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New York City Settles With Verizon Over FiOS Buildout

New York City Mayor Bill de Blasio (D.) today announced the settlement of a lawsuit the city filed against Verizon Communications, Inc., in 2017 regarding the buildout of the company's fiber broadband under which Verizon agrees to build out its FiOS footprint to 500,000 additional households.

"Internet access is an economic right in New York City, no matter your ZIP code. Tech giants will not stand in our way to deliver high-quality broadband to New Yorkers—they must be a part of the solution," Mayor de Blasio said in a statement. "COVID-19 has further exposed the inequalities in Internet access while changing the way New Yorkers work, learn, and live. We will continue to hold any corporation that fails to deliver on its promise to New Yorkers accountable."

Verizon and the city have been disputing the requirements of a cable franchise agreement since 2015 when a city audit showed that Verizon was not in compliance with the 2008 agreement with the city under which it committed to extend its FiOS network to every household across all five boroughs by June 30, 2014. New York City's Department of Information Technology and Telecommunications (DoITT) subsequently informed the company that it was in default of a cable franchise agreement.

In response, Verizon had argued that the franchise with the city only covered obligations for TV service and that there were no requirements for the buildout of high-speed Internet access. Verizon also disagreed with the city's definition of "passing" a home. The company claimed that "passing" a home meant that its wires were close enough to a building that it could install service within a reasonable amount of time if it was provided access by the landlord or property owner.

In 2017, the city filed a lawsuit alleging that Verizon had not complied with a cable franchise agreement requiring it to deploy its fiber network to every household in the city by 2014, seeking a declaration that Verizon was in breach of the franchise agreement and should be ordered to complete the fiber buildout.

Under the settlement announced today by Mayor de Blasio, Verizon will extend service to 500,000 additional households in the city and will prioritize the least-connected community districts to ensure connectivity for every New York City Housing Authority (NYCHA) residential building.

"Due to the corporation's previous failure to connect many buildings, large portions of New York City neighborhoods are under an effective monopoly, with only one cable and broadband provider, risking lower speeds and higher costs," according to the mayor's office. "Under the settlement, Verizon is compelled to prioritize the least-connected Community Districts and ensure connectivity for every NYCHA residential building."

According to the mayor's office, "many of the neighborhoods that have the most to gain from this settlement are Community Districts that are hardest hit by the COVID-19 pandemic; with low median household incomes; and fewest options, if any for affordable broadband." At a minimum, Verizon will make connections available to 125,000 additional households in these hard-hit community districts, which means that if a resident requests paid FiOS service, Verizon will be required to make it available generally within seven days.

"This settlement will make sure that Verizon builds out its fiber footprint more equitably throughout New York City — especially in low-income communities that have historically been underserved by internet service providers," said DoITT Commissioner and Citywide CIO Jessica Tisch. "This agreement attacks that unfair imbalance, and recognizes that high-quality internet is a necessity, not a luxury."

The terms of the settlement also require Verizon to report quarterly on its progress, and the City will make public the list of newly eligible households that were previously ineligible for FiOS or broadband service.

Verizon welcomed the settlement agreement.

"We're grateful for the opportunity to bring Verizon FiOS service to an additional 500,000 New York City consumers. Currently about 2.5 million NYC homes and businesses benefit from all that FiOS has to offer. This agreement builds upon Verizon's base and will make this premier broadband service available to even more consumers," said Verizon spokesman Rich Young.

The settlement is subject to approval from the NYC Franchise and Review Commission and the Public Service Commission. —Carrie DeLeon, carrie.deleon@wolterskluwer.com

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