RE: Request for an Investigation into Verizon’s Failure to Maintain its Copper Infrastructure to Provide Safe, Adequate and Reliable Service Pursuant to the Requirements of 66 Pa. C.S. § 1501

Dear Chairman Brown:

The Communications Workers of America, AFL-CIO ("CWA") requests that the Pennsylvania Public Utility Commission ("Commission") exercise its authority pursuant to Sections 331 and 501 of the Public Utility Code, 66 Pa. C.S. §§ 331 and 501, to open an on-the-record investigation into whether Verizon Pennsylvania LLC and Verizon North LLC (collectively "Verizon") – the incumbent local exchange carriers in most of the Commonwealth – are meeting their statutory obligation to provide “adequate, efficient, safe, and reasonable service and facilities” to all customers in their local exchange footprint.¹

Millions of residential, business, and wholesale customers in Pennsylvania rely on Verizon’s traditional copper network for telephone and Internet access service. But due to Verizon’s longstanding and systematic neglect of its copper infrastructure, many of these customers do not receive the safe, adequate, and reliable service that the statute mandates.

Over the years, customers have filed numerous complaints with the Commission regarding service interruptions, incomplete or improper installations, missed appointments, repair delays, service interruptions and company inefficiencies. Records obtained from the Commission by CWA show that since 2012, more than 6,000 customers complained to the Commission about the quality and reliability of service they receive from Verizon. Moreover, these complaints vastly understates the true extent of the problem because the Commission’s "warm transfer" procedure allows most complaints about Verizon’s service to be diverted to Verizon before they even reach a Commission employee.

In addition, CWA has provided evidence to the Federal Communications Commission ("FCC") of Verizon's neglect of its copper plant throughout Pennsylvania and neighboring states. This neglect results in frequent and repeated service outages, trouble reports, long delays in service restoration, and other service-impacting problems for customers.²

¹ 66 Pa. C.S. § 1501
Recently, Verizon itself has provided powerful evidence to the FCC that it does not spend adequate resources to maintain, repair, and service its traditional copper network. In a July 15, 2015 letter to the FCC, Verizon wrote:

"Since 2008, Verizon has spent more than $200 million on its copper network." 3

It is important to put that $200 million in perspective:

- Verizon spent $200 million over a seven-year period on a copper network that covers the vast majority of the population in eight states -- Pennsylvania, New York, Massachusetts, Rhode Island, Delaware, New Jersey, Maryland, Virginia, plus Washington, D.C., and parts of California, Texas, and Florida. (Prior to 2010, the Verizon footprint included an additional 4.8 million lines in 14 additional states.)

- $200 million represents just 0.39 percent of the $50.7 billion Verizon spent on its wireline network from 2008 to 2014. Nearly 100 percent of Verizon’s wireline investment was spent to build its fiber network.4 CWA supports Verizon’s FiOS expansion. But where Verizon has refused to deploy its all-fiber FiOS network, Verizon has the statutory obligation to maintain its copper plant to provide safe, reliable service. (Verizon spent $59.9 billion on its wireless network, 2008-2014.)

- The $200 million that Verizon spent over the past seven years on its copper network amounts to an average of $28.6 million a year per year across its entire landline footprint.

- CWA estimates that Verizon currently has upwards of eight million retail customers on its traditional copper landline network in all states. (Verizon no longer publicly reports this number.) Using this figure, Verizon’s annual spending on its copper network amounts to about $3.50 a line per year for poles, cables, wires, pedestals, terminals, batteries, and other plant and equipment needed to build, maintain, repair, and service its copper network. (This is a conservative estimate since Verizon had many more copper customers in earlier years.)

- Across the Verizon landline footprint, residential and single-line business customers pay between $300 and $370 a year for basic voice service and about $400 a year for DSL service. Even using our conservative calculations, Verizon spends less than one percent of the rate it charges for basic voice service and less than half a percent of the rate it charges for a voice/DSL bundled service on the upkeep of its copper network.

Significantly, Verizon acknowledges that it uses customer revenue from its wireline network to finance wireless growth. As Verizon’s Chief Financial Officer Francis Shammo explained to investors:

"The fact of the matter is [that] Wireline capital — and I won’t get the number but it’s pretty substantial — is being spent on the Wireline side of the house to support the Wireless growth. So

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4 Verizon Communications Inc., SEC Form 10-K, various years.
the IP backbone, the data transmission, fiber to the cell, that is all on Wireline books but it's all
being built for the Wireless Company.”

There is substantial evidence that Verizon is neglecting of its copper network in the
Commonwealth. The public records received by CWA from the Commission and summarized above,
support such a conclusion, but likely only begin to scratch the surface.

Verizon’s peer-to-peer online forum provides additional evidence that Verizon is systematically
letting its copper network deteriorate. Further, evidence that Verizon is not adequately maintaining
its copper network is found in the FCC filings by wholesale customers alleging that Verizon is
neglecting leased copper facilities.

Additional evidence that Verizon is not providing safe, adequate, and reasonable telephone
service because it is allowing the copper infrastructure to deteriorate is available from frontline
Verizon technicians and customer service employees who are in a position to observe, firsthand, how
Verizon’s policies, procedures, and inadequate investment have led to the virtual abandonment of the
copper network and have created roadblocks to providing customers with the quality service they
deserve.

Accordingly, CWA requests that the Commission conduct a thorough investigation of adequacy,
safety, efficiency, and reasonableness of Verizon’s service and facilities in the non-FiOS portions of
Pennsylvania -- a proceeding in which Verizon would bear the burden of proof. The Commission
should initiate an on-the-record proceeding to investigate the state of Verizon’s copper network in
Pennsylvania. The investigation should include a financial analysis of copper network revenue and
expenditures over the past ten years; the current state of the copper infrastructure; staffing levels
dedicated to preventive maintenance, repair, installation, and customer service over the past ten
years; policies and procedures that impact the quality of service that customers receive; and other
items relevant to such an inquiry.

Sincerely,

Edward F. Mooney
International Vice President
CWA District 2-13

cc:
Hon. John F. Coleman, Jr., Vice Chairman, Pa. Public Utility Commission

5 Thomson Reuters Transcript, Verizon Presentation to Goldman Sachs Communicopia Conference, Sept. 20,
2012 (available at
6 See for example, Letter from Eric J. Branfman, Counsel to Xchange Telecom LLC, to Marlene H. Dortch,
Secretary, Federal Communications Commission, Technology Transitions, GN Docket No. 13-5, GN Docket
No. 12-353, July 31, 2015 (stating “In Xchange’s experience, de facto copper retirement by Verizon is a
reality.” Xchange is a competitive local exchange carrier that leases facilities from Verizon in New York, New
Jersey, and Maryland.)
7 66 Pa. C.S. § 315(c).
Hon. Pamela A. Whitmer, Commissioner, Pa. Public Utility Commission
Hon. Lisa M. Boscola, Minority Chair, Senate Consumer Protection and Professional Licensure Cte.
Hon. Robert W. Godshall, Chair, House Consumer Affairs Committee
Hon. Peter J. Daley, Democratic Chair, House Consumer Affairs Committee
Rosemary Chiavetta, Secretary, Pa. Public Utility Commission
Johnnie E. Simms, Director, Bureau of Investigation & Enforcement, Pa. Public Utility Commission
Tanya J. McCloskey, Acting Consumer Advocate
John R. Evans, Small Business Advocate