

Nynex/Verizon North Inflated Costs/Valuation of Assets

TYPE 1 – Non-existent equipment (~5%) – See enclosed FCC Report

TYPE 2 – Unverifiable equipment (~5%) – See enclosed FCC Report

**TYPE 3 – Record does not describe physical inventory (~12%)
See enclosed Nynex inventory record¹**

#	Description	Page #	Reference
1	“Undetailed Investment” 48,440 records; total value of \$359,077,307.17	1	Shows 45 highest value
2	“Unallocated Other Costs” 55920 records; total value of \$414,524,434.73	2	Shows 45 highest value
3	“Dummy”; “Dummy for Betsy”	3	Shows total value
4	“Special for Annuals”	4	Shows examples
5	“*****” No description – blank	5	Shows examples
6	“Used for Retirement” \$65,466,357.02	6	Line 1
7	“ADJ OF NTWK”	6	Line 15
8	“*****” No description – blank	7	Additional example
9	“Capitalized Right to Use” – software \$122,389,832.04	8	Line 5

**TYPE 4 – Erroneous valuation (unknown %)
See enclosed Nynex inventory record¹**

#	Description	Page #	Reference
1	Zero or negative quantities	8	60 + examples
2	Wide range unit cost LU MOD 3 - \$5.00 - \$133,000 (actual ~\$5000)	9/10	Most and least listed
3	Inconsistent material and in-place costs	11	Largest variation listed

¹ Nynex inventory record – Query derived from Nynex Continuing Property Record database. Bellcore database used to convert CPR numbers into equipment descriptions. The nearly one million records in the Nynex CPR reflects historical costs for fixed assets of \$7,420,468,004.99. Record covers former Nynex region central offices in New York and New England. Record reflects equipment purchased over at least 40 year period.