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**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of )  
)  
Application of Verizon New England Inc., )  
Bell Atlantic Communications, Inc. (d/b/a )  
Verizon Long Distance), NYNEX Long Distance ) CC Docket No. 00-176  
Company (d/b/a Verizon Enterprise Solutions), )  
And Verizon Global Networks Inc., )  
For Authorization to Provide In-Region, )  
InterLATA Services in Massachusetts )

**COMMENTS BY NEW NETWORKS INSTITUTE**

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DATE: October 16<sup>th</sup>, 2000

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DO NOT LET BELL ATLANTIC-VERIZON INTO LONG DISTANCE IN MASSACHUSETTS. THE NETWORKS ARE NOT OPEN TODAY AND THIS IS HARMING COMPETITORS AND CUSTOMERS.

The enclosed are the results of a survey conducted by New Networks Institute (NNI) of Massachusetts Internet Service Providers (ISPs) and released October 16<sup>th</sup>, 2000. It is part of a larger survey of New York and Texas ISPs. As you may know, Texas and New York were the first two states allowed into long distance, after they supposedly proved that their networks are open to competition. The New York and Texas report can be found at: <http://www.newnetworks.com/isptexasnysruvey.html>

The Massachusetts report can be found at:

<http://www.newnetworks.com/MassISPReport.pdf>

The findings from these surveys lead us to conclude:

- ❑ The Bay State's telephone networks are not open to competition, especially for Internet Service Providers (ISPs)
- ❑ Services provided to Massachusetts ISPs are sub-standard, and this affects both the ISP as well as their Customers.
- ❑ Other data filed in Verizon's Long Distance (section 271) application, including material from the Competitive Local Exchange Companies (CLECs), numerous associations, and individual corporations, all corroborate the survey's findings.
- ❑ A survey of New York and Texas ISPs reveals that service got worse in states where the Bell was allowed to enter Long Distance -- and this is a model of what to expect in Massachusetts.

Most importantly, it is ultimately the customer who is the loser. There is a ripple-of-harm inflicted by Verizon's unfair use of monopoly power that impacts small business customers and residential customers, not only the competitors. Their pattern of anti-competitive behavior has limited choices, delayed service, and cost customers millions annually. More and more people are starting to realize the pervasive harm this is doing to the entire "Internet economy".

There is another item we would like to include for your consideration.

Information supplied by Verizon to the FCC for its compliance with the conditions of the NYNEX-Bell Atlantic merger, shows that there has been a serious decline in some services to competitors since 1997. In Massachusetts, from 1997 through June 2000, Verizon's service to its customers remained mainly unchanged for an installation. However, services supplied to competitors had a 60% decrease. This information, which was supplied by Verizon to the FCC, seems to directly contradict the information supplied by the KPMG study (the study used to determine that the phone networks are open to competitors.) We have attached this information and our summary.

To read this material on the web: <http://www.newnetworks.com/massfccslides.htm>

And to see the specific Installation information pertaining to Massachusetts see:

[http://www.newnetworks.com/P3b2%20\(1\).pdf](http://www.newnetworks.com/P3b2%20(1).pdf)

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Therefore, we request that the FCC:

- Rejects Verizon's entry into Long Distance.
- Include ISPs as part of its deliberations In ALL Bell entries into Long Distance.
- Request that the FCC-filed Verizon information for their treatment of competitors vs. their own services be also included --- and that this information is audited for possible flaws.

Yours truly,

Bruce Kushnick  
**Executive Director**

Survey of Internet Service Providers  
From Massachusetts --- Verizon is Stifling Competition  
and Delaying the Bay State's Digital Future

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## **Survey of Internet Service Providers From Massachusetts: Verizon is Stifling Competition and Delaying the Bay State's Digital Future**

### **Conclusions:**

- ❑ The Bay State's Telephone Networks Are Not Open To Competition, Especially Internet Service Providers (ISPs) --- Verizon is stifling Competition and Delaying Massachusetts's Digital Future.
- ❑ A Survey Of New York And Texas ISPs Reveals That Service Got Worse In States Where The Bell Was Allowed To Enter Long Distance.
- ❑ The Massachusetts DTE Should Not Let Verizon Into Long Distance.
- ❑ The DTE Should Enforce the Laws to Protect the Internet Providers and their Customers from the Monopoly's Sub-Standard Customer Services.
- ❑ The New York and Texas models should be a roadmap of things to come if the DTE allows Bell into Long Distance in Massachusetts.

### **Introduction**

The Telecom Act of 1996 allows the Bell companies to enter the long distance services market only after they have been able to sufficiently prove that their networks are fully open to competition. In the beginning of 2000, Bell Atlantic New York, and then SBC Texas (June 2000) were allowed to offer long distance services because the regulators, specifically the Federal Communications Commission (FCC) and the state commissions, found that the Bells' networks had passed the necessary milestones, supposedly demonstrating that they could adequately handle competitive needs.

In August 2000, New Networks Institute (NNI) conducted a survey of Internet Service Providers (ISPs) in Texas and New York which was designed to determine a) are the networks open to competition from the point of view of ISPs and CLECs, and b) have services improved, stayed the same or gotten worse since the Bells were allowed to offer long distance.

The findings from that report clearly demonstrates that services provided to the ISPs have gone from bad to worse since the Bells were allowed into long distance.

NNI's survey of Massachusetts, also conducted in August, 2000, clearly shows that the problems encountered by ISPs in the Bay state are identical to those in New York and Texas. Verizon, Massachusetts is supplying ISP customers with sub-standard services. It is hurting the ISPs as well as their customers and it is stifling the economic growth of the Bay State's advanced network deployments.

To sum up the situation, as stated by New York and Texas ISPs, NO ISP believes that the phone networks are fully open today, 68% believe service has gotten worse since the Bell entered long distance, 73% believe that service is "Terrible", and 77% believe that the

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Bell should never have been allowed into long distance. The Bells are stifling competition, stalling on advanced network deployments, and are hurting competitors and customers alike.

## Findings from the New York and Texas ISP Survey

- 0% Believe that the phone network is open today.
- 68% Believe that service has gotten worse since the Bell has entered long distance,
  - 3.1 (out of a possible 10=excellent) is the average score ISPs rated their local phone companies for overall performance --- a failing grade.
  - 2.0 (out of a possible 10=excellent) is the average score ISPs rated their local Bell companies for their DSL provisioning--- a failing grade
- 73% Believe that service is terrible ----there are continuous problems and this cost their company money and time.
- 70% Believe that regulators are "Not Helpful, Not Effective" (or worse)
- 77% Believe that the phone networks are a mess. They are almost closed. The Bell should never have been allowed into long distance

More to the point, the findings from New York and Texas clearly shows **that service will get worse** if the phone company is allowed to enter long distance services.

### Other Corroborating Data For Massachusetts:

Because of Verizon's current application to offer long distance services in Massachusetts, there is a great deal of corroborating data to validate this survey. For example, numerous competitive local phone companies, who also provide competitive services to ISPs for DSL, including Covad, Rhythms, and members of ALTS, (Association for Local Telecommunications Services) and the Association of Communications Enterprises (ASCENT) (formerly TRA) are ALL experiencing severe problems in Massachusetts. See:

[http://www.magnet.state.ma.us/dpu/telecom/99-271/CLEC\\_comments\\_0700/index.htm](http://www.magnet.state.ma.us/dpu/telecom/99-271/CLEC_comments_0700/index.htm)

In particular, Covad Communications, which has 26 ISPs listed on their website for Massachusetts alone, discusses problems that are identical to the ISP responses we surveyed. This material was filed as testimony before the DTE, July, 2000.

[http://www.magnet.state.ma.us/dpu/telecom/99-271/CLEC\\_comments\\_0700/index.htm](http://www.magnet.state.ma.us/dpu/telecom/99-271/CLEC_comments_0700/index.htm)

NNI has interviewed Covad and other CLECs and we have found that there is a direct relationship between the problems experienced by the CLEC and the ISPs who use their services --- if the Bell doesn't complete an install, it is the ISP and their customers who aren't receiving their service. Therefore, we believe the testimony of the CLECs further validates the findings from this survey.

Here is just a sample of Covad's filed testimony. As you will see, these problems are identical to those described by Massachusetts ISPs.

**"SUMMARY OF TESTIMONY (DTE 99-271, Testimony Of John Berard, Michael Clancy, And Minda Cutchter On Behalf Of Covad Communications Company)**

- Bell Atlantic fails to complete office wiring on time;
- Bell Atlantic fails to complete loop installation work (activities in the field) on time;
- A significant number of loop orders require multiple dispatches
- On average, it takes nearly 40 days for Covad to provide DSL service to its end users. The primary reason for this long interval is BA-MA's failure to complete loop installations on time. This interval starkly contrasts with the interval BA-MA promises its DSL customers. BA-MA has promised its DSL customers service in 7-10 days.

**"Summary of BA's On-Time Provisioning. In summary, BA-MA:**

- Fails to provide due dates or firm order commitments ("FOCs") on time;
- Fails to complete cross connections in the central office that connects Covad's equipment to the main distribution frame where Covad has access to unbundled loops;
- Fails to complete installation work on the loop after it has left the central office;
- Fails to address certain facilities problems.
- has not properly planned and constructed the facilities as needed, thus causing CLECs to deny service to their customers."

Some have argued that the Internet Service Providers are not actually competitors to the Bells, even though independent ISPs compete directly with Bell-affiliated ISPs. The Bell monopoly is still completely in control of the ISP's services. They control ALL phone services, including DSL, and they must connect with the Bell network to service the customers.

- When an ISP resells the Bell DSL service, the service must go over the Bells phonenumber. However, The Bell also sells DSL directly through its Internet affiliate.
- When an ISP offers DSL through a competitor, the competitor also must use the Bell phone lines and the installation still must be completed by the Bell company.
- When an ISP offers regular phone dial-up service, the service still goes over the same old aging copper Bell wiring.

In short, the ISP is offering competitive products, yet must use and depend on the Bells' facilities and services in ALL service offerings.

*The Chain-of-Pain.* While the Internet Providers and CLECs are losing millions of dollars of revenue a day from the Bell-caused problems, the ultimate loser is the DSL customer, who has to depend on the services provided by the ISP and the CLEC. ---- This "Chain-Of-Pain", the ISP, CLEC and DSLcustomer, are all beholden to the Bell for service and when the Bell company does not fulfill its obligations, everyone, from the customer to the competitor is the loser.

The rest of this report will highlight the Massachusetts survey results, and compare them with the material found in Texas and New York. We do not consider this survey as the ending point, but as the beginning to help customers, ISPs and CLECs in being treated as the law provides ---delivering fair competition in an open marketplace.

We also strongly suggest that the Department of Telecommunications and Energy, (DTE,) reject Verizon's entry into long distance, especially based on the chance that services will decline, as in New York and Texas. We also find that the DTE has not done enough to enforce the current laws to protect the ISP competitors and their customers, and this should be a priority over any new business ventures for the Bell.

Furthermore, it is obvious that the Bells' long distance entry drained valuable company resources that should have been used for competitive needs. No entry into long distance should be considered without penalties and fines for current and future infractions that harm customers and competitors. And no entry should be considered until the DTE has made sure that the current outstanding monopoly controls over the ISP and CLEC markets are fixed.

A copy of the survey can be found in Appendix One

A discussion of the survey's sample size and related issues can be found in Appendix Two.

## Survey Results

### 1) On a scale of 1 to ten, where 10 is excellent, how would you rate:

- Overall Services from the Bell (or GTE)
- The Overall Ordering Process?
- The Installation Process?
- The Post "Up and Running" Process?

#### **Rating Verizon, Massachusetts, Overall Services (10= Excellent)**

- 4.1 Overall Services from the Bell (or GTE)
- 3.7 The Overall Ordering Process?
- 3.9 The Installation Process?
- 4.1 The Post "Up and Running" Process?

Like Texas and New York ISPs, Massachusetts ISPs gave their local telco, Verizon, a failing grade for their delivery of services--- a 4.1, where 10 equals excellent. As one Massachusetts ISP put it, everything from overbilling to customer stealing are common abuses by Verizon.

"Numerous cases of sabotage including interruptions, slow repairs, missed due dates, over-billing, customer stealing, to name a few. Too many pages of descriptions (which are essentially the same as every other ISP) to include in an email, but be glad to provide at a hearing, especially since some of it is court documents."

Another Massachusetts ISP states that Verizon is slow to fulfill orders and how they mislead the ISP that they do not have enough facilities, even though they exist.

"They are slow to take orders, they are horrible to deal with when there is the slightest problem. They will tell you no facilities, but order an ISDN from them and they have facilities. They are unfairly limiting facilities to competition."

And yet another small Massachusetts ISP also accuses the Bell to taking their customers.

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"As a fairly small ISP (we are not AOL) try ordering DSL from Bell Atlantic without them completely stealing the customer over to their "Internet Service" !!!"

These issues are identical to the problems that plague the Texas and New York ISPs. One Texas ISP summarized the numerous problems this way: (SBC is the Bell company in Texas.)

- Slamming** Southwestern Bell Internet Services (SBIS) sales representatives have contacted our customers and identified themselves as technicians attempting to expedite service orders.
- Bell Misrepresentation and Favoritism** We have customers that do not appear to qualify for ADSL service through the SBC tools that have been provided to XXXX. However, when our customers contact SBC or SBIS directly, they are able to receive service from SBC/SBIS in less than 10 days.
- Missed Installations** We are now at 100% missed installations. Our customers wait throughout the appointed day and are never contacted by any installation technician. When the customer called to reschedule they have been told that they are low priority.
- Lost Orders** Individual orders lost by SBC as many as 3 - 4 times.
- Incorrect Billing:** SBC has billed several of our customers incorrectly, resulting in terminated phone service for those that have refused to pay incorrectly billed amounts.

**2) If you provision DSL on a scale of 1 to 10, where ten is excellent, how would you rate the Bells' part in:**

- The DSL Ordering Process?
- DSL Installation Process?
- The Post DSL "Up and Running" Process?

If overall services are a problem, DSL deployment is also plagued with sub-standard customer services. Though the marks in Massachusetts are somewhat higher than those of New York and Texas, the Bell is still receiving failing grades in their DSL provisioning to customers and competitors.

**Rating the Bell's Influence on the DSL Ordering Process  
(10=excellent)**

3.9	The DSL Ordering Process?
4.4	DSL Installation Process?
4.1	The Post DSL "Up and Running" Process?

**4) Which of these statements best describes your view:**

- Service is great. I'm happy.
- Service is OK --- some problems, but they get fixed quickly
- Service isn't OK, ---- lots of problems that do not get resolved quickly or easily.

- Service is terrible ----continuous problems and they cost our company money and time.

Like their New York and Texas counterparts, NO ISP believes that service is great. In fact, the majority, 88% thought that service isn't OK, or it is terrible.

## **ISP Rating Their Overall Services From the Bell Companies**

- 0% Service is great. I'm happy.
- 12% Service is OK --- some problems, but they get fixed quickly
- 60% Service isn't OK, --- lots of problems that do not get resolved quickly or easily.
- 28% Service is terrible --- continuous problems and they cost our company money and time.

**All of these problems cost the ISPs money and stifles competition.**

It is clear from this. study that ISPs are losing money, and competition is being stifled because of the Bell's miss-treatment.

As one Massachusetts ISP stated:

"We have 4 people just dealing with problems with BA, (Bell Atlantic) they make a big deal out of everything. They have no desire to provide good customer service to the competition."

Another Massachusetts ISP states that outages cost the ISP money --- and that the Bell knows how to create "legal" outages.

"The ISP that is damaged by the downed service needs to be compensated like the CLEC ordering services. ISPs lose customers to outages and Verizon knows how to cause "legal" outages."

## **5) The Regulators (state officials, FCC, etc) have been (pick one)**

- Very Helpful, Very Effective
- Very Helpful, Not that Effective
- Not Helpful, Not Effective
- Terrible and Useless

There are a number of government regulators that control telecommunications. First, there are the state regulators, such as the Massachusetts Department of Telecommunications and Energy (DTE), that are in charge of the local phone operations. The Federal Communications Commission (FCC) is supposedly in charge of DSL, since it has been declared and "interstate" product. However, there are a number of other

government agencies dealing with telecom related subjects, from the local municipalities, including cities and towns, to the Department of Justice (DOJ) and Congress, who wrote the primary act governing telecom, the Telecommunications Act of 1996. (For a more detailed discussion see NNI's "The Unauthorized Bio of the Baby Bells")

## **The ISPs' Rating Of Their Regulators (FCC And State Officials) Controlling Telecom, NY, Texas, and MA.**

New York/Texas,	Massachusetts	
0%	0%	Very Helpful, Very Effective
30%	29%	Very Helpful, Not that Effective
48%	57%	Not Helpful, Not Effective
22%	14%	Terrible and Useless

There is a consensus among ISPs from Massachusetts, Texas and New York.... NO ISP believes that the regulators have been "very effective", and the majority in Texas and New York, 48%, believes that regulators are "Not Helpful and Not Effective". This is compared to 57% in Massachusetts. An additional 22% in New York and Texas believe that the regulators are just useless, as compared to 14% in Massachusetts.

As one Massachusetts ISP wrote:

"The FCC and local PUCs do not deal with the day to day problems.  
All they see is what the RBOC's lobbyist tell them."

### **7) Pick One**

- The Phone Networks Are Open.
- The Phone Networks Are Almost Open,
- The Phone Networks Are Not Quite Open, But Workable.
- The Phone Networks Are A Mess, They Are Almost Closed. --- The Bell Should Never Have Been Allowed Into Long Distance

The exhibit below summarizes the Internet Providers' assessment of the Bells' local networks. The overwhelming majority in New York and Texas, 77%, believe that the phone networks are a mess and that they are almost closed, while an additional 20% believe that the phone networks are "not quite open". This compares to Massachusetts' 57% agreeing that the networks are a mess, and an additional 43% stating that the networks are "not quite open."

However, in Massachusetts, 100% believe that the networks are not open --- and 0% thought it was not even "almost open".

## **Are the Phone Networks Open, According to Competitive ISPs?**

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NY, TX	MA	
77%	57%	The phone networks are a mess, they are almost closed. --- The Bell should never have been allowed into long distance
20%	43%	The phone networks are not quite open, but workable.
3%	0%	The phone networks are almost open,
0%	0%	The phone networks are open.

Most importantly, No ISP believes that the phone networks are open today! And because of this, the majority believe that the Bells should not be allowed into long distance.

One Massachusetts ISP put it succinctly. The decision to allow Verizon into long distance in New York was a mistake. Lost orders and other problems cost the ISP money. And it is clear that until there is equal access and facilities for the ISP and CLEC, allowing the Bell into long distance is a serious mistake.

"When a CLEC can get a line installed as fast as BA itself and repaired as fast and inventory of copper and facilities are open to all to see, then they would be worthy of Long Distance. They are not even close to this at this time, nor were they close in New York. It was a grave mistake in New York to grant BA LD. After all of the order problems with CLEC orders only, they were fined a small amount compared to what the actual cost was to the CLEC. How do you quantify the value of a lost customer, when you are a startup phone company with limited resources?"

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## Appendix One:

(NOTE: The numbering and questions are slightly different for the Massachusetts study vs the Texas and New York version.)

ALL INFORMATION IS PROPRIETARY AND WILL ONLY BE USED IN AGGREGATE.

Company \_\_\_\_\_

Contact e-mail \_\_\_\_\_

Check one: ISP \_\_\_\_\_ or CLEC \_\_\_\_\_ Both \_\_\_\_\_

State: Massachusetts \_\_\_\_\_

2) On a scale of 1 to ten, where 10 is excellent, how would you rate:

\_\_\_\_\_ Overall Services from the Bell (or GTE)

\_\_\_\_\_ The Overall Ordering Process?

\_\_\_\_\_ The Installation Process?

\_\_\_\_\_ The Post "Up and Running" process

3) IF YOU PROVISION DSL with a Competitor, on a scale of 1 to 10, where ten is excellent, how would you rate the Bells' part in:

\_\_\_\_\_ The DSL Ordering Process?

\_\_\_\_\_ DSL Installation Process?

\_\_\_\_\_ The Post DSL "Up and Running" process

Please explain:

3A) IF YOU PROVISION DSL through Bell/GTE, on a scale of 1 to 10, where ten is excellent, how would you rate the Bells:

\_\_\_\_\_ The DSL Ordering Process?

\_\_\_\_\_ DSL Installation Process?

\_\_\_\_\_ The Post DSL "Up and Running" process

Please explain:

4) Which of these statements best describes your view

\_\_\_\_\_ Service is great. I'm happy.

\_\_\_\_\_ Service is OK --- some problems, but they get fixed quickly

\_\_\_\_\_ Service isn't OK, ---- lots of problems that do not get resolved quickly or easily.

\_\_\_\_\_ Service is terrible ----continuous problems and they cost our company money and time.

Please explain

5) The regulators (state officials, FCC, etc) have been (pick one)

\_\_\_\_\_ Very Helpful, Very Effective

\_\_\_\_\_ Very Helpful, Not that Effective

\_\_\_\_\_ Not Helpful, Not Effective

\_\_\_\_\_ Terrible and Useless

6) If you could say something to a regulator or the press about the Bells impact on competition and your business, what would it be?

Please explain:

7) Finally, pick one

\_\_\_\_\_ The Phone networks are open.

\_\_\_\_\_ The phone networks are almost open,

\_\_\_\_\_ The Phone networks are not quite open, but workable.

\_\_\_\_\_ The phone networks are a mess, they are almost closed. --- The Bell should never have been allowed into Long Distance

## **Appendix Two**

### **Survey Issues:**

NNI considers this survey to be a continuation of our on-going surveying efforts to explore the ISPs, CLECs, and customer issues.

In April of 2000, NNI released a nationwide survey of ISPs, commissioned by Commercial Internet eXchange (CIX) and the USISPA, (United States Internet Service Provider Alliance).

A separate Texas and New York survey was conducted in August, 2000. It had 49 respondents, 26 for Texas and 23 for New York. Counting the original NNI ISP survey, a total of 47 ISPs were represented from Texas alone. Therefore, this survey has representation of approximately 10% of Texas ISPs and approximately 8-10% of New York ISPs. NNI also interviewed DSL customers and CLECs, as well as relied on government information supplied by the FCC and the Department of Justice. See: <http://newnetworks.com/Putting%20the%20Survey%20into%20Perspective.htm>

The Massachusetts survey had 12 respondents, (including those who offer services in multiple states) and represents approximately 10% of the market. However, because of the extensive corroborating data supplied by the CLECs in their DTE filings against Verizon's application to enter long distance, we estimate that this survey and the filings by the CLECs represents 30%-40% or all Mass ISPs.