

# New Networks

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Tariff Filing by Verizon New York Inc.     )  
to Introduce Language under which     )  
Verizon Could Discontinue its Current     )     Case 13-C-0197  
Wireline Service Offerings in a Specified     )     Trade Secret Determination 13-05  
Area and Instead Offer a Wireless     )  
Service as its Sole Service Offering in the     )  
Area

**REQUEST TO INVESTIGATE CLAIMS THAT VERIZON'S WIRELESS  
PRODUCT, VOICE LINK, WAS NOT CREATED FOR REPLACING DAMAGED  
LINES BUT AS "HOME PHONE CONNECT" TO REPLACE COPPER LINES  
SINCE 2010**

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## **Request for an Investigation: New Revelations**

On November 15<sup>th</sup>, 2013, in the “**DECLARATION OF WILLIAM E. TAYLOR**”<sup>1</sup> to support Verizon’s plea to not have to supply information and data requested by the NY Public Service Commission and others, Mr. Taylor revealed an ugly truth: Verizon has essentially gamed this entire proceeding and more importantly lied about the product in question – ‘Voice Link’, which Verizon has represented as being especially designed for emergencies or chronic problems with Verizon’s wired networks.

Mr. Taylor let slip that Verizon has a virtually identical product— Home Phone Connect – and that Voice Link is nothing more than another version of a commodity product with no special features. In fact, other companies have the exact same type of product – and all of these products are now on sale.

“Home wireless services are a rapidly growing alternative to wireline plain old telephone service for many customers throughout New York State. In competition with Verizon’s Voice Link service, AT&T offers a Wireless Home Phone and Internet service with unlimited nationwide voice service at \$20 per month with broadband internet service at higher prices, wherever its 4G LTE network is available. Sprint offers a competing wireless home service at \$20 per month, as does U.S. Cellular. Wal-Mart sells its comparable Straight Talk prepaid wireless home voice service for \$15 a month together with additional optional prepaid broadband internet access service. These offerings are similar to Verizon **Wireless Home Phone Connect service**, and differ in some features from Verizon New York’s Voice Link service but compete directly with both services. Thus, one immediate and real competitive effect of the public release of Verizon’s wireline and Voice Link cost data would be to enable these four competitors (and others) to assess Verizon’s price floor for wireline voice service as an element in pricing their wireless home network services and calculating the profitability of expanding their wireless networks to provide wireless home phone service on Fire Island and elsewhere.” (Emphasis added)

But it gets worse—Verizon’s “Home Phone Connect” had test trials in 2010 and started marketing it throughout the US as of February 2011. Endgadget, a well known tech web site writes:

"Verizon just began trials of its Home Phone Connect service in New York and Connecticut in December (2010), but it looks like its already

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<sup>1</sup> Declaration Of William E. Taylor, for Verizon, Case 13-C-0197, November 15<sup>th</sup>, 2013, page 7

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ironed out any kinks there might have been, as it has now made the service available across the entire U.S."<sup>2</sup>

The rest of the document is a complaint and request for an investigation by the State on whether the State was misled about Voice Link, and moreover the intent of Verizon's use of Voice Link to essentially shut off customers with or without chronic problems with their copper wired services.

We note that Verizon's use of Voice Link throughout New York State (and in fact in New Jersey and other states) at the same time that Verizon had been granted the right to only do a 'test' on a part of Fire Island, should mean that Verizon had expanded the scope of these proceedings to include Voice Link and its deployment as a replacement of the wires throughout the State.

These new revelations prove that Verizon has gamed the State.

- There is another virtually identical product to Verizon's Voice Link – Verizon's Home Phone Connect.
- There are other competitive products, such as AT&T's Wireless Home Phone, which is on sale today and is designed to 'replace' the copper wires,
- Verizon's Home Phone Connect has been on sale nationwide since 2010.

We note that these new revelations, as far as we can ascertain, have never been brought up or discussed in any of Verizon's filings or through a data request, and this requires an immediate investigation.

Moreover, this demonstrates that Verizon can not be trusted and therefore all data requests by Brodsky et al should be a priority. What else is Verizon not telling the public?

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<sup>2</sup> <http://www.engadget.com/2011/02/17/verizon-makes-home-phone-connect-service-available-nationwide/>

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## Overview

In October 2012, a severe storm named Sandy hit the East Coast and knocked out communications, power and other essential utility services. In 2013, Verizon told customers on Fire Island in New York and Mantoloking in New Jersey (among other areas) that Verizon was not going to fix the copper lines because they were damaged beyond repair and it would be too expensive to replace the wires to these customers' homes and offices.

Verizon filed Case 13-C-0197 on May 3, 2013 with the New York Public Service Commission (NY PSC) seeking 1) emergency permission for a modification to its wireline tariff on Fire Island and 2) permission to deploy a wireless product Voice Link Fire Island.<sup>3</sup> The NY PSC gave Verizon permission only to do a trial run in the western part of Fire Island. There, the NY PSC authorized Verizon to deploy a wireless product called Voice Link, a 1990's styled cell phone wireless device that cannot handle basic POTS-based data services, such as dial up Internet, DSL, alarm system circuits, Life Alert for seniors, operator-assisted calling, or the receipt of collect calls.<sup>4</sup>

Alongside this, Verizon has filed with the FCC on the federal level to 'discontinue' their Tariffed service -- Verizon New York Inc. Tariff PSC No. 1 in Sandy damaged areas, including Fire Island. The FCC filing is to amend federal statutes pursuant to its expert authority under Telecommunications Act of 1934.<sup>5</sup>

In June 2013, the New York Attorney General's Office filed an emergency petition to stop any further deployment of Voice Link in any other parts of New York State as Verizon had broken its agreement expanding its test beyond the specifically designated test area of Fire Island.

Verizon also deceived the State, the Attorney General's Office, and the FCC, as Verizon has been selling a virtually identical product, Home Phone Connect, since 2010. Therefore, the deployment of Voice Link is not a response to the Hurricane Sandy emergency; it is instead part of Verizon's long term plan to offer stop upgrading the utility networks, especially in rural areas.

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<sup>3</sup> Verizon, Case 13-C-0197, *Petition to introduce language under which Verizon could discontinue its current wireline service offerings in a specified area and instead offer a wireless service as its sole service offering in the area* (N.Y. Pub. Serv. Comm'n, May 3, 2013), available at <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={4AB392F2-7E92-44BA-B3A4-9266F3EC74AA}>.

<sup>4</sup> N.Y. Pub. Serv. Comm'n, *Order Adopting Verizon New York Inc.'s Revised Service Quality Improvement Plan With Modifications* at 4, 6 (Case 13-C-0197) May 16, 2013 ("Voice Link Order"), available at <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={C0F21317-B7CE-4AEE-9A38-3393D1DEB670}>

<sup>5</sup> On May 24, 2013 and June 7, 2013, Verizon New Jersey and Verizon New York filed applications requesting authority under section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 63.71 of the Federal Communications Commission's (FCC or Commission) rules, 47 C.F.R. § 63.71,

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Fire Island was simply the start of what Verizon is intending for the rest of New York State and the rest of Verizon's wired holdings, according to a plan that Verizon disclosed to Wall Street on June 21, 2012. As the New York Attorney General noted, Lowell McAdam, Verizon Chairman & CEO<sup>6</sup> and former CEO of Verizon Wireless on June 21, 2012, stated:

“But the vision that I have is we are going into the copper plant areas and every place we have FiOS, we are going to kill the copper. We are going to just take it out of service and we are going to move those services onto FiOS. We have got parallel networks in way too many places now, so that is a pot of gold in my view.”

“And then in other areas that are more rural and more sparsely populated, we have got LTE built that will handle all of those services and so we are going to cut the copper off there. We are going to do it over wireless. So I am going to be really shrinking the amount of copper we have out there...”

McAdam disclosed these plans to investors months before Sandy hit the East Coast.

We believe that Verizon deceived the regulators about its intentions, claiming Voice Link was an emergency measure. In fact, Voice Link is and has always been part of Verizon's long term plans to increase profits by reducing services to areas that are "more rural and more sparsely populated."

### **Discussion:**

#### **1) Verizon Landlines Were Harmed by Sandy, Especially on Fire Island.**

The NYDPS writes that the Verizon wires were ‘damaged beyond repair’ on Fire Island.

“Fire Island, located on a barrier island about five miles off the southern shore of Long Island, was heavily affected by Hurricane Sandy in late 2012. Prior to Hurricane Sandy, Verizon provided voice service to about 3,800 access lines on Fire Island, approximately 1,100 lines on the eastern portion of the island, and about 2,700 lines on the western portion. In the western portion of the island, Verizon states that a large percentage of its copper facilities were damaged beyond repair, and five of the six feeder cables that run between Fire Island and the mainland were badly damaged by the storm.”

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<sup>6</sup> [http://www.media-alliance.org/downloads/Verizon\\_Kill\\_Copper.pdf](http://www.media-alliance.org/downloads/Verizon_Kill_Copper.pdf)

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### 2) **Verizon Filed to Discontinue Requirements for Wireline Services in NJ and NY.**

Verizon filed with the NY PSC, seeking emergency permission to deploy Voice Link on Fire Island and Verizon also filed with the FCC to seek for a discontinuance of its requirements to provide copper-based phone service.

“On May 24, 2013 and June 7, 2013, Verizon New Jersey and Verizon New York filed applications requesting authority under section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and section 63.71 of the Federal Communications Commission’s (FCC or Commission) rules, 47 C.F.R. § 63.71, to discontinue certain domestic telecommunications services in certain parts of New Jersey and New York affected by Hurricane Sandy.”<sup>7</sup>

“The purpose of these revisions is to add language to the tariff setting forth the circumstances under which Verizon could discontinue its current wireline service offerings in a specified area and instead offer a wireless service as its sole service offering in the area. Additionally, the western portion of Fire Island is identified as a location where Verizon would be authorized to provide a wireless service as its sole offering.”<sup>8</sup>

Based on this quote we see that Verizon’s plans were never for the ‘test area’ of Fire Island, but as standard running procedure in New York and New Jersey.

### 3) **Voice Link was NOT Created for Emergencies and Damaged Wires.**

Tom Maguire, Verizon Senior Vice President - National Operations Support <sup>9</sup> stated Voice Link was developed for ‘chronic’ repairs of the copper wiring.

"Verizon developed Voice Link to take advantage of wireless technology to address voice customers served on the copper network who have had chronic repairs issues."

And Maguire expounded on this in a blog titled “Setting the Record Straight on Fire Island and Voice Link”.<sup>10</sup>

“Voice Link is also not a product we developed to “trial” in storm-ravaged areas. Rather, before Sandy struck Verizon was already developing Voice

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<sup>7</sup> [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2013/db0814/DA-13-1758A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2013/db0814/DA-13-1758A1.pdf)

<sup>8</sup> <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={4AB392F2-7E92-44BA-B3A4-9266F3EC74AA}>

<sup>9</sup> <http://stopthecap.com/2013/06/19/guest-editorial-verizon-remains-committed-to-fire-island-with-voice-link/>

<sup>10</sup> <http://publicpolicy.verizon.com/blog/entry/setting-the-record-straight-on-fire-island-and-voice-link>

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Link as an offering for existing voice customers with a history of repair issues due to faulty existing copper or where customers are served with discontinued equipment or a lack of available replacement parts. To put this into perspective, fewer than five percent of Verizon's overall copper lines in service will be candidates for the current Voice Link device. "

#### **4) Verizon Violated the Voice Link-Fire Island Agreement, Leading to the New York State Attorney General's Filing of an Emergency Petition.**

As the New York Attorney General's Office<sup>11</sup> wrote:

"Despite the unambiguous language of the Commission's Order, Verizon has proceeded to implement its plans to install Voice Link service to seasonal customers in the Catskills. In clear violation of a Commission directive, and without any valid tariff permitting its use, Verizon has shipped a large quantity of Voice Link devices to its Monticello installation/maintenance center. Whenever a seasonal customer requests that their wireline Plain Old Telephone Service ("POTS") be restored for the summer, but dial tone is not functioning when the line is activated at Verizon's switch, the company has directed its technicians not to repair the existing service, but instead to install Voice Link in its place. Only where a customer forcefully refuses Voice Link will Verizon repair the wire line service."

"Verizon's provision of Voice Link outside the confines of western Fire Island is illegal, and its open defiance of the Commission's May 16 Order must be met with effective sanctions."

#### **5) Voice Link and 'Home Phone Connect' Features Are Virtually Identical. This Proves that Voice Link is Not a Purpose-Built Device for Emergencies; instead, Voice Link is a Key Part of Verizon's Plan to Reduce Services to Rural Customers -- and Anyone Else.**

The next two exhibits highlight exactly how similar Home Phone Connect and Voice Link are, as well as demonstrating that the POTS data applications are not available in both products.

Verizon Wireless<sup>12</sup> states that Home Phone Connect has compatibility problems with fax machines and home security systems, which is identical to Voice Link's incompatibility issues.

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<sup>11</sup> CASE 13-C-0197 , Emergency Petition of New York Attorney General Eric T. Schneiderman For An Order Preventing Verizon From Illegally Installing Voice Link Service In Violation Of Its Tariff And The Commission's May 16,2013 Order, June 26<sup>th</sup> 2013



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**“What are the device incompatibles?** Home Phone Connect is not compatible with home security systems, fax machines, DVR services, credit card machines, or medical alert services (e.g. Life Alert). HSI/DSL may or may not be available.”

Here is the link for the manual for the device.

[http://cache.vzw.com/multimedia/mim/hpc\\_phone\\_connect\\_f256/f256\\_manual.pdf](http://cache.vzw.com/multimedia/mim/hpc_phone_connect_f256/f256_manual.pdf)

The next exhibit highlights the data services that are available on a regular POTS, (Plain Old Telephone Service) copper line, and how Voice Link and Home Phone Connect are ‘incompatible’ with these current POTS applications. Moreover, it is clear that in virtually every part of the technology, these two products have identical flaws and can’t substitute for a copper wire. This includes everything from being able to handle dial up Internet service or credit card processing.

The only difference with Home Phone Connect and Voice Link appears to be that the products are sold by different Verizon entities. Home Phone Connect is sold by Verizon Wireless while Voice Link, which uses the Verizon Wireless networks, is sold and installed by Verizon New York or New Jersey.

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<sup>12</sup> <http://www.verizonwireless.com/b2c/splash/hpc.jsp>

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### Exhibit 1

#### Verizon Wireless Home Phone Connect Vs Voice Link Restrictions Vs POTS

Home Phone Connect	Voice Link	POTS
<b>Product of:</b>		
Verizon Wireless	Verizon, NY, NJ	
<b>Incompatible Applications</b>		
Sending or Receiving Collect Calls	Not allow the Customer to accept collect calls or third number billed calls.	YES
	Does not 500, 700, 900, 950,976, 0, 00,01, 0+, calling card or dial-around calls (e.g., 10-10-XXXX).	YES
DSL or Dial up Internet Service	High Speed or DSL Internet services	YES
DVR, Dish Network, and DirecTV	DVR services	YES
Mobile Merchant Machines (credit card)	Credit card machines	YES
Any type of PBX or Centex System		YES
Home Security systems	Monitored alarm security systems	YES
Medical or Life Alert Dependencies	Medical alert services (e.g. Life alert).	YES
Incoming or outgoing fax service.	Fax machines	YES

The second exhibit shows that the features being offered, from Call Waiting to voice mail, are not only the same but in some cases, such as the warning to not use the USB port, the language and words even match up.

NOTE: We kept the exact same wording that appears in the Verizon documents, sales materials, user manuals, etc.

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**Exhibit 2**  
**Verizon Wireless Home Phone Connect Vs Voice Link Features**

Home Phone Connect	Voice Link
Call Waiting	Call Waiting
Call Forwarding	Call Forwarding
3-Way Calling	3-Way Calling
Voice Mail (*86)	Voice Mail (*86)
411, 611, 911	411, E911
Last Number Callback (*69)	Return Call *69
Caller ID (number only)	Caller ID, Caller ID Block
International Calling (with iDial feature or an international calling card)	Must have an International Calling Plan in order to make international calls.
<b>Battery Life and Back Up</b>	
Talk time is approximately 2 hours and standby time is approximately 36 hours.	A rechargeable battery back-up which gives customers 2 hours of talk time and 36 hours of standby time.
<b>USB port*</b> Never place a USB-based device into the USB port. The port was designed for diagnostic purposes only; it is not intended for customer use.	Never place any USB or other connector into the USB port. The USB port is designed for diagnostic purposes only, and is not intended for customer use.

**6) AT&T also has an Almost Identical Product on Sale Today, which Shows that the Other Bell Companies are Following an Identical Plan to Reduce Service for Phone Customers.**

AT&T<sup>13</sup> has been selling an almost identical product, proving that Voice Link wasn't specifically designed for damaged wires but to replace 'landlines'.

“The AT&T Wireless Home Phone provides home phone calling service using your existing cordless phone or standard home phone equipment. The service is powered by a device that allows you to complete calls using the AT&T wireless network instead of a landline connection.”

AT&T Wireless Home Phone has problems extremely similar to the problems exhibited by both Verizon products.

Additionally, some of the contract language used by AT&T in the agreements for AT&T Wireless Home Phone service is virtually identical to the language in Verizon contracts,

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<sup>13</sup> <http://www.att.com/esupport/article.jsp?sid=KB413140&cv=820#fbid=-PI5oEBWtDD>

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suggesting that the industry may be colluding.<sup>14</sup> Both service agreements contain the following language:

“Unsupported services. AT&T Wireless Home Phone may not be compatible with all services including home security systems, fax machines, dial-up internet service, DVR services, medical alert services (e.g. Life Alert), or credit card machines. The service cannot be used to make 500, 700, 900, 976, 0+ collect, operator assisted, or dial around calls (e.g., 1010-XXXX).”

But the bottom line is – Verizon lied about Voice Link as being ‘proprietary’ technology that was designed specifically to replace POTS lines that experience chronic problems of the copper wiring.

### **7) Home Phone Connect Was Deployed as Early as 2010, Which Proves that Voice Link Is Not Just for Emergencies.**

In December 2010, Engadget a popular technology blog, covering tech products and issues stated that Verizon’s Home Phone Connect had been doing testing and trials in New York and Connecticut.

"Verizon just began trials of its Home Phone Connect service in New York and Connecticut in December (2010), but it looks like its already ironed out any kinks there might have been, as it has now made the service available across the entire U.S."<sup>15</sup>

“It ... will let you make calls using any old landline phone that's connected to the Home Phone Connect base station...”

And in February 2011, Engadget claimed that Home Phone Connect was being deployed nationwide<sup>17</sup>.

“Verizon just began trials of its [Home Phone Connect service](#) in New York and Connecticut in December, but it looks like it's already ironed out any kinks there might have been, as it's now made the service available across the entire U.S.”

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<sup>14</sup> We admit that without further research, this allegation will not survive a *Twombly* challenge; only an investigation can move this claim "across the line from conceivable to plausible." *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007).

<sup>15</sup> <http://www.engadget.com/2010/12/03/verizon-trials-home-phone-connect-turns-your-landline-into-a-ce/>

<sup>17</sup> <http://www.engadget.com/2011/02/17/verizon-makes-home-phone-connect-service-available-nationwide/>

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### 8) The Plan Dates from at Least 2007

The industry wanted to deploy inferior service as early as 2007. Network World in 2010 wrote the following:

“The business model and pricing are similar to those launched by T-Mobile back in June 2007 with its T-Mobile @home service; however, T-Mobile discontinued sales of its wireless service earlier this year. Interestingly, the U. S. Government’s Centers for Disease Control (CDC) released a study in May 2010 reporting that one in four callers have “cut the cord,” substituting their mobile phone for wired home phone service. Whether Verizon Wireless will be able to succeed with this approach where T-Mobile did not will be for the market to decide.”<sup>18</sup>

In 2011, Telecompetitor made clear that this is driven by profits and by Verizon Wireless, which now appears to be in charge of who does and who does not get upgraded.

“It’s an interesting move by Verizon Wireless. One that they hope allows them to continue to squeeze out margin from their wireless facilities. As Verizon and other wireless providers shift to 4G networks, which are data centric for both voice and broadband, their legacy 2G and 3G networks are still available for voice capacity. By marketing a voice only wireline replacement service, they are in effect leveraging that legacy voice capacity for additional margin. A handsome margin I would assume. As a result, I suspect we’ll see more infringement on the declining wireline voice business from hungry wireless providers looking to leverage their legacy wireless voice networks.”<sup>19</sup>

And Verizon has been marketing this in 2013. Verizon created a group of “Lifestyle Bloggers” and gave them equipment, trips, and other perks in exchange for writing favorably about Verizon products. In April 2013 –at the same time that Verizon was petitioning the agencies and state for permission to deploy Voice Link, Verizon was marketing “Home Phone Connect” as a replacement for landlines via its compensated Lifestyle bloggers.

One Verizon Lifestyles blogger wrote:

“Recently I attended an event in NYC for the Verizon Wireless Lifestyle Blogger program. We were introduced to Home Phone Connect, A way to

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<sup>18</sup> <http://www.networkworld.com/newsletters/converg/2010/120110-convergence2.html>

<sup>19</sup> <http://www.telecompetitor.com/verizon%E2%80%99s-home-phone-connect-latest-assault-on-wireline-expect-more/>

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replace your home phone company with Verizon Wireless. Verizon Wireless offered us the chance to try it out and I was excited to do so".<sup>20</sup>

The bottom line -- Verizon and AT&T had plans in place to deploy inferior service for years, replacing reliable copper service from Verizon's landline division with inferior service provided by Verizon Wireless. The goal is to charge more and provide less to customers.

### **Conclusion**

Verizon has misled and deceived the NY PSC about its intentions, falsely claiming that Voice Link was designed and manufactured for deployment in emergency situations and has concealed from the FCC and the NY PSC the fact the Voice Link is in fact designed to bring profits to the shareholders through the provision of an inferior service.

It is time to start investigations into the true nature of Voice Link and Home Phone Connect and Verizon's intentions to use these products throughout the state to harm customers.

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<sup>20</sup> <http://www.theshakerofsalt.com/2013/04/verizon-wireless-home-phone-connect.html>