

8.0 Access Line Accounting Manipulation

Verizon New York has claimed massive access line losses. However, Verizon's accounting is supplying only one class of service — copper-based, phone lines that are used mostly for Local Service, voice phone calling, commonly known as “POTS”, Plain Old Telephone Service.

Verizon's goal has been to seriously exaggerate the size of the loss of lines as it makes their case that the networks are being abandoned and unprofitable and therefore should be shut off or they should be able to get more rate increases. And while many believe that a ‘landline’ is just the copper-based service/wire, truth be told, since the 1990's, all wires, including fiber wires, are ‘landlines’ or in the industry are called ‘access lines’.

USTA Quotes Verizon New York's Access Line Accounting, 2015

“When you look at the numbers in New York, in 2000, the incumbent (Verizon New York) had over 11 million access lines. Today they have 2.9 million access lines.”³⁴

These numbers are provided by Verizon New York as quoted by the phone industry association and lobby — the United States Telecommunications Association, USTA.

8.1 Most Lines Are Not Counted?

This next exhibit is from the FCC's “*Statistic of Common Carriers*” report for the year 2007. Verizon NY had a total of 46.8 million access lines in just NY State, in 2007. The access lines USTA quotes could fall under the 4.7 million “Main Access Lines” (or it could include some of the other ‘switched access’ categories), but it is mostly the voice, “switched”, copper-based phone lines, which only constitute a fraction of the actual lines in service in the year 2007.

NOTE: Terms like “switched”, “non-switched” or “special access” are very complicated to understand and there are multiple caveats, too technical to discuss here. But at the bottom of all of this is — there are copper and fiber optic wires and the accounting is manipulated based on how the line is used — but they are all ‘access lines’.

³⁴ <http://isoc-ny.org/misc/2015-07-15-mayer-saunders.mp4>

EXHIBIT 27 Verizon New York Access Lines, 2006-2007

	2007	2006
Switched Access Lines in Service:		
Main Access Lines	4,658,451	5,115,406
PBX & Ceaux Trunks	460,179	463,709
Central Extensions	999,154	993,213
Other Switched Access Lines	1,064,404	1,417,158
Total Switched Access Lines	7,182,288	7,990,486
Central Office Switches Excluding Remote Switches	301	301
Remote Switches	300	299
Central Office Switches	601	600
Basic Rate ISDN Control Channels	62,486	67,019
Primary Rate ISDN Control Channels	14,552	14,442
Access Lines in Service by Customer:		
Business Switched Access Lines:		
Single Line	145,466	151,407
Multiline Other Than Payphone	2,677,602	2,799,836
Payphone Lines	88,614	99,305
Residential Switched Access Lines:		
Lifeline	263,473	276,013
Non-Lifeline/Primary	3,584,790	4,137,632
Non-Lifeline - Non-Primary	422,640	495,203
Total Switched Access Lines	7,182,288	7,990,486
Special Access Lines (Non-Switched):		
Analog (4KHz or Equivalent)	25,763	27,279
Digital (6 Mbps or Equivalent)	39,615,573	35,005,428
Total Access Lines (Switched and Special)	46,823,526	42,993,193
Local Private Lines	393,818	392,303

(FCC Statistics of Common Carriers, for the Year Ending December, 31, 2007)

8.2 FCC’s Special Access investigation

In 2015, the FCC found that special access is now a \$40 billion market, but has started an investigation, which includes Verizon.³⁶ According to the FCC, 60% of this \$40 billion is for ‘mostly’ copper-based services that rely on the existing technology, (TDM).

“TDM-based business data services... are the dedicated (usually copper) circuits that many business and other institutional users continue to rely on for their data and other communications needs... Despite the growth of newer technologies, preliminary analysis of the Commission’s special access data collection shows that revenues from such TDM services continue to make up in the range of sixty percent of the roughly \$40 billion annual special access market.”

In the Verizon New York financial accounting, special access revenues would fall under “Access Fee and Special Access” financial bucket.

However, this brings up a question — how many copper lines are in service? According to this last accounting by the FCC, it would appear that one thing is true — Special Access lines had major gains and Access in 2014 was by far the largest revenue producer.

Moreover, Special Access is just one of many types of access lines in service that are not part of Verizon’s published accounting of “access lines”. Thus, Verizon’s use of just the

³⁶ http://transition.fcc.gov/Daily_Releases/Daily_Business/2015/db1016/DA-15-1194A1.pdf

‘POTS’ phone line accounting as the only information supplied about lines in service, seriously manipulates this information.

8.3 Verizon NY Access Lines, POTS & Special Access, 2007-2014

In a separate report we examine the access line accounting and special access services using the New York revenue information for special access.

By 2014, according to Verizon there were only 2.7 million access lines but the special access lines would top 65 million total lines – a 65% increase in lines since 2007.

Verizon’s regular phone service lines, were only 18.1% of the total lines according to the FCC, 2007 but that dropped so that by 2014, POTS is only 4.1% of the total lines.

EXHIBIT 28

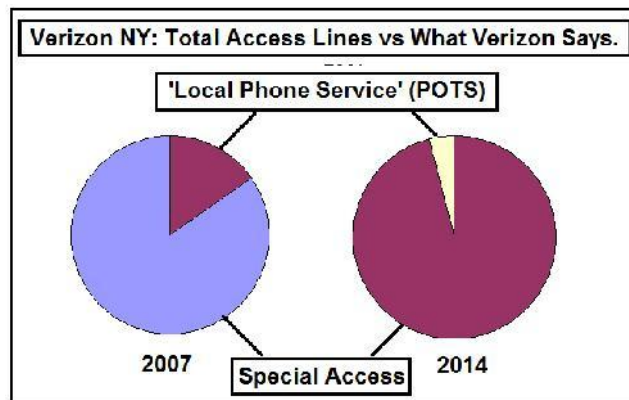


EXHIBIT 29

Verizon NY Access Lines, POTS & Special Access, Based on FCC Calculations 2007-2014

	2007	2014	Change
Special Access	39,615,000	65,326,294	64.9%
POTS Access	7,182,588	2,700,000	-62.4%
Percent of Total	18.1%	4.1%	

Sources: Verizon NY, FCC, New Networks Institute

Moreover, this shows a massive increase of lines, including the special access TDM lines, that ‘mostly’ rely on the copper networks.