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New York City says Verizon Communications Inc. has failed to live up to a 2008 promise to deliver fiber-optic connections for television and high-speed Internet to anyone who wants them.

There are more than 40,000 requests for service pending, about 75% of which have remained outstanding for 12 months or longer, according to a copy of a municipal audit reviewed by The Wall Street Journal. The audit was conducted by the city's Department of Information Technology and Telecommunications. The city plans to release the audit on Thursday. It examines Verizon's compliance with the franchise agreement that the company signed with the city in 2008, allowing it to deploy its fiber network FiOS. As part of the deal, Verizon agreed to string fiber wires past all city dwellings by 2014. Verizon says it has held up its end of the deal. The primary reason many buildings still don't have service, the company said, is because it is struggling to get access from landlords.

Mayor Bill de Blasio called out Verizon in 2013 while working as the city's public advocate and running for mayor. At the time, he railed against the company for its apparently slow progress building FiOS and said neighborhoods particularly left behind included many of the city's poorer areas, such as Upper Manhattan and the South Bronx. Last fall, the mayor pledged to audit Verizon's compliance. Maya Wiley, counsel to Mr. de Blasio, said the city hopes to work with Verizon to get service installed in more buildings, and will at first refrain from harsh measures like suing the carrier for breach of contract. The de Blasio administration has made broadband Internet access part of its agenda to fight income inequality and wants to create more competition among Internet providers, something that could please the city's tech community. "Part of what the broadband agenda means is making sure that the city is holding its franchise holders accountable," Ms. Wiley said.

Verizon spokesman John Bonomo said the carrier has invested $3.5 billion building FiOS in New York City and that its interests are aligned with the city on getting more residents signed onto FiOS. The network is cheaper to operate and delivers much faster Internet speeds than traditional copper wires and many cable networks. "We've got a state-of-the-art network we've spent a lot of money on and we want people to buy our services," Mr. Bonomo said.

The audit, Mr. Bonomo said, appears to be rooted in politics around the company's looming negotiations with its unionized workforce. Negotiations over a new contract with about 39,000 employees covered by the Communications Workers of America

Pennsylvania in 2016	and the International Brotherhood of Electrical Workers are expected to begin next week. The company is expected to push for tough concessions, particularly on health-care coverage. The last round of contract talks, in 2011, resulted in a strike. City officials said the audit had nothing to do with the carrier's union talks. The audit says Verizon isn't connecting some buildings because the carrier is holding out for an exclusive agreement with building owners to be the sole network provider. Mr. Bonomo said the carrier does ask for exclusive agreements in some cases, but that isn't not why buildings don't have service. Getting Verizon to build more FiOS is of special concern to the administration. Cable companies have divided the city and in most cases don't directly compete with one another. Time Warner Cable Inc. was first granted franchises in 1970, and Cablevision Systems Corp. first received franchises in 1983. While both companies have expanded into other areas, they don't overlap. Both agreements were renewed in 2011. Councilman Mark Levine, who represents a large swath of Upper Manhattan, said constituents complain to him about not having fiber service and frequently ask when it is coming. His building doesn't have the service, he said. "I think the demand is greater than they are recognizing," he said. Franchise agreements like the one Verizon signed with the city in 2008 have fallen out of favor recently as new entrants in other parts of the country, such as Google Inc., have promised to build out faster Internet connections in exchange for terms that don't require them to build service to entire cities. Verizon has placed greater emphasis on its wireless operations under Chief Executive Lowell McAdam, who took over in 2011. Since then, the company has agreed to sell wireline assets in Florida, Texas and California. Verizon has said it no longer plans to build FiOS in new territories but will instead focus on increasing penetration in areas where it already provides service. Verizon has already come under fire from the CWA, which charged recently that Verizon was failing to repair its existing copper wireline footprint and pushing customers to a less adequate wireless service. A Verizon spokesman said that wasn't true. – ***Wall Street Journal*** --- Is Comcast looking to buy T-Mobile from its parent, Deutsche Telekom? Not according to one person close to the cable giant, who said rumors about a potential sale are false. The company "isn't interested" in T-Mobile, according to the person, who spoke on condition of anonymity because any talks would be secret. This all began when rumors surfaced early Wednesday **from a German magazine** that Comcast was indeed pursuing T-Mobile. Such a partnership could make sense for Comcast; the cable industry has been exploring how to provide voice and other services on mobile devices beyond the home. But it's unclear how far Comcast could get if it tried to buy T-Mobile; just this year, regulators moved to block the company from buying up Time Warner Cable over concerns that Comcast could use its position to harm streaming Internet video companies. T-Mobile is said to be exploring a sale to Dish Network, a deal analysts say would be easily approved because it could allow the combined company to compete more effectively against larger incumbents. – ***Washington Post*** --- The Federal Communications Commission's new net-neutrality rules are already having an effect. Sprint, the third-largest U.S. wireless carrier, had been intermittently choking off data speeds for its heaviest wireless Internet users when its network was clogged. But it stopped on Friday, when the government's new net-neutrality rules went into effect. The rules, unlike prior attempts by the commission to ensure Internet traffic isn't blocked or slowed, cover wireless networks like Sprint's for the first time. That raises

the stakes for carriers, whose past policies could in theory run afoul of newly vigilant regulators. Sprint said it believes its policy would have been allowed under the rules, but dropped it just in case. “Sprint doesn’t expect users to notice any significant difference in their services now that we no longer engage in the process,” a Sprint spokesman said.

The company also had reserved the right to prioritize data traffic depending on a subscriber’s plan. It had never done so, but has now decided the policy isn’t needed. Sprint’s changes came days before the FCC said Wednesday that it plans to fine AT&T Inc. $100 million for allegedly misleading customers about unlimited wireless data plans. The FCC alleges AT&T sold consumers data plans advertised as unlimited, then capped data speeds after they used 5 gigabytes of data in a billing period. The carrier says it did nothing wrong and will vigorously dispute the allegations.

AT&T and Verizon Communications Inc. stopped offering unlimited plans to new subscribers years ago, but T-Mobileand Sprint still sell them. T-Mobile doesn’t have a policy of throttling customers other than in extreme circumstances for network management, a spokeswoman said. Verizon moved to throttle some unlimited users last year as well, but dropped the effort under pressure from the FCC. – ***Wall Street Journal***

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