving incorrect information. We
don't know if those people are now lost to us.
Those... I don't even know if those people who were
told it's not available become NSIs. I don't think
they do. I think they're just lost. So... so 31,500
12 months or over is probably an under... under
count. So if... if the focus of Verizon is now
changing to wireless we have to address that issue
because there are a lot of resources. And this
franchise deals with fiber optics. And that's the
franchise that we're talking about. And if your
company focus... I understand it if your company
focus is changing. But guess what you've signed
this contract. You've entered into this franchise
and you've got to fulfill it.

KEVIN SERVICE: And we are fully
committed to our FiOS obligation, fully committed.

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2 LEECCIA EVE: And let me... let me... there's
3 a... Chair Gentile there was a lot that you said
4 there. And... and... but I have to just respectfully
5 disagree with the assumptions and the presumptions
6 that are underlying some of your statements. As I
7 stated at the outset three and a half billion
8 dollars we have spent. No one, no person, no
9 company, no elected, no appointed official wants to
10 get to our customers... perspective customers more
11 quickly than we do. This is the place where we
12 employ more New Yorkers, more people who call this
13 country home than any other city on earth. It is
14 the place that is our cooperate headquarters. We
15 have made an unprecedented investment. And there is
16 no technology company, no technology company, no
17 communication company that has made more of a
18 financial, moral, workforce... you name it commitment
19 to New York than we have. [cross-talk]

20 CO-CHAIRPERSON GENTILE: Can you tell
21 us... can you tell us now that... that Verizon is as
22 committed to fiber optics as they are to the
23 wireless division and... and... and the wireless
24 products that they're now promoting?

25

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1
2 KEVIN SERVICE: If... if... if I may with...
3 with due respect this is a... a New York City cable
4 television franchise hearing. And we are fully
5 committed to fulfilling the terms of our
6 obligations to New York City. And we have
7 demonstrated that commitment based on the three and
8 a half billion dollars we've spent, the 15,000
9 miles of fiber optic infrastructure we've put in
10 the ground and in the air that makes New York City
11 the most wired city in America. We are absolutely
12 committed to our FiOS obligations.

13 LEECIA EVE: And to... just to close what
14 my colleague said on this point. And you know
15 people throw out numbers all the time. We mentioned
16 800,000, we mentioned 2,000,000. But this point
17 Chair Gentile and other chairs and other committee
18 members and Madam Public... Madam Public Advocate
19 bears emphasizing and that is this; our franchise
20 agreement that we negotiated with the city of New
21 York seven years ago basically says if someone
22 requests your service you need to go provide it.
23 And the exceptions are enumerated in the franchise
24 agreement if... that basically say well you don't
25 have to provide it if you have challenges getting

1
2 in and other things. So what our franchise
3 basically says someone in a building requests
4 service you need to basically go and provide it. So
5 in a typical building in New York that has 100
6 people living in the building, 100 units, and if
7 one person in that building requests service our
8 franchise basically says you need to provide
9 service to that one person.

10 CO-CHAIRPERSON GENTILE: That's correct.

11 LEECIA EVE: But what we do is
12 exponentially more than that.

13 CO-CHAIRPERSON GENTILE: No I understand
14 what... [cross-talk]

15 LEECIA EVE: We don't...

16 CO-CHAIRPERSON GENTILE: ...you do.

17 LEECIA EVE: But I think it bears
18 emphasizing because there's some confusion I think,
19 not by you Chair,...

20 CO-CHAIRPERSON GENTILE: Mm-hmm.

21 LEECIA EVE: ...but there's confusion
22 because what we do is we don't go into that
23 building with 100 units and provide service to one
24 person. We spend an enormous amount of time,
25 energy, capital, human resources to make the

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service available to all hundred people. And that's
why... [cross-talk]

CO-CHAIRPERSON GENTILE: Right.

LEECIA EVE: ...almost a million New
Yorkers who have not even requested our... [cross-
talk]

CO-CHAIRPERSON GENTILE: And that's a
good...

LEECIA EVE: ...service have it available...
[cross-talk]

CO-CHAIRPERSON GENTILE: ...that's a very
good efficient thing for you to do but it doesn't
negate your obligations under the franchise. And...
[cross-talk]

LEECIA EVE: I agree.

CO-CHAIRPERSON GENTILE: ...and if you...
and you think that your obligations under the
franchise were inefficient or... or... or not... doesn't
serve your purposes then try to negotiate an
amendment if that's the case.

LEECIA EVE: And Chair... and Chair
Gentile I agree with you that it doesn't negate our
obligations of the franchise. But the... the
underpinning of your statement was that we weren't

1
2 committed and what I submit to you is that a
3 company that provides service, makes service
4 available to almost a million New Yorkers that
5 haven't even requested is... is... underscores our
6 unprecedented and unmatched commitment to the
7 citizens of the city of New York.

8 CO-CHAIRPERSON GENTILE: Okay. And let
9 me just finish up by saying the company's direction
10 seems to be... bely of what you're saying about
11 commitment because of the fact that it's selling
12 off its wireless assets around the country and it's
13 already said it's not building out any new FiOS.
14 And it's just going to finish off I suppose the
15 FiOS installations that it already has committed to
16 and it... and in this case in New York City it
17 doesn't seem like you're going to get to the
18 penetration and... and... and filling and clearing out
19 that backlog without the higher headcount and
20 without the more resources that we have been
21 advocating for here today.

22 LEECIA EVE: Well I would just submit to
23 you Chair that as... as we are all here, you are
24 representatives of the city of New York, we are
25 here to discuss our franchise agreement with the

city of New York, with all due respect how we
operate our business elsewhere is... is not really
the subject matter of... of the... [cross-talk]

CO-CHAIRPERSON GENTILE: But it's
relevant... [cross-talk]

LEECIA EVE: ...discussion...

CO-CHAIRPERSON GENTILE: ...on... on the...
[cross-talk]

LEECIA EVE: But... but...

CO-CHAIRPERSON GENTILE: ...the... the
company in itself.

LEECIA EVE: ...and we are not at this
time... we are not. You're right, we are not at this
time looking to have other cities where we deploy
FiOS. And why? Because we want to keep our
commitment to the cities that... for which we have
already agreed to offer FiOS services. And... and
frankly the fact that we aren't picking up other
cities right now to deploy FiOS I would think would
be welcome news because it underscores that we want
to make sure that we get this job done and we get
it right and we will do whatever we need to do to
make that happen.

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CO-CHAIRPERSON GENTILE: Okay I've been...
you've been very generous with time. Thank you very
much.

CHAIRPERSON VACCA: Thank you Chair
Gentile. I just would ask that we try to limit
questions because we have a large amount... a large...
we have two panels after this one. So... and I... and
I'd like to hear everyone today. Alright Chair
Richards.

CO-CHAIRPERSON RICHARDS: Thank you
Chair. And thank you Ms. Eve and thank you Mr.
Service for being here. Can you tell me Verizon's
annual budget?

LEECIA EVE: When you say... [cross-talk]

CO-CHAIRPERSON RICHARDS: Does anybody
know Verizon's annual budget? How much do you bring
in citywide?

LEECIA EVE: Well you know I don't know
if that's an appropriate question to... to answer in
this forum. But let me also say we're here
representing Verizon New York which is one entity
that... that is... that is...

CO-CHAIRPERSON RICHARDS: How much are
you bringing in New York City then?

LEE CIA EVE: You know what I'm actually
not sure of the answer to that question. But what I
will tell you that Verizon New York... what I... what I
think is the most pertinent question Verizon New
York year after year historically has been in the
red. In our filings that... [cross-talk]

CO-CHAIRPERSON RICHARDS: Okay so we
don't have an answer. But I'm going... I'm only
raising this question because you keep throwing up
3.5 billion dollars in our face.

LEE CIA EVE: Correct, mm-hmm.

CO-CHAIRPERSON RICHARDS: And I think
it's rather disingenuous because we know that for
the 3.5 billion you're probably investing you're
probably taking in ten-fold back. So I just wanted
to throw that out there. And I also just want to
add you know respectfully that you are not doing
New York City, DoITT a favor by giving them access
to information being that we are the ones who
authorize your franchise. So I think it is a
corporate responsibility to ensure that it... the
city approves your franchise that you are doing due
diligence. So... so I... I just wanted to put that on
the record. And I also wanted to add that we keep

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1 talking about passing and passing and passing. We
2 passed wire. Passing doesn't mean you succeeded.
3 In... when I was in high school, just a quick story,
4 and in 9th grade I got a 65 in a few classes. And
5 Courtney Gross is here, please don't put this out,
6 I got a 65 in a few classes and went home and told
7 my mother I passed. You know what she told me? I
8 don't want to say it. But we have to do better than
9 just passing. We have to succeed. I want to just
10 raise back off of what Council Member Gentile said.
11 And I think it's very disingenuous when you say
12 that well the PSC, the public service commission,
13 doesn't matter much because they're a last resort
14 from what you said. So if you have 100,000
15 outstanding NI... nonstandard installations out there
16 why aren't we using the power of the PSC more? And
17 I... the PSC. And I know they're not you know like a...
18 they can't force people into... to a situation but
19 it's... you're not reflecting that there is a... a... a
20 last standard out there that there... there's a... a
21 need more so to get into these buildings. So 3,000
22 PSC documented but over 100,000 requests... something
23 isn't adding up here. So can... you know I know
24 you've spoken to this before but... but something is
25

1
2 definitely not... not adding up here. And then also
3 last I checked Verizon went to the city to request
4 the... to micro trench. Am I correct? And the city...
5 and can anyone... [cross-talk]

6 LEECIA EVE: Sure, I mean... Sure, I mean
7 Kevin can speak to some of the specifics more.
8 We've had discussions with the city of New York
9 regarding... [cross-talk]

10 CO-CHAIRPERSON RICHARDS: At your
11 request?

12 LEECIA EVE: I... I can't speak to that
13 specifically. I... I think the bottom line is that we
14 have had discussions that... [cross-talk]

15 CO-CHAIRPERSON RICHARDS: Okay.

16 LEECIA EVE: ...tool that... that we... that
17 we have rarely but have used. But Kevin may be able
18 to comment... [cross-talk]

19 CO-CHAIRPERSON RICHARDS: So in the
20 audit... in DoITT's audit they say that in November I
21 believe it was 2012 or 2013 that Verizon came to
22 the city because they were having difficulties to
23 request the micro trench. And up to this day
24 according to what the Commissioner said only 100
25 locations have been micro trenched across the city.

1
2 So can you explain why that out of... you have
3 100,000 requests that only 100 locations across the
4 city have been micro trenched?

5 KEVIN SERVICE: Well...

6 CO-CHAIRPERSON RICHARDS: And I
7 understand what you said before but I'm... but the
8 discrepancies in a number is... it's a huge
9 discrepancy. 100 areas micro trenched, 100,000
10 locations outstanding.

11 KEVIN SERVICE: Microtrenching wasn't
12 developed as a solution to solve the NSI issue. It
13 was... it was... it was proposed and introduced as a
14 means to do underground cabling in a less
15 disruptive and more efficient way. So that explains
16 the discrepancy. There was never intent to solve
17 100,000 NSIs via microtrenching.

18 CO-CHAIRPERSON RICHARDS: Okay I'm going
19 to... I'm going to come back to that in a second. But
20 I'm looking at Section 5.5 and it says it was
21 presumably for these reasons that Verizon asked the
22 city to allow microtrenching in city streets at a
23 substantially less expensive and less consuming
24 alternative to conventional street trenching
25 microtrenching would seem to be exclusively used

1
2 for where building access via private property was
3 not timely available. And this is Verizon's words.
4 So... so I'm sort of taken aback that you're saying
5 that micro trench was not an answer to your issue
6 when you went to the city using this particular
7 definition. I'm... I'm... I wouldn't believe the city
8 came to you with this idea.

9 KEVIN SERVICE: Let me... may... maybe if I
10 try to use an example. Let... one example. So
11 customer requests service in a 10 story building in
12 Manhattan. To... to... to get right of way the property
13 owner has to give us access to bring our facilities
14 from the street into that building. In the process
15 of doing so we find that our existing conduit path
16 is blocked. They've been down there for 100 years,
17 it has a copper cable in it that we can't clear,
18 that we can't cut out. So our alternative is to dig
19 up the street and put in a new piece of conduit to
20 get into that building. The property owner says I
21 don't want you to do that. I don't want you coming
22 across my sidewalk. I don't want you to drill
23 another hole that's four inches wide in my basement
24 wall. That presented a problem for us.
25 Microtrenching presented a solution because with

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1
2 microtrenching you place fiber optic cable in a lot
3 of instances in the crack of a sidewalk six inches
4 down. You're not digging up an entire...

5 CO-CHAIRPERSON RICHARDS: So why only
6 100 location... not to cut you off...

7 KEVIN SERVICE: There's a hundred
8 locations where it made sense to do it.

9 CO-CHAIRPERSON RICHARDS: There's only...
10 so out of the 100 you're saying that... out of the
11 100,000 only 100 made sense to do it.

12 KEVIN SERVICE: I haven't personally
13 looked at 100,000 but I'm making the assumption
14 that if we used it in 100 instances that was the
15 best engineering and design alternative in those
16 cases.

17 CO-CHAIRPERSON RICHARDS: Okay. So I
18 will raise another question which was a personal
19 issue when I first was elected in March 2013. I
20 came into the city council with a little bit of
21 peach fuzz, my beard has grown out now. So I
22 represent the Ocean Bay houses in Far Rockaway and
23 Sandy... Hurricane Sandy had hit in October of 2012.
24 Any reason why it took six months to get residents
25 back online including internet, television, and

1
2 cable? And... and I say this because it took me a
3 month and thanks to the intervention of working
4 with Senator Gillibrand... Gillibrand at the time it
5 took me... us a month to get through to Verizon to
6 actually get service up and running for a 5,000
7 housing residents. And then not only that what we
8 found out was that obviously you had copper and you
9 didn't move out into the... to the fiber. So can you
10 speak to why it... so my residents six months, senior
11 citizens who had access to no service at all six
12 months to gain service from Verizon.

13 KEVIN SERVICE: I can speak to the
14 massive undertaking that it was to restore the
15 network as... as the massive undertaking it was to
16 restore the infrastructure of the city after
17 Superstorm Sandy...

18 CO-CHAIRPERSON RICHARDS: I'm not
19 speaking about the city. I'm speaking about...
20 [cross-talk]

21 KEVIN SERVICE: I can't speak
22 specifically here to the circumstances that you are
23 referencing. I'd have to take that back... [cross-
24 talk]

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CO-CHAIRPERSON RICHARDS: Okay. But that was my first experience with Verizon trying to actually put FiOS into our neighborhood. And it took over a month just to make a breakthrough and have a conversation with Verizon. So I wanted to throw that out there. I just want to go back to the audit for a second. So... so DoITT did their audit and... and there are specific things I just wanted to raise. So Verizon did not provide their... their route to the households passed numbers and would not allow access to their system to determine whether 100 percent of households recorded in their system were passed. Any reason why Verizon would not give DoITT this information?

LEECIA EVE: Well the... we... we took major issue with actually that assertion. A number of my colleagues spent probably I would say dozens of hours over the course of relatively short period of time meeting with literally a team... a team of technical experts, lawyers, and others from DoITT and city government as a whole. I... my guess is probably over the course of just a short period of time there were at least a half a dozen probably close to the... close to a dozen meetings. Repeatedly

1
2 not only did we provide extensive information but
3 we just didn't say here's the data and you figure
4 it out on yourself. We had actually specific
5 sessions at the request of DoITT to walk DoITT
6 through with specificity a lot of the information
7 that we were providing. We also had extremely
8 proprietary databases for which we could not give
9 anyone access remotely but we said you can come
10 literally to our offices which were literally down
11 the street, you know not a long distance away just
12 a... you know a seven minute or 10-minute walk away
13 and sit with one of our Verizon colleagues and do
14 whatever searches that you deem appropriate to
15 verify whatever information you would like to
16 verify. That just gives you a cursory sense of the
17 extent to which we exchange information with DoITT
18 in response to an audit. And we are continuing to
19 do that even though the audit has sense been
20 closed... [cross-talk]

21 CO-CHAIRPERSON RICHARDS: Okay can I
22 stop you for a second... [cross-talk] So I... I just
23 want to go back and just read this line from the
24 audit. So DoITT cannot verify that Verizon passed
25 all residential households in the city. Verizon

1
2 stated in a later... letter dated February 13th, 2015
3 that they would not provide the route information
4 because it was not germane to Verizon's compliance
5 with any of its franchise obligations. During our
6 March... during our meeting on March 17th Verizon
7 claimed that they do not have to provide the route
8 to the numbers because we have this information
9 from DoITT's field inspections. However, these
10 field inspections conducted outside of the audit
11 only verify that Verizon laid fiber where it
12 claimed to lay it. What would you say to that?

13 KEVIN SERVICE: We've since provided it.
14 I would say...

15 CO-CHAIRPERSON RICHARDS: You've since
16 provided it?

17 KEVIN SERVICE: Correct.

18 CO-CHAIRPERSON RICHARDS: So what was
19 the hesitance... the hesitancy in providing it from
20 the get go?

21 LEECIA EVE: I can't speak to... let... let
22 me just say this if I may Chair the... we are at a
23 very good place with DoITT and the Council to the
24 mayor we are... we have some issues where we agree to
25 disagree but we are on a path forward. There were

1
2 instances where I believe in some instances the
3 staff that DoITT didn't fully understand that the
4 nature of the information that we wanted to provide
5 why we necessarily couldn't transmit it over... over
6 email as opposed to having them look at our
7 offices... come to our offices and review the
8 information.

9 CO-CHAIRPERSON RICHARDS: So I... I'm just
10 confused on why they need to come to your office to
11 get... to get this information. Why can't you email a
12 city... [cross-talk]

13 KEVIN SERVICE: We... we... we actually
14 created these in response to the request. We didn't
15 have them. We created them in response.

16 LEECIA EVE: And the bottom line is that
17 we not only have responded to all the requests that
18 DoITT has made to us over the course of weeks and
19 months with respect to the audit. But even now that
20 the audit is closed and the requests are continuing
21 to come in we're continuing to provide that
22 information...

23 CO-CHAIRPERSON RICHARDS: Okay.
24
25

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1
2 LEECIA EVE: ...as reflected in
3 information we have provide just... provided just
4 within the past few weeks.

5 CO-CHAIRPERSON RICHARDS: Okay so you're
6 moving forward now. Can you go into... So... so I know
7 DoITT also raised the issue of DirecTV versus FiOS.
8 Can you speak to the percentage of DirecTV that has
9 been installed versus FiOS over the past four or
10 five years?

11 KEVIN SERVICE: We'd have to get back to
12 you on that.

13 CO-CHAIRPERSON RICHARDS: Okay. So we're
14 going to look for that information. But I would
15 caution we're very interested in knowing that
16 information. I want to get into communication with
17 your customers because you are a customer... supposed
18 to be a communication organization. Can you run
19 through the process and... and how when a... a customer
20 calls up to Verizon asking for FiOS... can you run
21 through the script a little bit on that?

22 KEVIN SERVICE: I can... I... I tried to
23 answer the chairperson in that regard a moment ago.
24 I can run through it again. When it... there's...
25 there's three instances that in most cases cover

1 the reasons why a customer would call and how we
2 would handle it. The first is one of the two
3 million customers in the city of New York that can
4 order and get it today calls. The script should go
5 great news, FiOS is available. When would you like
6 us to install it for you? That's how it should go.
7 The second case would be if they call requesting
8 FiOS and they give us an address that we don't have
9 in our databases. The script should go we don't
10 current... well I'm going to retract again. Because
11 that instance happens when they do it online. So if
12 they go online and we don't have their address the
13 scripting says FiOS is in your neighborhood but we
14 can't determine if it's in your building please
15 call us so we can see if it's available for you.

17 CO-CHAIRPERSON RICHARDS: Does Verizon
18 have a manual that you supply in particular to the
19 workers at your customer call centers?

20 KEVIN SERVICE: We have a database of
21 what we call...

22 CO-CHAIRPERSON RICHARDS: I didn't say
23 database. Manual. So a script for when people call
24 in particular to the call centers is there a manual
25 that's been provided to workers on this issue?

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1
2 KEVIN SERVICE: We have a variety of
3 communication materials that... [cross-talk]

4 CO-CHAIRPERSON RICHARDS: Is it a
5 manual?

6 KEVIN SERVICE: ...we use to train... It's a
7 variety of communication materials.

8 CO-CHAIRPERSON RICHARDS: Alright so yes
9 or no. We're going to use the lawyers rule. Do you
10 have a manual? [cross-talk]

11 KEVIN SERVICE: Define a manual for me.

12 CO-CHAIRPERSON RICHARDS: Say again.

13 KEVIN SERVICE: What's... what's a manual?

14 CO-CHAIRPERSON RICHARDS: You don't know
15 what a manual is? So a... [cross-talk]

16 KEVIN SERVICE: I... I just...

17 CO-CHAIRPERSON RICHARDS: ...script... a
18 script...

19 KEVIN SERVICE: I want to answer... I want
20 to answer...

21 CO-CHAIRPERSON RICHARDS: Okay got you.
22 Okay.

23 KEVIN SERVICE: ...appropriately so...

24 CO-CHAIRPERSON RICHARDS: Because you're
25 a lawyer last I checked.

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1

2

KEVIN SERVICE: No I know I am...

3

CO-CHAIRPERSON RICHARDS: So...

4

KEVIN SERVICE: That's why I want to...

5

CO-CHAIRPERSON RICHARDS: So basically...

6

KEVIN SERVICE: I'm trying to be...

7

[cross-talk]

8

CO-CHAIRPERSON RICHARDS: ...a script of

9

you know; hi, I'm John Doe... or John Doe calls, you

10

respond this way.

11

KEVIN SERVICE: Yes, we do.

12

LEECIA EVE: Yes.

13

KEVIN SERVICE: Yeah.

14

CO-CHAIRPERSON RICHARDS: Okay, can we

15

get a copy of that?

16

[laughter]

17

KEVIN SERVICE: Yes, we can get you a

18

copy of... yes.

19

CO-CHAIRPERSON RICHARDS: You're under

20

oath by the way.

21

KEVIN SERVICE: Yeah I'm... I'm aware of

22

that.

23

CO-CHAIRPERSON RICHARDS: Okay.

24

LEECIA EVE: I... I think... yeah I think

25

the... I think the confusion was the... the... your... I

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1
2 think you're... when you were holding something up I
3 think you were suggesting that you were talking...
4 that... [cross-talk]

5 CO-CHAIRPERSON RICHARDS: No no no, no
6 suggestions...

7 LEECIA EVE: A book.

8 RACHARDS: ...a manual.

9 LEECIA EVE: A book.

10 CO-CHAIRPERSON RICHARDS: A manual.

11 LEECIA EVE: We don't necessarily...

12 CO-CHAIRPERSON RICHARDS: A one-pager.

13 LEECIA EVE: Yeah there's not a... there's
14 not a book that's a hard copy. We're a technology
15 company. A lot is done online. There are lots of
16 questions.

17 CO-CHAIRPERSON RICHARDS: Okay so the
18 answer is no. So Verizon should task itself in
19 working on a manual for its customer service
20 center.

21 KEVIN SERVICE: I have a...

22 CO-CHAIRPERSON RICHARDS: It's a good
23 suggestion.

24 KEVIN SERVICE: I... it is a great
25 suggestion. I have a script that... [cross-talk]

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CO-CHAIRPERSON RICHARDS: My... my staff
gets... [cross-talk]

KEVIN SERVICE: ...outlines...

CO-CHAIRPERSON RICHARDS: ...a manual.

KEVIN SERVICE: I have a script that
outlines the scenarios I just described.

CO-CHAIRPERSON RICHARDS: Okay.

KEVIN SERVICE: And that... and that we'll
provide.

CO-CHAIRPERSON RICHARDS: Alright I'm...
I'm finishing up because this has been really long.
So on the service request within six months and...
and 12 months and... and in regards to the NSIs can
you tell me how you differentiate the NSIs based on
if it's a single home or either it's a... a bill... a
building? So in the audit DoITT actually mentioned
that you... there's no system that differentiates the
differentiates the difference between you trying to
do NSIs in a single... a family household... single...
single home household versus a building. Have you
correct that particular situation?

KEVIN SERVICE: I'm not a lawyer, one of
the few that isn't. But I would... I would say that

1 we... we define an NSI irrespective of... as... DU... an
2
3 NSI we...

4 CO-CHAIRPERSON RICHARDS: Can you speak
5 a little clearer?

6 KEVIN SERVICE: We... we define an NSI as
7 a resident that is unable to obtain service via the
8 standard installation request which is the
9 building's been network created and it's passed in
10 a video enabled wire center.

11 CO-CHAIRPERSON RICHARDS: So why don't
12 you separate between... because I think the... the big
13 issue we're getting at today, and I think that's
14 why we're here, is the issue of transparency.

15 KEVIN SERVICE: Yeah.

16 CO-CHAIRPERSON RICHARDS: That... it's
17 the... it's the big issue here. There's no
18 transparency and there's very little good
19 communication I would say. So why don't you
20 differentiate between a building and a single
21 family home?

22 KEVIN SERVICE: The vast majority of
23 them are what we would define as an MDU. So they
24 are properties that are connected or contain
25 multiple residents.

CO-CHAIRPERSON RICHARDS: Would you say that it would be easier in your opinion to connect to a single family home... how has the experience been... been between trying to connect to a single family home versus a building? And how many of the outstanding 100,000 NSIs out there are related to single family homes versus buildings? That's the question I'm trying...

KEVIN SERVICE: Yeah I'm not aware of any that are related to a single family home. So the... the... the key difference is in a single family residence the person you require access from is the person requesting service. To the extent that they ask for it and they allow you to place your facilities on their property you're done. The MDU presents a challenge because it's generally not the person requesting service that has the authority to grant access. So the vast vast majority.

CO-CHAIRPERSON RICHARDS: So what I'm getting at is you...

KEVIN SERVICE: Yeah.

CO-CHAIRPERSON RICHARDS: ...have a map of individuals who have 100,000. Out of those 100,000 how many of those are single family homes? Because

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1
2 then that would mean that it should be easier for
3 you to connect.

4 KEVIN SERVICE: Let me get back to you.
5 I would... I would say I could count them on my
6 hands. But let me... let me... let me check and get
7 back to you...

8 CO-CHAIRPERSON RICHARDS: I don't think
9 you should... I think you should give more
10 scientific...

11 KEVIN SERVICE: Yeah let me... well
12 that'll be less than 10 but let me... let me get back
13 and check.

14 CO-CHAIRPERSON RICHARDS: Okay I'm... I'm
15 going to end on this note. But I do... I do want to
16 add as the chair of the Zoning and Franchises
17 Committee that in 2017 you will be up for
18 reauthorization and that reauthorization is going
19 to come through the Franchise Committee. We will
20 hold you accountable if you do not do your due
21 diligence here as we move forward. So I just wanted
22 to be clear and put that on the record. Thank you
23 Chairs.

24

25

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CHAIRPERSON VACCA: Thank you. Where did
I leave off? Next. Oh, Public Advocate Letitia
James.

PA JAMES: Thank you Mr. Chair. I have
the letters dating back to November 23rd of 2009
where there has been a consistent request by
Verizon 2009, 2010, 2011, May 2013, and March
2015th where Verizon has consistently sought to...
to... to reduce its bond for... its performance bond...
bond. It originally started at \$50,000,000. And it
is now... now you seek to reduce it to 5,000,000. So
the performance bond is now at 15,000,000?

LEECIA EVE: I believe that's the case,
yes Madam Public Advocate.

PA JAMES: So it was... it was reduced
from 50,000,000 to 15... 50,000,000 to 15. So the
previous administration of four separate occasions
reduced your bond based on your performance. And it
was based on your performance, based on schedule F
which is in the franchise agreement. And the
schedule that I'm reviewing which is F1 says on... in
terms of the number of residences that have been
passed in Manhattan in 2014 it says 100 percent,
the Bronx 100 percent, Queens 100 percent, Staten

1
2 Island 100 percent, Brooklyn 100 percent, a total
3 of New York City 100 percent. And I question this
4 schedule, this appendix. Because I am of the
5 opinion that in fact you have failed to buildout
6 the city with... in the past six years. And I
7 recognize that part of it has to do with your
8 disagreement with DoITT over how you define passed
9 and that you disagree... that you believe that you
10 have passed 100 percent of residential premises in
11 the city and I disagree with that. And... and the
12 reason why I question that is because of your own
13 letter to DoITT where you indicate that Verizon has
14 also network created basically a total of almost
15 two million households. And then you go on to say
16 it... it represents roughly half the household in the
17 city. So I don't understand how this appendix which
18 says 100 percent of the residences in New York City
19 have been passed but yet that it only represents
20 half the households in the city. So there's an
21 inconsistency. And I... and as a result of that I am
22 of the opinion, the humble opinion, that your
23 performance bond should never have been reduced.

24 LEECIA EVE: Madam Borough President did
25 you like... would you like us to respond?

PA JAMES: Sure.

LEECIA EVE: Sure...

KEVIN SERVICE: I was going to say I... I...
I don't want to jump in but I... I can reiterate some
of the testimony that I opened my remarks with. And
there's two distinct pieces to the agreement that
was negotiated and signed. And one is prims passed.
And the appendix I believe you're referring to
references our obligation to pass all the prims
with fiber which we're denoting in the maps which
we've talked about has been completed. The second
number that you are referencing I believe denotes
the properties that we have network created which
is phase two. Once we've passed all the properties,
once we have secured all the necessary access
rights and right of ways we have an obligation to
provide service to a consumer that requests it.
That's the two million number. So they're very
different in my mind... my humble mind, pieces of
this agreement.

PA JAMES: But I also know that there...
you also argue or in your defense you argue that
there were potential widespread challenges in the
city of New York. But I would argue that you were

1
2 keenly aware of some of these potential challenges
3 particularly in obtaining consent from homeowners
4 and from landlords. And because you were keenly
5 aware of these challenges and the challenges that
6 they present to you that that should have been
7 negotiated in your... in your... in the definition of
8 passing.

9 [cross-talk]

10 KEVIN SERVICE: I was going to say... if I
11 again recap my testimony we were keenly aware of
12 some of the challenges which is why we were very
13 careful in the language to separate prims passed
14 from network create.

15 PA JAMES: And so is... is it... is it... is
16 it still your position that in fact 100 percent you
17 have... you have complied with the six year build
18 out? Is that still the position of Verizon?

19 KEVIN SERVICE: We are 100 percent
20 compliant with the provision of the franchise
21 agreement that refers to our obligation to build
22 and pass 100 percent of the residents in New York
23 with FiOS.

24 PA JAMES: So then why is...
25

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1
2 KEVIN SERVICE: We did not have... I'm
3 sorry.

4 PA JAMES: Go ahead. No, finish.

5 KEVIN SERVICE: We... we do not have in
6 the agreement an obligation to provide FiOS service
7 to every single unit within the city by a certain
8 timeframe because that's not possible. We have to
9 negotiate private property right of way.

10 PA JAMES: So then why is it that there
11 appears to be... I don't know in my humble opinion... a
12 pattern in practice of a lack of service in Bed-
13 Stuy, Brownsville, Starrett City, Co-op City? Are
14 you telling me that in those neighborhoods everyone
15 refused to cooperate with Verizon? That everyone in
16 Co-op City, everyone in Starrett City, everyone in
17 Brownsville, everyone in Bed-Stuy refused to
18 cooperate? And that that article in the New York
19 Times was wrong?

20 KEVIN SERVICE: I would say on Co-op
21 City that I tried to explain that. There's a... the
22 existence of a exclusive marketing agreement with
23 one of our competitors within which our agreement
24 has language to preclude us from... not preclude us...
25 I won't use that word again but that gives us

license to not build to that property because of
that existence of a private... of an exclusive
marketing agreement.

PA JAMES: Who is that... and who is... who
are you referring to?

KEVIN SERVICE: I don't like to say
their name. It's one of our major competitors.

PA JAMES: Okay. Could it be...

KEVIN SERVICE: There's only two.

PA JAMES: What is it? It's Cable
Vision. So Cable Vision. So we basically have a
duopoly in the city of New York? Right? Cable
Vision and Time... and Verizon.

KEVIN SERVICE: Cable Vision and Time
Warner have portions of the city that they have
cable franchise agreements with to serve and
Verizon stepped up to sign an agreement that covers
the entire city... [cross-talk]

PA JAMES: So Cable Vision... is it your
position that Cable Vision is responsible for
Brownsville, Bedford-Stuyvesant, Co-op City, and
what was the other one, and Starrett City? Is that
your position?

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1
2 KEVIN SERVICE: No I don't... I don't... I...
3 I have... I'm not inferring Cable Vision is
4 responsible for anything. You'd have to talk to
5 Cable Vision about what they're responsible for?

6 PA JAMES: So then why do those
7 neighborhoods do not... why are those neighborhoods
8 not being serviced?

9 LEECIA EVE: Madam...

10 PA JAMES: I'm still trying to
11 understand that.

12 KEVIN SERVICE: Yeah...

13 PA JAMES: I'm still trying to
14 understand whether or not what I've read in the New
15 York Times whether or not that was an accurate
16 article of the reality on the ground. I'm still
17 trying to understand the calls to the Office of
18 Public Advocate from residents from Brownsville,
19 Bed-Stuy, Co-op City, and Starrett City why they
20 are all lying to me.

21 KEVIN SERVICE: They're not lying. I
22 don't think they're lying to you. I don't. I think...
23 I think this gets to the issue of confusion around
24 this language, around prims passed and network
25 create. And that's... that's what we've been

wrestling and discussing with DoITT most recently.
And... and I will speak more confidently in the case
of Co-op City. So the messaging to Co-op City has
been consistent in that we've passed that housing
development with our fiber optic cable but we have
chosen not to bring it into that development
because of the existence of the exclusive marketing
agreement with that competitor that you mentioned.
So we can't... we... we... we have a... one of our tools to
sell the service that we're going to invest to
bring there isn't available to us. So we haven't
brought it.

PA JAMES: So again it goes back to the
exclusive...

KEVIN SERVICE: In Co-op City.

PA JAMES: In Co-op City. Okay Starrett
City?

LEECIA EVE: Madam Borough President let
me take a stab... I can't speak to all of those
specific situations. But let me do my best to...

PA JAMES: Okay.

LEECIA EVE: ...think be responsive to I
think the heart behind your... your question. As you
had made a statement earlier on about there seemed

1
2 to be an inconsistency. There isn't for the reasons
3 that my colleague Kevin articulated. We have a
4 prims passed obligation which we have met 100
5 percent. The various letters that you referred to
6 that counsel to DoITT signed year after year after
7 year are a testament to that. Separate obligation
8 is network create which is getting into the
9 building, doing lots of things in the building but
10 that first requires us to have permission.
11 Throughout the city of New York and all the
12 boroughs we have network created buildings and
13 there are communities in all the boroughs, in all
14 the boroughs where we have not been able to network
15 create some buildings and that's the reason why we
16 have this 100,000 NSIs. And the vast majority of
17 those are... are buildings where... where... where we are
18 having access issues. But your... I think your... your
19 question may suggest that are we kind of cherry
20 picking communities, absolutely not. The vast
21 majority, the greatest number of requests for
22 service that we have not yet filled...

23 PA JAMES: Mm-hmm.

24 LEECIA EVE: ...actually are in midtown
25 Manhattan and the upper east side and the upper

1
2 west side. And we are having challenges more in
3 those areas than any other place in the city where
4 we have network created because of the access
5 issues that Kevin mentioned. Now we are plowing
6 through those issues in all the communities that
7 you mentioned... put off Co-op City to the side for
8 the reasons... [cross-talk]

9 PA JAMES: Yes.

10 LEECIA EVE: ...that Kevin articulated,
11 and we're plowing through those issues with respect
12 to the other neighborhoods that you haven't
13 mentioned. And so... so there is a consistency
14 between primes passed 100 percent and the fact that
15 we have network created two million units and... and
16 it bears emphasizing you know two million people
17 didn't request our service but we network created
18 them because we went above and beyond time and time
19 again beyond what the franchise required. It is
20 without our... without question our goal with respect
21 to everybody who requests our service to meet that
22 service obligation. And to the extent we have
23 challenges... we're not saying we have challenges
24 we're going to throw our hands up. We're saying we
25 have challenges and we're going to do everything we

can and as great as our company is you know DoITT
you know city of New York you know City Council
we'd love to have your help and assistance... [cross-
talk]

PA JAMES: So I appreciate those
distinctions. But again those distinctions again
speak to the fact that the affidavit that I... the
affirmation that I just... excuse me the appendix,
Appendix F in particular which again says that 100
percent you passed you passed 100 percent really
belies the understanding of all New Yorkers and of
all consumers that... that in the absence of service
in their community that in fact you've not complied
with the six-year buildout. That being said the
report or the brief that you provided to the
members of the City Council on Page 17 again
pursuant to a request by DoITT where they were
specifically asking for a detailed summary with
regards to staffing your response was... and it's the
last sentence staffing like other issues that DoITT
sought to pursue is not relevant to the issue of
whether Verizon complied with its obligation under
the agreement. Staffing is not relevant to whether
or not Verizon complied with the agreement. I take

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2 issue with that. I think staffing has... has
3 everything to do whether or not you complied with
4 your agreement. And so when DoITT request...
5 requested a detail staffing summary in response to
6 in... in addition to these face to face agreements I
7 would hope that going forward that you would comply
8 with their request. Because I can't speak for the
9 entire council. I can only speak for the public
10 advocate. And I am of the opinion... the strong
11 opinion that staffing has everything to do with
12 compliance. That was a statement more so than a
13 question. And also again on page 18 in the brief
14 document, that huge document, that you provided to
15 us at the start of this hearing your internal
16 audits... it says on page 18 DoITT correctly notes
17 that Verizon declined to provide access to any
18 internal audit of its operations. Why would you
19 decline. I know you said you were now cooperating
20 but at the time that you prepared this report you
21 refused to cooperate with DoITT. Again you have a
22 contractual obligation and as part of your
23 franchise agreement which I mentioned earlier you
24 have a... there's an obligation for you to provide
25 your records and your books to DoITT. And your

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failure to comply is not an acceptable answer. So
saying all of that these are not the... these are not
comments from DoITT, the city council, the public
advocate's office. These are your responses. And so
as a result of that I just hope that going forward
that you will build facilities on every residential
block in the city to comply with your... with
household pass obligations, that you will continue
to inform all perspective prescribers that they can
place nonstandard installations, that you deploy
complete NSIs with respect to access, that you
accept requests for cable service from any resident
in New York regardless of income or economic
status, that you construct... you instruct customer
service representatives and agents to communicate
clearly and consistently with all perspective
consumers. And last and... but not least that you
access all records and that you adequately staff
Verizon to handle the backlog of customer
complaints and customer requests for FiOS service
in the city of New York including in those
neighborhoods which clearly need it who are below
the poverty level and clearly if we're going to
lift all boats in the city of New York and if

Verizon is committed to income inequality as everyone is in the city council and in this room it begins with providing them with access to the internet. Thank you.

CHAIRPERSON VACCA: Thank you. It just seems to me very... very simply that when the city and Verizon entered into the contract you had different understandings about what the word passed meant. That's what I boil it... boil it down to. That the city may have thought passed meant one thing and you may have thought passed meant another thing. But I don't understand how an agreement is negotiated without clarity at the time. This goes back several years but how did that happen? Because I think that's the core of all this discussion is that implementation of the word passed is the issue at hand. Am I right or wrong? [cross-talk] The interpretation of that word. You interpret it one way, the city interprets it another way. Obviously many... many members here agree with the city's interpretation that passed meant that all those passed were to be serviced. You feel you passed a location... may have attempted to service but that

you are not under an obligation to service everyone
you passed. Am I right or wrong?

LEE CIA EVE: Respectfully Chair Vacca
this... there was a statement that you made early on
which I think is incorrect respectfully. There was
without question clarity in 2008. There was clarity
between the city of New York and Verizon and the
entities that approved our franchise which were
both city entities and state entities. That clarity
existed in 2008, 2009, 2010, 2011, 12, 13. It is
reflected in part by the reduction of our
performance bonds one two three four times in a
row. The clarity has been there for seven years.
When we received the initial draft audit from DoITT
there was actually no mention of the fiber to the
home definition of prims passed. We initially got
that draft audit in the Spring. When we got a final
audit seven and a half years after the franchise
was negotiated between the city of New York and
Verizon in which there was extraordinary clarity
with respect to the definition of prims passed.
This new definition which here to pour had never
been discussed, certainly not at the negotiation
table that is not reflected in our agreement, and

1 that was never even mentioned in the draft audit
2 that DoITT provided two months prior. So I... I guess
3 I... we can't say enough about the leadership you
4 have... you have shown in hosting this hearing. But
5 their clarity has been in existence for seven years
6 and a few months. And you know in... in... in June of
7 2015 all of a sudden there is a definition of prims
8 passed that is not reflected in the agreement, that
9 is not reflected in any of the documents the
10 counsel to DoITT signed off on that reflected a
11 common understanding and crystal clear clarity in
12 terms of our mutual understanding of what our
13 obligation was and is today and an obligation that
14 we have met.

16 CHAIRPERSON VACCA: So what you're
17 saying... and I'm... it's very clear what you're
18 saying. You're saying that the last administration
19 interpreted clarity differently than this
20 administration?

21 [laughter]

22 KEVIN SERVICE: It's...

23 LEECIA EVE: Same staff.

24 KEVIN SERVICE: Same staff.

25 LEECIA EVE: Same staff.

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CHAIRPERSON VACCA: No this... the last
administration interpreted passing differently than
this administration interpreted passing. This is
what... the last one interpret it differently than
this administration and that the interpretation of
passing was not formally written into your
franchise agreement so therefore you had an
understanding with the last administration and this
administration had a different interpretation. Am I
correct?

LEECIA EVE: I... I can't... I don't want to
presume you know to read the minds of members of
the administration but the current administration,
the current mayor and his administration including
counsel to the mayor and DoITT Commissioner... I mean
they have not been with Mayor de Blasio from the
beginning but we had all of... of 2014 with no
discussion and really no debate about the
definition of prims pass. And we had January,
February, March, April, and May of 2015 with no
discussion or debate about the definition of prims
pass. 17 months later there is a definition in not
a first version of an audit but a second version of
an audit. And so those are the facts. And you can

draw whatever conclusions you know respectfully

Chair that you deem appropriately.

KEVIN SERVICE: I think... I think it does
bear repeating Mr. Chair that there were four
checkpoints built in whereby DoITT went out and did
field verifications with members of Verizon staff
to check that we had passed what we claimed we had
passed. By virtue of the fact that they signed off
on that we believe we had agreement from them that
the primes were passed.

CHAIRPERSON VACCA: But one more
question. And I don't mean to belabor this. Was
this the first audit done? Was there another audit
done under the previous administration?

KEVIN SERVICE: Well I'd have to get
back to you on that. I don't know that.

CHAIRPERSON VACCA: Oh we have to know
that.

KEVIN SERVICE: We don't know that.

CHAIRPERSON VACCA: There's no... if this
was the first... and I... I do think we have to know.
I'm not aware of another audit. I... I want to state
that for the record. But if there was another audit
I would like to see the other audit and I... I can

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ask DoITT I'm sure but I'm... I pose a question to
you as well. I have not seen another audit so I
assume there's not but if there is I... I had to ask
the question.

KEVIN SERVICE: I'm not aware of another
audit.

LEECIA EVE: We're not. But we will
double check...

CHAIRPERSON VACCA: No, not aware.

LEECIA EVE: ...and... and make sure.

CHAIRPERSON VACCA: Okay. I want to
thank you and go on to Council Member Lander.

COUNCIL MEMBER LANDER: Thank you Chair
Vacca. So I live... I don't live in one of the
neighborhoods that the public advocate was talking
about before. I live in Park Slope but I would love
to have FiOS. So earlier today I called and asked
about getting an appointment to have FiOS installed
at my house... I'm on 13th Street in Park Slope
between fourth and fifth. I don't mean to make this
my customer service request. I talked to a lovely
woman named Stacy. And I sure don't mean to get her
in trouble. We'll talk about her training in a
minute but do you... do you want to guess at what

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Stacy told me about the availability of FiOS on... at
my house on 13th Street between 4th and 5th Avenue?

KEVIN SERVICE: I'd rather not.

COUNCIL MEMBER LANDER: Okay.

LEECIA EVE: I don't think it's
appropriate for us to guess.

COUNCIL MEMBER LANDER: Stacy told me...
and I quote... I was going to record it so I could
play it for you but I assume you have it recorded.
FiOS is unavailable at your address at this time. I
asked when it would be available. She did not... she
said honestly I don't know. And she certainly did
not offer me nonstandard installation or any other
approach. Now I don't want to get her in trouble.
It sounds to me like you're saying the problem is
not that FiOS is unavailable at my house, the
problem is that Stacy didn't say to me Mr. Lander
it's available in your neighborhood just not to
you?

[laughter]

COUNCIL MEMBER LANDER: Is that what
was... I'm just... that... that's what... that's what
should have happened, that she should have told me...
she was wrong to tell me it was unavailable?

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2 KEVIN SERVICE: Is... is... I'm sorry I... was
3 there a... what was the... what's the specific question
4 sir?

5 COUNCIL MEMBER LANDER: Well I thought
6 the problem was that FiOS was unavailable to me.
7 But from your comments earlier it sounds to me like
8 the problem is that she was supposed to say
9 something different to me. She was supposed to tell
10 me it is available in my neighborhood, just not to
11 me. [cross-talk]

12 KEVIN SERVICE: Well I think...

13 COUNCIL MEMBER LANDER: Isn't that what
14 you said earlier?

15 KEVIN SERVICE: I did say that. I think
16 from a communication perspective had the
17 representative said that to you it would have been
18 a clearer indication of what the issue was.

19 COUNCIL MEMBER LANDER: No the issue was
20 I wanted FiOS. The issue... that wasn't about our
21 hearing and whether it's available in Park Slope. I
22 wanted FiOS. I would like FiOS at my house.

23 KEVIN SERVICE: That's fantastic. We
24 would love to have you as... [cross-talk]

25 LEECIA EVE: Thank you.

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COUNCIL MEMBER LANDER: Great, but it's
not available.

KEVIN SERVICE: But... but I... I'd have to
look into your specific instance but the reason
it's not available is... has to be because we don't
have the right of way...

COUNCIL MEMBER LANDER: So I own my... I'm
fortunate... I'm very fortunate...

KEVIN SERVICE: Yep.

COUNCIL MEMBER LANDER: ...to own my
house.

KEVIN SERVICE: Okay.

COUNCIL MEMBER LANDER: So there's
really not a right of way issue here. I could give
you access and right of way anytime you're ready to
come. We can make an appointment right now.

KEVIN SERVICE: Fantastic, I'll take
your number and I'll get back to you.

COUNCIL MEMBER LANDER: Alright. Well...
So I am... you know but I... it's... now I also want to
be clear. So you're... and... and... and I... you have
passed... you have passed my house?

KEVIN SERVICE: I have to look into your
specific...

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COUNCIL MEMBER LANDER: Have you passed
my house?

KEVIN SERVICE: Yes.

COUNCIL MEMBER LANDER: Because it feels
like you've passed over my house.

KEVIN SERVICE: No.

COUNCIL MEMBER LANDER: That's what it
feels like because I can't get FiOS. And I would
like to have it but it's not available. And the
problem is not that Stacy didn't tell me it is
available for some other people in my neighborhood
and not to me. The problem is it's not available.
Alright. So... I... I... you included in your testimony...
well actually I want to question... I... I was looking
at the franchise agreement. And it defines a lot of
terms, this agreement you have. It defines public
right of way, multiple dwelling unit, normal
business hours, person, subscriber, it even defines
borough president in the franchise agreement. Does
it define passed?

LEECIA EVE: No it does not.

COUNCIL MEMBER LANDER: It does not
define passed. Now you rightly pointed out in the
testimony that you've given us in a written form

1
2 although I don't think you read it so I'm going to
3 read it now because... And I'm just reading your
4 testimony. It is important to note that the city's
5 franchise agreements with Cable Vision and Time
6 Warner Cable include an express obligation run
7 facilities in front of each building in the city.
8 Here's the language. A household is passed when
9 functioning system facilities have been installed
10 in the street fronting the building in which the
11 household is located such that cable service could
12 be provided to such building in conformance with
13 the provisions of Section 5.3. Did you negotiate a
14 different definition from passed than that in your
15 franchise agreement?

16 KEVIN SERVICE: We... we... we... I mentioned
17 that in my testimony I think you're reading from
18 because it's important to note that we specifically
19 did not want that language... [cross-talk]

20 COUNCIL MEMBER LANDER: Did you
21 negotiate a different definition of passed in the
22 franchise agreement?

23 KEVIN SERVICE: There's not... there's not
24 a definition in the agreement but the... we
25 negotiated a different understanding given the...

COUNCIL MEMBER LANDER: What was the
form of the understanding if it wasn't a different
definition in the agreement?

KEVIN SERVICE: The form of the... the
form was that it would be an upgrade to an existing
network following the current path of the network
that we use for our... [cross-talk]

COUNCIL MEMBER LANDER: Where is that
definition of passed in the franchise agreement or
in some subsequent memorialization with the city?

LEE CIA EVE: Well it's in part reflected
in the four letters that we received from Counsel
to DoITT that are confirming that we've met various
milestones consistent with... [cross-talk]

COUNCIL MEMBER LANDER: They include
this alternative definition of passed in black
letters? No, they don't. There's no definition of
passed in your franchise agreement. There's a
standard industry definition. There's a definition
you acknowledge your competitors use. You didn't
negotiate a different definition. So I mean I guess
my question is was it your intention to mislead or
defraud the city by eliminating the standard

definition substituting no different definition and
hoping that no one would notice?

KEVIN SERVICE: Of course not. Our
intention was never to mislead the city. Our
intention is to...

COUNCIL MEMBER LANDER: Was your
intention actually to pass each block in the way
that you that... that the standard definition would
imply so that it would be available at my house?

LEECIA EVE: Our intention and the
shared understanding that has existed for seven and
a half years between Verizon and the city of New
York was that...

COUNCIL MEMBER LANDER: I'm sorry that's
not true though because if it were shared and
understanding it would be written in the contract.
You defined borough president. You could have
defined passed.

LEECIA EVE: We respectfully disagree
Councilperson and more... more importantly the
evidence in the record which are letter after
letter from Counsel to DoITT confirming that we
have in fact met multiple milestones with respect
to prims passed is consistent with what we're

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1 communicating with you today, that we did have a...
2 there... there are yes many definitions in the
3 agreement but there are lots of things that are...
4 aren't... aren't in the agreement. You know I'm... we
5 strive to work as hard as we can every day. We have
6 employees who get up and do a great job. Is it in
7 the agreement that our employees have to do a great
8 job? No, it's assumed. It's a shared understanding
9 just like it was a shared understanding that we
10 would operate along our existing path as we have
11 for many decades in providing communication
12 services to the citizens of New York City.
13

14 COUNCIL MEMBER LANDER: When you're able
15 to deliver FiOS to my house which I'm look forward
16 to...

17 LEECIA EVE: As are we.

18 COUNCIL MEMBER LANDER: ...where do you
19 think the cable will run?

20 KEVIN SERVICE: Where do I think it will
21 run? Is that what the question is? I'm sorry.

22 COUNCIL MEMBER LANDER: Yes, what has to
23 happen before my FiOS service is delivered?

24 KEVIN SERVICE: I would have to look at...
25

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COUNCIL MEMBER LANDER: Because I'm
guessing... [cross-talk]

KEVIN SERVICE: ...the existing network.

COUNCIL MEMBER LANDER: ...is that you
have to run it down my street.

KEVIN SERVICE: Are you served from a
back yard?

COUNCIL MEMBER LANDER: Hmm?

KEVIN SERVICE: Is... is the... is the wire
that serves your house today currently coming from
your backyard... [cross-talk]

COUNCIL MEMBER LANDER: Well I don't
have it today so I don't know where it's coming
from.

KEVIN SERVICE: Well your... your current
provider.

COUNCIL MEMBER LANDER: Some things come
in the front, some things come in the back.

KEVIN SERVICE: Your current provider,
does your current provider... where do they serve it
from? Where... [cross-talk]

COUNCIL MEMBER LANDER: My cable... my
current cable provider comes from the rear.

KEVIN SERVICE: Comes from where?

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COUNCIL MEMBER LANDER: From your
backyard.

KEVIN SERVICE: I'm assuming then that's
where our existing copper network comes from. And
without seeing the details of your design I can't
speak completely confidently about this but I would
assume that the network that serves your house I
need private property access rights from one of
your neighbors?

COUNCIL MEMBER LANDER: Really? You
think that you've asked all my neighbors and
they've denied you the opportunity to get down my
block?

KEVIN SERVICE: I need to check, yeah.

COUNCIL MEMBER LANDER: You know that's
false so you can say you need to check.

KEVIN SERVICE: I don't know that's
false.

COUNCIL MEMBER LANDER: But you know...

KEVIN SERVICE: I don't...

COUNCIL MEMBER LANDER: ...it's false. So...

[laughter]

COUNCIL MEMBER LANDER: Alright I'm
done. It's nice that the Bloomberg administration

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white washed your noncompliance with the franchise
agreement but here we are sitting without the
ability to get us service that you promised to
provide us. And you know it... it's very frustrating.

KEVIN SERVICE: We share your desire to
get FiOS to as many subscribers...

COUNCIL MEMBER LANDER: It's not a
desire, it's a contractual obligation. I... I desire
to have FiOS. But you made a... you have a
contractual obligation to deliver it. Thank you Mr.
Chair.

[applause]

CHAIRPERSON VACCA: Okay thank you. Yes.

KEVIN SERVICE: Love that you want FiOS.

CHAIRPERSON VACCA: Council Member
Kallos.

COUNCIL MEMBER KALLOS: Thank you
Council Member Lander for your spirited advocacy. I
actually join with Council Member Lander. Can I
have FiOS.

LEECIA EVE: Thank you for being...

KEVIN SERVICE: I'd love to bring you
FiOS.

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COUNCIL MEMBER KALLOS: I... I... I live at
1520 York Avenue, 81st and York and like the rest
of New York City the upper east side doesn't have
FiOS in many locations. While I'm sure that you've
passed it I... I can't seem to get internet. How... how
do I do that? I... I can... How... how do I get FiOS on
the upper east side of Manhattan or anywhere else
in this city? I... I... I went to your website. It told
me it was unavailable. I... I went there years ago.
Nothing happened within six months. Nothing every
happened. How do I get it?

KEVIN SERVICE: I will come back to you
with the specifics of your individual address and
what the road block is. I can't answer that today.

COUNCIL MEMBER KALLOS: In terms of
that... in your audit report... in your response you
said you would change your website so it no longer
said unavailable and you trained people. But your
website after the audit response still says
unavailable instead of saying that you are a... a
nonstandard installation and we'll work with you on
that.

KEVIN SERVICE: The website should say
FiOS service is currently unavailable at your

address although it's in your neighborhood. If it
doesn't say something like that I'd have to check.

COUNCIL MEMBER KALLOS: Didn't your
audit response say that you would start telling
people about the nonstandard installation ability?

KEVIN SERVICE: I'd have to read the
audit response. But I know we had discussions and
debate about using terminology like nonstandard
installation in customer communication. And...

COUNCIL MEMBER KALLOS: So... [cross-talk]
when I request it and it says unavailable does that
trigger the nonstandard installation process?

KEVIN SERVICE: When... yes it does. When
a customer inputs their information that they're
requesting FiOS service even though it's not
currently available in their building that triggers
the NSI process.

COUNCIL MEMBER KALLOS: And... and how
long does that take?

KEVIN SERVICE: It varies depending on
how successful we are at gaining the necessary
access agreements.

COUNCIL MEMBER KALLOS: Okay so...

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1
2 KEVIN SERVICE: Sometimes it takes a
3 month. Sometimes it takes a year. Sometimes it...

4 COUNCIL MEMBER KALLOS: Okay so when
5 that happens... So... so walk me through the process.
6 I'm a big process oriented person.

7 KEVIN SERVICE: Sure.

8 COUNCIL MEMBER KALLOS: So I put in a
9 request for my apartment at 1520 York Avenue and
10 the system says unavailable. Doesn't tell me
11 anything else. What happens next? Is it within an
12 hour, two hours... what happens? What do you do with
13 it?

14 KEVIN SERVICE: The data gets
15 transferred to an engineering...

16 COUNCIL MEMBER KALLOS: Okay.

17 KEVIN SERVICE: ...person that does a site
18 survey?

19 COUNCIL MEMBER KALLOS: So how long do
20 they have to do the site survey?

21 KEVIN SERVICE: A month? No no no no no.

22 COUNCIL MEMBER KALLOS: It takes one
23 month to do a site survey?

24 KEVIN SERVICE: No no no no no, I
25 corrected myself. It varies. We... we... we work all

the steps to fulfil the obligation in the
franchise... [cross-talk]

COUNCIL MEMBER KALLOS: What... what is
the minimum service level guarantee? If I request
how long before I get the site survey?

KEVIN SERVICE: I don't think we have
one. A minimum service level on... on... [cross-talk]

COUNCIL MEMBER KALLOS: ...one we're...
we're... we don't have a choice here. If I want FiOS
I have to get it from you. Maybe if you had enough
employees to cover the site surveys it might work.

KEVIN SERVICE: It should happen within
a couple of weeks.

COUNCIL MEMBER KALLOS: Within two
weeks. Okay so site survey happens two weeks what
happens after that. So the person shows up, looks
at it, and what are they site surveying? What are
they determining?

KEVIN SERVICE: They're trying to
determine what access is required to bring the
facilities to the individual building. So they'll
look at the existing copper infrastructure and how
that enters the property and make a determination
on where we need to secure those rights of way.

1
2 COUNCIL MEMBER KALLOS: So if you
3 already have a copper wire in there what's the
4 difficulty... you already have the egress, you
5 already have the easement, you already have what
6 you need, it's just a matter of putting the... the
7 fiber right next to that copper and whether you're
8 maintaining the copper as you tend to do much of
9 this me and my colleagues ripping out the original
10 copper you can literally just tie the one wire to
11 the other and yank.

12 KEVIN SERVICE: Yeah unfortunately the
13 right of ways don't apply to our fiber optic
14 network.

15 COUNCIL MEMBER KALLOS: So when you
16 already have an easement you... and you're already in
17 the building for fiber, sorry for... for copper
18 you're not able to get back into that same building
19 to run a... a... a fiber alongside the copper?

20 LEECIA EVE: We wish we could for...

21 KEVIN SERVICE: Not...

22 LEECIA EVE: ...FiOS purposes but from a
23 peer regulatory standpoint the provision of
24 telephone services via copper doesn't give us the
25

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1
2 legal right to automatically go in and provide FiOS
3 service on fiber without having permission.

4 COUNCIL MEMBER KALLOS: Okay so how long
5 does that take for you to get permission? So the
6 person shows up within two weeks, two weeks, within
7 those two weeks the person says okay we'd like to
8 get access. How long does it take to put in the
9 request for access?

10 KEVIN SERVICE: It varies.

11 COUNCIL MEMBER KALLOS: What is your
12 minimum standard? What is...

13 KEVIN SERVICE: It could... it could be
14 one day to one year... it could be one day to five
15 years.

16 COUNCIL MEMBER KALLOS: One day to five
17 years...

18 KEVIN SERVICE: It varies.

19 COUNCIL MEMBER KALLOS: ...for you to ask
20 a landlord whether or not you can go in.

21 KEVIN SERVICE: To get access.

22 COUNCIL MEMBER KALLOS: No I'm asking
23 how long does it take you to request from the
24 landlord I want to come in and install FiOS?

25

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1
2 KEVIN SERVICE: I don't have that data
3 at every step in the process at my fingertips
4 today. [cross-talk]

5 COUNCIL MEMBER KALLOS: I... I expect the
6 same from government. So for a government every
7 step of the civil service for a 350,000 employees I
8 can tell you how many days every step of the
9 process takes. We have very strong metrics. So... so
10 you're telling me the city of New York's government
11 is operating better than Verizon.

12 KEVIN SERVICE: I'm telling you that I
13 don't have the data at my fingertips and I'd be
14 happy to provide... [cross-talk]

15 COUNCIL MEMBER KALLOS: Okay so...

16 LEECIA EVE: What... what I can... what I
17 can say council... answer your question is there is a
18 very specific... a very specific process in terms of
19 what happens when... once a request for service is
20 made. As Kevin mentioned the survey, we go through
21 that process, and then there's intermediate steps
22 involving engineering that are involved. Then
23 there's the communications to the landlord. It's
24 typically a phone call. If there's no response then
25

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there's a letter, letter one that we call letter
two. There's actually a very... [cross-talk]

COUNCIL MEMBER KALLOS: And you'll give
us... [cross-talk]

LEECIA EVE: ...detailed process... [cross-
talk]

COUNCIL MEMBER KALLOS: ...copies of all
that including your phone script?

LEECIA EVE: I believe that we may but
we will... we will get back to you on that. [cross-
talk] And what I... what I will say is the process is
actually so detailed because when we go to the
public service commission when no one has responded
to our telephone calls when the landlord or the
owner hasn't responded to multiple written
communications we actually have to demonstrate to
the public service commission that we've actually
engaged in all these steps before we say to the
commission we actually need a legal order from you
to justify...

COUNCIL MEMBER KALLOS: So you filed...
how many... how many orders of entry have you filed?

KEVIN SERVICE: 3,600.

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COUNCIL MEMBER KALLOS: And how long
does it take from the site survey and the request
by a consumer for an order of entry.

KEVIN SERVICE: Again I'd have to get
back to you with the specific data. I can tell you
that three percent that results...

COUNCIL MEMBER KALLOS: Of the... [cross-
talk] 36 hundred orders of entry how many people
granted access following your initial petition?

KEVIN SERVICE: Three percent.

COUNCIL MEMBER KALLOS: Three percent.
And then how many... how long does it take public
service commission to give you an order of entry
after you file?

KEVIN SERVICE: That I'd have to get
back to you on.

COUNCIL MEMBER KALLOS: So...

LEE CIA EVE: And just to reiterate...

COUNCIL MEMBER KALLOS: ...you're... you're...
you... you come to us and said and I... I mentioned
this with the Mayor's Office you come to... and you
come to us and said that this isn't our fault. This
is because of landlords not giving us access and
you have not demonstrated good faith efforts of

1
2 actually trying to get into these buildings. You're
3 not coming here with any evidence or documentation.
4 If this was my business model and each time a
5 person said I can't... you... you are not allowed into
6 this building... my building is 34 stories with ten
7 units per story. That's 340 potential customers and
8 you're telling me that you don't have the metrics
9 of the number of a... a piece of paper getting...
10 standing in between you and getting into that
11 building and... that is not how I'd run a business.
12 That's not how I'd run a city. That's a... a serious
13 concern. That... that...

14 KEVIN SERVICE: Well...

15 COUNCIL MEMBER KALLOS: ...being...

16 KEVIN SERVICE: Can... can I say that I... I
17 didn't we have them. I don't have them at my
18 fingertips. I'd be happy to provide them to you.

19 LEECIA EVE: And... and... and let me also
20 say we appreciate very much Councilman what you're
21 saying. I mean we would love to be able to get into
22 your building and many other buildings. And so we
23 will work towards that end and follow-up with
24 respect to your specific location but I know that
25 you're focused on a broader picture right, not just

your particular building where... where you live? As
I mentioned earlier...

COUNCIL MEMBER KALLOS: I don't think
you have file an order of entry against Brad to get
into his building. I promise you that one.

LEECIA EVE: Well what... what I will...
well that's... that's good to know. And frankly there
are some times where you know we're not saying all
landlords are... are bad. We're not saying that.
Sometimes you know they're not responsive for
various reasons. And that's why sometimes after we
do get an order from the public service commission
and there's this legal document that comes from a
state entity folks tend to pay more attention to it
and take it more seriously. But one of the reasons
why... and we're happy to get... get back to you with
some more granular information. But one of the
reasons why it's not a set time for each and every
building is you know if we think that we can
negotiate a solution to getting into a building...
[cross-talk]

COUNCIL MEMBER KALLOS: That you're
already in.

LEECIA EVE: Well...

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COUNCIL MEMBER KALLOS: There's copper
in all of these buildings.

LEECIA EVE: But as I mentioned we have...
there... there are... there are so many laws and
regulations... too many to count. We wish there were
fewer but there are so many to count that govern
our provision of... [cross-talk]

COUNCIL MEMBER KALLOS: I... I... I...

LEECIA EVE: ...telephone service via...

COUNCIL MEMBER KALLOS: I'm an attorney...

LEECIA EVE: ...copper... [cross-talk]

COUNCIL MEMBER KALLOS: ...and I spend my
life saying here are the laws and regulations let's
go through them and check the boxes and do what we
need to. So your position is that you fulfilled the
contract by creating the arteries as it were but
passing every building and... you're saying you've
passed my building, you passed all the buildings
throughout the city and now the next piece is
running that wire and it's... the last mile that's
what we spend all of times in telecommunications
on, that last mile. So how long to... As you can... as
you've said there's this miscommunication we on
this side of the table and the mayor and the city

council and the residents of the city of New York
thought that what we bought was by 2014 everyone
would have access to FiOS. And you're telling us we
didn't actually buy that all we bought was to have
the wires in the middle of the street which is... is
what it is. How long for every single resident, all
8.4 million of us to be able to go onto the Verizon
website or pick up the phone and call Stacy and say
I want FiOS and for it to say available?

LEECIA EVE: Well part of the answer to
your question and... and I will...

COUNCIL MEMBER KALLOS: I'm just looking
for a date.

LEECIA EVE: Yes.

COUNCIL MEMBER KALLOS: Five years, ten
years, never?

KEVIN SERVICE: You can't... it's... you
can't pick a date because so much of it is
dependent on this right of way. Two... two thing that
it's dependent on. One it's dependent on the
individual requesting service and two it's
dependent on our ability to get right of way on our
existing network where we're upgrading it.

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COUNCIL MEMBER KALLOS: Has the public
service commission denied an order for entry ever?

KEVIN SERVICE: Not to my knowledge.

LEECIA EVE: Yeah I don't believe so.

COUNCIL MEMBER KALLOS: So you're a
business. Businesses rely on certainty and being
able to predict. I would like you to come back to
me, the chairs, the public advocate saying based on
how long each one of these steps has taken based on
the number of orders for entries that we're
awaiting this is the date certain that we believe
we will be able to provide availability to all 8.4
million New Yorkers.

LEECIA EVE: Well first...

KEVIN SERVICE: We'll take that back.

LEECIA EVE: We will take it back but I
just want to emphasize...

COUNCIL MEMBER KALLOS: If... if you're
not doing that then we just need to cancel the
contract and get a new vendor who can actually get
us the... the fiber.

LEECIA EVE: Right. But just to
emphasize a point that was made earlier. Orders or
entry are helpful because people tend to pay more

1
2 attention to government documents then a letter or
3 telephone call sometimes from a company. But an
4 order of entry doesn't guarantee that we can get in
5 the building but it is a helpful process. It is a
6 tool of last resort. We have thousands of companies
7 that our employees communicate with every...
8 buildings that our employees communicate with every
9 day where we're trying to get in. And as a last
10 resort we file a petition with PSC to get an order
11 of entry. But we will get back to you with... with
12 granularity, with respect to some of the questions
13 that... that you mentioned...

14 COUNCIL MEMBER KALLOS: And if you're
15 telling me that orders of entries don't work how
16 many times have you had an order of entry and the
17 building still denied you entry? Has that happened
18 ever? You show up with the order of entry, they say
19 no.

20 LEECIA EVE: Yes.

21 KEVIN SERVICE: That's happened 97
22 percent of the time on the ones we have filed.

23 COUNCIL MEMBER KALLOS: So of the three
24 percent... of the 36 hundred three percent of those
25 you get an order of entry, you show up with the

order of entry, and they say you can't come into my
building to give me the FiOS that I want?

KEVIN SERVICE: Well they're
nonresponsive to our request to start the
construction process.

COUNCIL MEMBER KALLOS: So... [cross-talk]
What is... what is... what is your... [cross-talk]

KEVIN SERVICE: ...crew of people to bring
the door down.

COUNCIL MEMBER KALLOS: Can you go to
court for that or how do you... what is... or is...
you're done you can't do anything?

LEECIA EVE: As a practical matter
that's the end of the process. There really is not
much more that we can do. But one of the benefits
of a hearing like this is because it enables us to
basically get the message out more to our
perspective customers and your constituents. I...
probably the... you know our assumption is a lot of
New Yorkers don't realize that... that beyond the
work that we do in terms of passing premises and I...
you know it's significant. We spent three and a
half billion to do it... network creating... [cross-
talk]

COUNCIL MEMBER KALLOS: Has... has... have
you ever taken an order for entry or you're a big
company and... and brought it to a martial for
enforcement? A person knocks on my door and it's a
marshal and they say we're... we're coming in with
the technician to run this wire I'm not going to
fight with the person with a gun.

KEVIN SERVICE: We have not done that.

COUNCIL MEMBER KALLOS: Why not?

KEVIN SERVICE: Nor... nor would I
advocate for that.

COUNCIL MEMBER KALLOS: So you're saying
that... you're using the order of entry for whatever
reason 97 percent of the time it's not even working
and you're not going to use every enforcement
measure at your disposal?

KEVIN SERVICE: I'm not clear on whether
that is even an enforcement measure that's in our
contract. I'd have to check that. But that is not
something I think would want to advocate for is
having our employees with the US Marshal... [cross-
talk]

COUNCIL MEMBER KALLOS: Not US Marshal,
local marshal.

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1

2

KEVIN SERVICE: ...breaking down a door.

3

LEECIA EVE: Or law... law enforcement.

4

5

COUNCIL MEMBER KALLOS: ...kicking down a
door either.

6

7

KEVIN SERVICE: I mean I don't think we
want to do that.

8

9

10

11

12

13

COUNCIL MEMBER KALLOS: Believe it or
not we have people in front of us who are landlords
and if they can't get a tenant out they will use a
Marshal. That's how you do it. That's how you get
your laws enforced. That's how you get your orders
enforced.

14

CHAIRPERSON VACCA: Alright.

15

16

COUNCIL MEMBER KALLOS: So yeah thank
you Chair. Sorry for...

17

18

CHAIRPERSON VACCA: Thank you. Thank a
US Marshal. Okay. Thank you for coming.

19

LEECIA EVE: Thank you again...

20

KEVIN SERVICE: Thank you.

21

CHAIRPERSON VACCA: Thank you.

22

LEECIA EVE: ...Chair Vacca.

23

24

CHAIRPERSON VACCA: Thank you, thank
you.

25

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1
2 LEECIA EVE: For hosting the hearing and
3 for inviting us.

4 CHAIRPERSON VACCA: I'm sure you want to
5 stay another hour or two but I'm going to... I'm
6 going to cut you off right now.

7 LEECIA EVE: Chair Vacca my colleague
8 and I although we have to depart we have a number
9 of our colleagues who are remaining for the
10 duration of the hearing however long it lasts.

11 CHAIRPERSON VACCA: Thank you.

12 LEECIA EVE: They are taking notes on
13 your...

14 CHAIRPERSON VACCA: Thank you.

15 LEECIA EVE: ...questions, comments, and
16 other testimony from other panelists. And we will
17 follow-up with whatever issue you would like us to
18 follow-up. But thank you...

19 CHAIRPERSON VACCA: Thank you.

20 LEECIA EVE: ...for giving us the
21 opportunity.

22 CHAIRPERSON VACCA: We appreciate that.
23 That's very nice. And also I do want to mention
24 that Commissioner Roest was here for a long long
25 time and her people from DoITT and that is

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something that we appreciate from the Commissioner
as well.

LEECIA EVE: Our pleasure. And thank you
again.

CHAIRPERSON VACCA: Thank you. Our panel
is DJ Webber-Duffy, Paul Epstein, Fern Luskin,
Patricia Larkin-Kosenberg, and Lucille Songhai
representing Manhattan Borough President Gale
Brewer. Each speaker will be allowed two minutes at
this point so you may hear a little bell go off.
Alright Ms. Konisberg [phonetic] are you there? No?
Did... Is Ms. Konisberg one of the... I call her out...
who is Ms. Konisberg? Oh she had to leave. Ms.
Luskin would you want to start please? Introduce
yourself for the record and speak into the
microphone.

FERN LUSKIN: ...Professor of Art History
at LaGuardia Community College. I met you there
once actually. And reside at 347 West 29th Street.
Verizon is sitting on bundles of cash and real
estate yet it doesn't want to replace the old
copper wires that used to service so reliably and
as I see it the system is near collapse. For almost
two years I have repeatedly had intolerable month

1 long disruptions of my DSL service and landline and
2 so much static on the latter that it has been
3 unusable for many years. I mean this is what my
4 life has looked like for the past number of years.
5 You know my... my computer screen says no internet.
6 One reason for this is that for at least five years
7 Verizon has left the copper wires leading into our
8 building exposed covered by nothing but black
9 plastic bags. In late August a Verizon splicer
10 swore to me that he would cover it with a metal
11 cover saying that he'd get into trouble if he
12 didn't do so. Imagine my outrage when I saw on
13 August 31st that he had simply covered it with a
14 new black plastic bag. So these are the... so I just
15 showed you the photos. Verizon has also failed to
16 maintain the copper wires in the exbox [sp?]
17 containing the cables for two whole blocks in
18 Chelsea. After one of our brutal snowstorms a
19 technician told me she's only able to find one out
20 of 600 cables in the exbox that could be connected
21 to my phone line. I shudder to think of what will
22 happen the next time a major storm settles upon New
23 York City and there are no cables left to restore
24 phone service. Complicating matters is the fact
25

1
2 that the owner of 338 9th Avenue behind which the
3 exbox is located is suing Verizon and has forbidden
4 the Chinese restaurant at that location from giving
5 Verizon technicians access to the exbox. Well I'll
6 try... they were supposed to replace the exbox.
7 That's a... over a year ago, never happened. As a
8 professor I depend on my internet service to do my
9 research and my job. I've even had to travel to
10 Queens just to file my tax return. I've written to
11 Senator Schumer, Council Member Johnson, Manhattan
12 Borough President Brewer, the CEO of Verizon, the
13 chair of the FCC. Finally, on August 28th after
14 Senator Schumer had apprised the FCC of the
15 situation Jay Brown of Verizon's engineering
16 Department explained that the copper wires in my
17 building are unusable and that my building will get
18 FiOS. It has not happened. I'm just going to cut
19 this short. But yesterday I received a letter sent
20 by the FCC to Senator Schumer informing that... me
21 that Verizon has 30 days to respond to my
22 dysfunctional phone and internet service. Another
23 major issue that no one's brought up yet today I
24 think is that Verizon has not reimbursed me for
25 this monumental act of... [cross-talk]

CHAIRPERSON VACCA: Okay let... let me
ask... Ms. Eve from Verizon did commit that a Verizon
representative would stay here for the remainder of
the hearing. Is there a Verizon representative
here? Okay. I would like to meet with Ms. Luskin
and try to resolve these issues pertaining to her
situation. And I'm sure that this will be resolved
because I expect that it will.

FERN LUSKIN: I think that you know the
Verizon repair told me that the company will not
reimburse me until my case is closed. That should
not be allowed. I mean I've been suffering this for
years. You know at least like six years now.

CHAIRPERSON VACCA: Well you... you were
nice enough to come today. And you waited to
testify and I think that you're owed a... an
explanation and I'd like you to meet with the
Verizon people.

FERN LUSKIN: Thank you.

CHAIRPERSON VACCA: And thank you for
patience. We'll try to help you.

FERN LUSKIN: Just if I may inject a
little humor in this.

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CHAIRPERSON VACCA: Oh, okay. That's
nice. Alright thank you.

FERN LUSKIN: Thank you.

CHAIRPERSON VACCA: Who is next? Gale
Brewer's representative? Oh, alright would you like
to testify please. We do have a copy of Gale
Brewer's testimony for the record here.

LUCILLE SONGHAI: I do. I...

CHAIRPERSON VACCA: So we thank you.

LUCILLE SONGHAI: ..provided 20 copies
for all members of the committee.

CHAIRPERSON VACCA: Thank you.

LUCILLE SONGHAI: Good afternoon. My
name is Lucille Songhai. I'm representing the
Manhattan Borough President Gale Brewer. I'm her
Director of Community Affairs. I would like to
thank Chairman Vacca of the Technology Committee,
Chairman Gentile the Committee on Oversight and
Investigations, and Chairman Richards of the
Subcommittee on Zoning and Franchises for holding
this joint hearing today. At issue today is
Verizon's implementation of its cable internet
franchise commonly referred to as the FiOS
franchise. I was serving as Chair of the Technology

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Committee in 2008 when this franchise was first negotiated and I remember advocating for funding for the public access channels for schools and libraries and for city agencies. But the negotiations were long and difficult because Verizon did not want to offer any more than what the cable companies had settled for in their franchise agreement. Back in 2008 we were confronted by a situation where most consumers in New York City had one or maybe two choices for telecom services. As a result, many New Yorkers feel they have nowhere to turn when their rates increase, they face persistent service outages, or they are frustrated by inadequate customer service. Then as now the Verizon FiOS franchise promised to bring important new competition to the telecom marketplace. However, seven years later far too many New Yorkers remain unable to access FiOS service. As Verizon has learned installing fiber in a dense environment like New York City is incredibly complex. The company has accomplished an impressive feat laying hundreds of miles of fiber cable under our streets in a footprint that passes virtually every block in the five boroughs. The

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problem as far as I understand it is defining this
term passed and making the final connection to the
home referred to as the last mile connection.
According to the terms of the 2008 franchise
agreement Verizon was obligated to pass all
households in the five boroughs by June 30, 2014.
Extensions were granted due to network disruptions
caused by significant weather events but the
deadline has come and gone. According to the recent
audit by DoITT Verizon has fallen woefully short of
this requirement notably by marking blocks passed
even if there is insufficient access to actually
pulling fiber into a residential building within
the block. It is a gross over simplification. There
are wires in the vicinity of the block but no
expeditious way to get residents access. In
addition to the passing requirement the terms of
the franchise also require Verizon to provide
service to a residential address within six months
of a request or if barriers exist provide an
explanation in writing as to why they cannot fulfil
this request. Now these are serious allegations and
warrant significant scrutiny by government
regulators. However, I want to also acknowledge the

difficulties faced by Verizon. As anyone who has
ever rented or purchased commercial or residential
property in New York City knows tracking down
information on property owners and contacting them
to discuss any construction work is a nightmare. In
order to actually deliver service to New Yorkers
Verizon has to negotiate with an untold number of
landlord, condo boards, and homeowners to pass
wires under, over, or through private property. The
scope and complexity of this work cannot be
understated. Verizon representatives often contact
members of my staff to assist them in reaching
property owners to... to discuss installation terms.
A question I hope the council will consider is how
city and state government can make it easier for
Verizon to complete these agreements and complete
the necessary work to install fiber for all
customers.

CHAIRPERSON VACCA: Please conclude.

LUCILLE SONGHAI: Yes, certainly. Next,
I want to turn to another issue that has been
brought to the office. Notably at a public forum we
held with Common Cause New York and Consumer Union
in July 2015. Many wire line phone customers of

Verizon including the borough president have experienced persistent service outages of their home telephone service. Even in this age of cell phones copper wire line service remains an important communication tool especially for older New Yorkers, lower income residents, and those who may be unable to afford a wireless plan and commercial tenants who use ATMs, security systems, fax machines, and more. While fiber connections are a technological advance over copper many New Yorkers with wire line service cannot yet receive FiOS or simply do not want to switch. Verizon has an obligation to continue to maintain its wire line infrastructure especially for those New Yorkers who have no other alternative. Many allegations have been made... [cross-talk]

CHAIRPERSON VACCA: Okay I'm going to have to... I'm going to have to cut you off.

LUCILLE SONGHAI: Okay.

CHAIRPERSON VACCA: I know you're trying to read everything but...

LUCILLE SONGHAI: Well we just want to thank...

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CHAIRPERSON VACCA: I think you made
major points. And I appreciate that.

LUCILLE SONGHAI: We want to thank you
for the... for the opportunity to testify. And this
was very illuminating. And I will be taking all of
the commentary back to the borough president.

CHAIRPERSON VACCA: And I want you to
know that I recognize Gale Brewer's contribution as
former chair of this committee.

LUCILLE SONGHAI: Thank you.

CHAIRPERSON VACCA: Tell her I said hi.

LUCILLE SONGHAI: I will.

CHAIRPERSON VACCA: She's great.

LUCILLE SONGHAI: Have a good one.

CHAIRPERSON VACCA: Okay thank you so
much for your patience too. Sir would you introduce
yourself for the record sir?

PAUL EPSTEIN: Hello, I'm Paul Epstein
and I live and work at 60 Cooper Street in Inwood
and upper Manhattan. For many years until just two
years ago I lived just about a block and a half
away from here on Nassau Street and back in 2010
2011 I actually got FiOS. It was a huge... and I
running a small business out of there as well as

1
2 living there it was a huge improvement over the
3 internet service I had before. So I was looking...
4 hoping to get it when I moved. I called before I
5 moved in December 2013 no it's not available in
6 Inwood and we can't tell you when it'll be
7 available. I called a few times since then, always
8 got the same answer. No documentation. Nobody asked
9 to take my contact information to let me know when
10 it would be available. After attending actually, it
11 was a Common Cause Consumer Unions waiting for FiOS
12 forum I thought I would write a report on this to
13 my own building, the Co-op you know to our
14 shareholders. But first after I almost finished the
15 report I thought let me call Verizon again. And I
16 called an 8-7-7 number on their website... on one of
17 their websites, they have multiple websites, and a
18 customer service representative who called himself
19 Fritz told me that FiOS had been built out and
20 Verizon would not be bringing FiOS to any new
21 buildings, just fulfilling existing contracts with
22 buildings. So I asked that... does that mean FiOS is
23 not coming to our address and Fritz said correct.
24 This is just last week. And I asked if he meant
25 that FiOS was never coming to 60 Cooper Street.

1
2 Fritz again answered in the affirmative. He then
3 tried to sell me much cheaper or much... much much
4 slower DSL service and DirecTV and I hung up and
5 then I filed a... a 3-1-1 complaint online. So that's
6 what that particular customer service who was
7 called an expert. I was the second customer service
8 representative. The first one transferred me him.
9 He said you need an expert to tell you when FiOS is
10 coming. And the expert said never. I actually got
11 other information when I went to a different FiO...
12 Verizon website. So depending upon which website
13 you go to you may end up with a guy like Fritz or
14 you may end up with being able to put your
15 information in and getting a message saying it's in
16 your neighborhood but not yet in your building, put
17 in your contact information to find out when. One-
18 Third I happened to... because I was at that hearing
19 somebody I see in the room from Verizon gave me his
20 card. And I sent an email to a Verizon address that
21 was set up for people going to that forum and also
22 copied him. And didn't... this was... I didn't explain
23 that Fritz said I'm never getting FiOS. I just said
24 want to know when I'm getting FiOS. That, I got a
25 reasonable response to. That was the squeaky wheel.

1
2 Because they knew I had been... I had... I was put
3 through the trouble to go to a forum to follow-up.
4 Now they knew I was a squeaky wheel. So now I got a
5 response, one response saying they'll get back to
6 me in 10 days and in... and a later response by email
7 from a guy named Will Freshwater of Verizon saying
8 that they had actually done a... checked in the
9 neighborhood that FiOS was available and gotten
10 permission from an adjacent property owner to put
11 in... you know for access and they would next contact
12 our management company to request permission.
13 What's take... what... which answer do I believe? And
14 if I hadn't gone to the hearings I'd just be
15 sitting there thinking I'm never going to get FiOS.

16 CHAIRPERSON VACCA: Well first I want to
17 thank you for your testimony. Let me ask you a
18 question. Where do you stand right now? Are you
19 waiting for the other vehicle to be done? The
20 building...

21 PAUL EPSTEIN: I... no not... right now...
22 right now all I have is the... the email... the email
23 that said they have gotten access from an adjacent
24 property owner and now they're going to have to get
25 permission to do a survey in our building. So they...

1
2 we don't know if they're going to go forward with
3 our building. That's just sort of he described the
4 steps similar to what the network operations guy
5 was... was describing. But I... I contacted our board,
6 we're a co-op, our board and our managing agent
7 just to let them know that this had transpired,
8 please grant permission when they ask. I have no
9 idea when they're going to get around to asking for
10 permission. And the... the managing agent who I guess
11 has seen this before said well from what... what I'm
12 seeing and from my past experience it looks like
13 you're probably going to have about at least one to
14 two years before they finally do it. That was...
15 [cross-talk]

16 CHAIRPERSON VACCA: Alright.

17 PAUL EPSTEIN: ...managing agent's...

18 [cross-talk]

19 CHAIRPERSON VACCA: Alright well let me
20 say a couple of things. First of all, your... your
21 diligence is to be commended. And you're keeping
22 record of who you spoke to and all. I mean it's
23 just fantastic. Number two, this is a frustrating
24 experience for you I'm sure and this should not be
25 happening to you. So I'd like the Verizon

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representatives to do something here. This is... I've
heard this too frequently today. And I'm not happy
about it. So I would like this gentleman
accommodated the best you can to cut through the
bureaucracy. And I also want to mention that common
cause really has done a Yeoman's job. They came to
see me. They were very prepared, very articulate in
their presentation. And they've been advocating on
your behalf. So let me try to assist.

PAUL EPSTEIN: Okay, thank you.

CHAIRPERSON VACCA: Thank you. Stay...
stay... stay.

PAUL EPSTEIN: Okay.

CHAIRPERSON VACCA: Yes Ms. Would you
introduce yourself? Would you want to speak, I'm
sorry?

WEBER-DUFFY: Okay good. Yes, first of
all I'd like to just... I just want to state that I
watch TV every night and there's Verizon
commercials on for FiOS every night three times in
a row...

CHAIRPERSON VACCA: I'm sorry to
interrupt you but just state your name for the
record first and then you can... [cross-talk]

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WEBER-DUFFY: I'll do that. I'm... I'm
just want to let you know that it's incredibly
frustrating to hear that and then I call up FiOS
and they don't... they can't give me any service. My
name is DG Weber-Duffy. I'm actually representing
Jefferson Court Association, a property owner's
association in Sunnyside Queens. We are a... okay our
address... our addresses are from 3931 48th Street to
4031 48th Street. It's 48 homes, 65 households
because we do have some renters. Our houses are
three U-shaped courts in the center of the block
between 39th Avenue and Skillman Avenue just to let
you know. And the layout is in between those courts
are four driveways. That's important for you to
know because in 20... in year 2000s Verizon actually
dug up our driveways and put conduit in and said
that they would be running the fiber optic cable
there. And it never came to pass. We never heard
anything from Verizon or there was no seeming way
to contact them about you know how we would get
services and we were... anytime anyone I think every
member has tried to call and ask for FiOS they have
been advised that there is no service. So they did
repave the driveways just for your knowledge. They

1
2 have been okay but we never... nothing was ever
3 threaded through. And our copper wires being in
4 very olds... these... we are in... we each individually
5 own our homes but they are connected you know in
6 these U shaped courts. And the copper wiring does
7 go from house to house and maybe that is a problem
8 for them. I don't know. But anyway a lot of... is
9 only so much to go around when you try to... when
10 there's a problem they take from one house and give
11 it to another especially with fax machines and all
12 that stuff that we've had over the years. And most
13 recently... [cross-talk]

14 CHAIRPERSON VACCA: Must... must... you must
15 conclude, I'm sorry.

16 WEBER-DUFFY: Okay and most recently a...
17 one of our owners the copper wiring has
18 deteriorated so much that she has not been able to
19 use her phone. She's a disabled person. She lives
20 with her 85-year-old mother who likes to speak on
21 the phone. She's getting her service from Time
22 Warner who has increased the rates repeatedly for
23 her. And that is our only carrier in Queens and
24 really feel that it's unfair. Thank you for your
25 time.

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CHAIRPERSON VACCA: Thank you. Our next
panel.

WEBER-DUFFY: I would like to speak to
someone at Verizon as well.

CHAIRPERSON VACCA: Alright. Well then
you have to line up.

WEBER-DUFFY: Okay thank you.

CHAIRPERSON VACCA: Okay next is George
Jenson, Pete Sikora, Susan Learner Common Cause,
Chuck Bell Consumer Union, and Bruce Kushnick.

[background comments]

CHAIRPERSON VACCA: Ms.... Ms. Learner
would you like to start off please?

SUSAN LEARNER: Well actually since Mr.
Sikora has some childcare obligations I would like
to have him go first.

CHAIRPERSON VACCA: Fine Mr. Sikora.

PETE SICORRA: Thanks Susan, thanks a
lot. I really appreciate it. Thank you so much for
this opportunity to testify. My name is Pete Sikora
and I'm the New York State Legislative and
Political Director for CWA District 1. Thanks for
holding this hearing. CWA represents 75 hundred
members at Verizon working in New York City. Our

members build, maintain, install, and service
Verizon's wire line networks including copper and
FiOS. The de Blasio administration's and DoITT's
audit of the Verizon Franchise confirms what every
Verizon worker knows. Verizon has blatantly
violated the terms of its franchise by failing to
deliver service to all of the city's households.
Verizon's broken promise is not just a technical
violation or a near miss. It appears to... to reflect
a blatant disregard for the obligations that the
company itself willingly entered into in 2008. It's
worth noting that CWA testified before this council
in support of the franchise agreement in 2008
hoping that it would lead to both continued
employment and the provision of a state of the art
broadband product to the people of this city. In
fact, our technicians in the field tell us clearly
that Verizon has failed to build out the service to
large parts of the city leaving thousands of street
blocks without access to FiOS. As the New York
Times put it in August FiOS remains unavailable in
large swaths of this city. CWA estimates that
millions of New Yorkers cannot gain access to... to
FiOS despite the franchise requirement. Examples of

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Verizon's failure to deliver service include some
of the areas that the folks who just testified are
from. So all of Broadway from 135th Street to 219th
Street except for one building that was once a
Verizon building between 213th and 214th Street.
That's what Ydanis was referring to. On this 84
block long stretch of Broadway there are about 10
buildings total that get the FiOS network on the
street blocks directly east and west of Broadway.
145th Street has no service from Harlem... to... from
the Harlem to the Hudson Rivers except for one or
two buildings 17th Street from 1st Avenue to the
Hudson River has no service except for one or two
buildings. Co-op City and the Bronx and Starrett
City and Brooklyn do not have service. In Sunnyside
there is no service on the blocks that are between
30th Street and 49th Street and 47th Avenue and
either the L-I-E or 50th Avenue. In Jackson Heights
there's no FiOS service from 69th Street to 89th
Street between Northern Boulevard and Roosevelt
Avenue. Neighborhoods that are especially bad are
Chinatown, Washington Heights, Bed-Stuy, Carol
Gardens, Park Slope, Prospect Heights, Jackson
Heights, Bay Ridge, Bensonhurst, and Sunnyside

1 among other areas. So you know we heard Kevin
2 Service talking and Leecia Eve talking about the
3 definition of pass and the NSIs you understand of
4 course that this is a two-step. The pass
5 requirement is that they hit all households. They
6 did not do that. But even if you take their insane
7 definition of passing as meaning somewhere distant
8 from the adjacent property that is passing by some
9 New Jersey or something there's the NSI requirement
10 which they pretend doesn't exist in a serious way
11 in their response to the city's audit. So there's a
12 12-month clock and there's a requirement to pass
13 all households. They have completely blatantly
14 violated the franchise. So the city is reserving
15 its option to sue. And it's wonderful to see the
16 city council doing this vigorous kind of oversight
17 over Verizon. DoITT is to be commended and you guys
18 are to be commended for doing this. There is a lot
19 more that I would want to say for your judge... two
20 more minutes to talk? Okay thank... thanks Chairman.
21 In... in March of 2015 the field inspection process,
22 thank you Council Member, separate from the city's
23 audit Verizon reported to DoITT that of the 29,000
24 blocks with residential households that the company
25

1
2 deemed passed itself 7,000 or 23 percent of the
3 blocks did not have a single building with service
4 installed. Nobody's asked Brad's neighbors whether
5 they are... will give access to his building just as
6 in my building nobody's... nobody has asked my
7 neighbors. So even though... so here's what our
8 members tell us is going on. In 2008 when the New
9 York City Franchise began Verizon started building
10 the network in New York City. Instead of hiring
11 more workers the company brought in technicians
12 from upstate New York on temporary transfers of two
13 to three weeks. You're absolutely right. That
14 doesn't make sense. While that meant more work
15 getting done in the city it robbed other areas of
16 badly needed workers. It also meant that Verizon's
17 continued downsizing in New York City where
18 approximately one-third of jobs have been
19 eliminated over the last decade would continue.
20 Even though it had failed to hire enough workers
21 from 2008 through 2011 the FiOS bill did appear to
22 be a genuine effort to build throughout the city.
23 However, in 2012 Lowell McAdam became Verizon CEO.
24 McAdam experience unlike the previous CEOs is
25 primarily in wireless, not the company's wireline

1
2 network. That year the company seems to have slowed
3 down its deployment into new areas and buildings.
4 Verizon's effort to build the city was much slower
5 in 2012, 2013, and 2014 than in the first four
6 years of the franchise. By 2014 the company had
7 even withdrawn the upstate technicians from the
8 city. In 2014 they laughably declared that they had
9 fulfilled the terms of the franchise. You obviously
10 see the... the... the shiest there. The company's
11 failure in New York City is part of a broader
12 pattern they are redlining areas of upstate New
13 York. The suburbs are built but not the cities.
14 Baltimore suburbs were built but not the cities.
15 Mayors from across the East Coast were complaining
16 you have more details about the failures in New
17 Jersey that... that are very serious in the written
18 testimony. In New York state the PSC staff found
19 that higher income households have greater access
20 to fiber service in New York state. So I'm going to
21 run real quickly here to the very end Verizon needs
22 to finish the job in New York City and not
23 temporarily increase its efforts under pressure. To
24 fulfill its obligations to the city because that's
25 what they've done recently, they've accelerated

1
2 their work. They have said that they've internally
3 raised their goal from 125,000 units to 350,000
4 units in 2014. And they are putting out a lot more
5 forced overtime and they've brought down upstate
6 technicians again. But instead of temporarily
7 accelerating things they need to finish the
8 obligation to the city. So they... they should hire
9 more workers locally including technicians and
10 other staff. Currently they're moving in the
11 opposite direction instead of hiring Verizon is
12 trying to eliminate job security for its wireline
13 workers. The... the company wants to keep lowering
14 its headcount which will cause further delays in
15 the city. Now the context here for the past 18
16 months Verizon has made one billion in profits per
17 month. The company's top executives made a quarter
18 of a billion dollars over the past five years.
19 McAdam makes over 200 times the pay of an average
20 Verizon worker. Verizon can easily afford to build
21 out all of New York City as well as other parts of
22 New York state. Finally, we heard Kevin Service
23 attempting to blame our members. Brad kind of
24 eviscerated him with a smile on that. It's absurd
25 that they are putting people in the position of

1
2 constantly having to apologize for the company's
3 flavorant disinvestment and failure to build... to...
4 to fulfill the obligations that it itself willingly
5 entered into. If they thought that this franchise
6 was not deliverable maybe they should have had a
7 different set of requirements. But this is the
8 requirements. But this is the requirements that
9 they signed. They should fulfill it. Thank you for
10 doing this oversight hearing and for the
11 administration for their wonderful work of their
12 audit and pressuring Verizon. Thank you for this
13 time to... to... to testify and thank you for the extra
14 time.

15 CHAIRPERSON VACCA: Thank you. Thank
16 you. Ms. Learner.

17 SUSAN LEARNER: Thank you. First I want
18 to thank all three of the chairman for this hearing
19 which I think has been lively and exactly what we
20 as a good government group at Common Cause New York
21 looks to see in terms of a vigorous and active
22 oversight. So thank you very much for putting this
23 together and for pursuing this issue. At Common
24 Cause we have a median democracy program
25 nationally. We've been active on a number of

telecom issues. But I have to say that getting involved with the Verizon FiOS buildout has been one of the two top telecom issues that I've been involved in in terms of the interest and the frustration of our members. We sent out a survey to all of our members citywide. We had approximately 300 responses. About 50 of those people and I... we detail somewhat in the written testimony so I'm not going to repeat the specific things that people said. Of the 50 people that told us they had FiOS about two-thirds said it was fine and they had a good process. But even the people who have FiOS have concerns. And I would say a third of the respondents who told us they had FiOS raised pricing and... quality of service concerns. Everybody else was fuming because of the kind of runaround that Brad Lander has pointed out. And I would like to say that interestingly enough just in our sample we came up and it's far from scientific... people who came forward we have found two blocks where activists over the past years have been so convinced by the FiOS commercials that it's a good product that they have gone to FiOS and... and Verizon has told them well we aren't able to wire

up your block unless everybody agrees to give us
access. These activists, one on the upper west side
and one in Bed-Stuy, and those are the people
featured in the New York Times have gone door to
door in their neighborhoods. And they have gotten
all of the residents of their immediate block to
agree to give Verizon access to wire for FiOS. Cut
to the chase, they still don't have FiOS. So the
argument that accesses the big problem, I'm sorry
our experience shows we don't buy it. And then the
people who came forward at the public forums who
are being thrown off the copper system. So at the
ones... one hand you have so many people trying to
get FiOS. You have other people who are being
forced onto FiOS. We have very contradictory
conduct that our members are telling us this
corporation is engaged in. The public policy behind
the franchise agreement is sound. If we believe
that the marketplace is going to solve some of
these problems, then you have to have a competitive
marketplace. And unfortunately the experience of
our members suggest to us that Verizon is not
serious about fulfilling its obligations. There is
some other agenda that they have for as a

corporation and it's not building out FiOS. So we
are very glad to have the opportunity to
participate in these hearings and will continue our
forums to try and provide a window into what's
going on and hopefully to convince Verizon that it
is time for them as a responsible corporate citizen
to live up to their obligations. And we thank the
city for the work that they're doing.

CHAIRPERSON VACCA: Thank you. Sir.

GEORGE JENSON: Hi, my name is George
Jenson and I'm here on behalf of the First
Evangelical Free Church in Bay Ridge Brooklyn where
Councilman Vincent Gentile serves our district. Our
church is involved in serving the community in a
number of ways. And a number of... in addition to
religious services on Sunday by three different
ethnic groups we host an afterschool program. We
have an active youth group combining students from
all of the churches, a ministry, a music ministry
and a low cost immigration legal counsel that
serves many in our area. We also conduct other
outside ministries in the building. In the summer
we have a seven-week summer program that serves 100
children for six hours a day. These programs along

1
2 with our church's day to day operations all require
3 fast reliable internet service for our building. At
4 present we are using Verizon's DSL internet. This
5 is the only option available to us. Verizon's DSL
6 internet is very slow compared to today's internet
7 speeds from other providers and is slow compared to
8 Verizon's FiOS internet. The internet speed and
9 capacity needed for us to conduct our ministry
10 including special programs is much greater than DSL
11 can provide. Both our phone service from Verizon
12 and our DSL internet service from Verizon is too
13 slow for our needs and is unreliable. Because of
14 this we have had Verizon repair agents at our
15 building numerous times per year to fix the old
16 copper wiring on our phones and to try to resolve
17 the internet accessibility and speed issues. When
18 these Verizon representatives come to repair our
19 services even they have a hard time doing complete
20 repairs and resolving our issues. They have told us
21 that Verizon is not letting them do complete
22 repairs on old copper wiring. They are simply using
23 band aid repairs to hold everything together until
24 FiOS comes our way. When we ask about FiOS we get
25 varying answers from these repair agent. But

basically saying all FiOS is not available... FiOS is not available to us and they don't know if and when it will be. From these same Verizon representatives, we know that FiOS is available at a business across the street from the church. And they say it would simply take Verizon running FiOS from that point under the street to our building. However, Verizon apparently has no plans on doing this. I'm sure that's because of expense. And let me give you an example of how problematic the lack of FiOS is or other reliable internet services. In the summer we have many children playing in the building. We have teenagers helping run the program... being teenagers etcetera etcetera. We miss... the... missed calls and the immigration services miss client calls sometimes in desperate need of help. With all the fanfare Verizon is using to advertise FiOS and its reliable phone and this reliable phone and high speed internet we're wondering why it's not an option for us. We're wondering why if we were across the street we could get Verizon FiOS but we can't get it just a few feet away. And we're wondering why we have to call for a Verizon repairman so often to come and

service our phones and internet and why then
Verizon continues to simply place band aids on the
problem rather than fully repairing the problem or
bring FiOS to us. If it is true that Verizon has
promised to provide FiOS or anyone who requests it
then Verizon has broken that promise to New Yorkers
and specifically to us. Thank you.

CHAIRPERSON VACCA: Councilman Gentile...
[cross-talk]

CO-CHAIRPERSON GENTILE: ...question
George your... your church is on 6th Avenue?

GEORGE JENSON: 6th Avenue 66 Street. And
the reason they have also told us is because you
know we're surrounded... we're the only building on
that whole triangle. You know...

CO-CHAIRPERSON GENTILE: Right.

GEORGE JENSON: ...Leif Ericson Park is...
[cross-talk] us. So they say if we had more... more
customers further they would... they could do it or
would do it.

CO-CHAIRPERSON GENTILE: Mm-hmm.

GEORGE JENSON: But since we're the only
one that... [cross-talk]

CO-CHAIRPERSON GENTILE: Right.

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GEORGE JENSON: ...it doesn't pay for...

[cross-talk]

CO-CHAIRPERSON GENTILE: And... and... and
it's interesting because one of our phone calls was
to a building right near yours in that area. And
they basically said the same thing to my committee
staff. In fact, tried to sell them DirecTV and DSL
options instead of the FiOS which they said was
unavailable. So the... I see the pattern developing
in that area and that's clearly a violation of the...
of the franchise... [cross-talk]

CHAIRPERSON VACCA: Okay, thank you.

CHARLES BELL: Good afternoon. I'm
Charles Bell. I'm a Programs Director for Consumers
Union. We're the nonprofit organization that
publishes consumer reports based in Yonkers New
York. We strongly supported the entry of Verizon
into the cable market when the franchise agreement
was negotiated in 2008 for us as a consumer
organization it's very important that consumers
have at least one strong alternative choice of
cable and internet provider that would get us to a
duopoly. It's still a highly concentrated market.
But we have heard from literally dozens of

1
2 consumers in New York City about their problems
3 with cable and internet. We've been partnering with
4 Common Cause... forums... community forums about these
5 issues and the stories that we get from consumers
6 generally fall into two categories. One is that
7 help me I am a captive of a monopoly cable and
8 internet provider. They know I can't... my feet and
9 therefore I get inferior service and inflexible
10 pricing and I'm very frustrated and would like to
11 leave and exit this relationship. Second category
12 is I tried very hard to get access to Verizon FiOS
13 because I want to exit my monopoly provider but
14 I've been unable to do so. And I think after... if
15 the aftermath of the audit, the very good audit
16 that was done by the de Blasio administration and
17 all that we've heard today I think one of the
18 challenges that we have is to maintain very high
19 customer expectations that as New York City
20 residents we should have a right to a competitive
21 choice of cable and internet providers and that
22 when services are not being delivered to us we're
23 going to stick up and fight for our rights. And I
24 think public participation is going to be critical
25 for that. So within that regard if you look at the

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audit one of the issues that is called out is that
Verizon did a rather poor job of logging inquiries
and complaints from per... perspective customers.
They did not treat perspective customers
necessarily as current customers. And we heard
testimony this afternoon to that effect. And also
that when people inquired they get a very
indeterminate answer about when they might possible
receive service. So naturally a lot of customers
get discouraged and... and give up. And so I have 14
stories in my written testimony from people. And
you can see the sort of tone of many of the stories
are you know I tried to get service and nothing's
happened. So for example Bruce from Forest Hill
says Verizon has refused to install FiOS in our
Forest Hills Co-op building for more than three
years. No explanation has been given. This happened
despite our offer of above purchase contract for
our upscale building. So we agree with DoITT and
New York City that customers in addition to filing
service request with Verizon should also call 3-1-1
or file their service requests copy it to the DoITT
website and log and register your service request
with New York City. And I believe if we do this as...

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1
2 as... as residents of New York City and we fight for
3 our right to an alternative right... alternative
4 choice of cable providers. We can complete the... the
5 successful buildout of the Verizon franchise. But
6 it will take people have... keeping those high
7 expectations, not getting discouraged and giving
8 up, and use public officials... you know thank you
9 for your public oversight. Because I think if you
10 signal two of the people in your districts that
11 this is a unfulfilled promise. And all the
12 discussion this afternoon about what it means to
13 pass or not pass a residence I think everyone would
14 do well to go back to read Verizon's press release
15 from 2008 where they promised a competitive choice
16 to all customers in New York City and equal
17 buildout to all the neighborhoods. I think it's
18 very clear. In... in plain English as long as we
19 don't try to wordsmith it or legalize it too much.
20 So thank you so much. And we stand... we'd be happy
21 to help and answer any questions.

22 CHAIRPERSON VACCA: Thank you very much.
23 I think that you provided us another... another point
24 of reference. And so much as we probably should
25 have the records from 3-1-1 as to how many people

1
2 have called and I'd like to see that. Because that
3 may be interesting and shed some light because I
4 think most people with this problem probably are
5 calling 3-1-1.

6 SUSAN LEARNER: They're calling a lot of
7 different places. And I think they are calling 3-1-
8 1. But one of the things we didn't get fully
9 explored is the fact that the franchise agreement
10 is very specific in terms of requiring Verizon to
11 keep records of people who call and ask for FiOS.
12 And over and over and over again we heard from the
13 people responding to our survey that you know they
14 would call and they would be given... a month. They
15 would be told call back in a month, call back in
16 six months. There was no follow-up and the city's
17 audit makes it clear that there are no records that
18 are being kept of people who are inquiring about
19 FiOS. But that's a requirement of the franchise
20 agreement. And I have absolutely do not understand
21 how Verizon is able to get away with flaunting that
22 simple straightforward and unambiguous language in
23 the contract.

24 CHAIRPERSON VACCA: And I... I did ask
25 that question today myself and I did not get an

1
2 answer on that because at minimum we need that
3 information.

4 CHARLES BELL: I just think it's
5 important to realize that people who called and
6 maybe their service request was not logged. We need
7 to remind them and invite them hey let's try again.
8 Let... you know let's... let's have that New York
9 spirit. And if everybody pushes forward on this
10 that will help Verizon to get the job done. So... so
11 I think... I think we need to encourage the community
12 to raise their voices again. If you didn't get
13 service don't give up hope. You can get it.

14 CHAIRPERSON VACCA: But I... I... I do want
15 to yield back to my co-chair but I do want to say I
16 don't understand how the city all these years did
17 not follow-up on that requirement. Why did they not
18 at minimum even if there was not another audit why
19 did they not insist on a record of phone calls and
20 complaints. This is an RFP that was won, that this
21 is a concession that was granted, and there has to
22 be an oversight function of the city. And I don't
23 understand how that was overlooked.

24 SUSAN: Okay we certainly share your
25 exact concern. And that's why we are so pleased to

1
2 see the active involvement of the de Blasio
3 administration and your committees because they're...
4 for these... particularly these gigantic contracts
5 there has to be active oversight. We saw what
6 happened with CityTime. If nobody is watching these
7 particularly... these large contracts will just spin
8 out and so I think you raise a... an upsetting and
9 valid question.

10 CHAIRPERSON VACCA: I... I just want to
11 clarify Susan you... you said those that were asked
12 to call back were those who they said could get
13 service or...

14 SUSAN: No they said well it might be
15 coming, we're not sure when, call us back. So we
16 have various survey responses where people said I
17 was told to call back in a month, call back in a
18 month. They said not yet. Sometimes people were
19 told check back in six months. We have occasional
20 respondents who told us that they were told call
21 back in a year. And people did. I mean the
22 advertising is phenomenal. People have been
23 convinced that this product which our people tell
24 us if you can get it is pretty good, expensive but
25 pretty good. They've been convinced that this will

1
2 help. And they are persistent. You know chuck said
3 some people get discouraged. A lot of people keep
4 calling. And they keep unbelievable notes. We've
5 had some people show up at our forums. And they...
6 they read us a long laundry list of places that
7 times they've called and who they've gotten
8 transferred to, and they've been transferred to six
9 different people. And then it just connects. And
10 they call back. People want this product. So in a
11 capitalist society it's kind of amazing to me that
12 you have a giant cooperation that has a product
13 that people want this much and they're still unable
14 to provide it or unwilling.

15 CHAIRPERSON VACCA: And do these same
16 people... do you find them also registering their
17 requests with DoITT? That they made this request...
18 [cross-talk]

19 SUSAN: I'm... that I can't tell you. We...
20 we can go back and check with folks about that. We
21 have people who have called the borough president.
22 Now we know borough president's defined in the
23 contract. That's helpful. People who have called
24 their state senators. There are people
25 particularly... and especially people are being

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pushed off their landline phones are frantic. And
they've been calling everybody. And people are
frustrated.

CHAIRPERSON VACCA: Okay I want to thank
you both. I want to thank everyone on behalf of
our... myself and our co-chairs Council Member
Vincent Gentile and Chair Donovan Richards. Thank
you all for coming. I want to thank the staff for a
great job here at the council, all the committee
staff of all three committees and I want to thank
the staff and the council members, and the members
of the audience for their patience. It is now 5:30
and this hearing is officially adjourned.

[gavel]

C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date October 25, 2015