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# Verizon to End Rollout of FiOS

By  
Roger Cheng

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[Verizon Communications](#) Inc. will no longer seek new cities to roll out its FiOS TV service as the company nears the end of its \$23 billion network upgrade project.

The New York-based telecommunications provider has wagered heavily that its bundle of faster Internet service and television would give it an edge over its cable rivals, and has spent the last six years replacing much of its older, slower copper lines with faster fiber-optic ones. One of the hurdles has been getting community approval to offer television service, or what's known as a video franchise.

Verizon made it known that it would not seek anymore franchises after sending a letter last week to city officials in Alexandria, Va., telling them that the company has stopped seeking nationwide permission to offer television service in new markets. Among the other large cities not getting access to FiOS TV are Boston and Baltimore.

The company, however, said it is still working through existing negotiations with about a dozen local communities, mostly in New York, Massachusetts, and Pennsylvania. The company also continues to expand the availability of FiOS to its existing markets.

"We're fulfilling our original commitments," said Verizon spokesman Bill Kula.

Verizon still intends to connect 18 million households to FiOS by the end of the year, with some residual deployments slipping into 2011. By the end of the rollout, 70% of Verizon's households will have access to FiOS Internet, with slightly less getting access to TV service, Kula said. At the end of last year, 15.4 million households were connected to the high-speed network, although not everyone was able to get the service yet.

FiOS is Verizon's counter to the cable companies' Internet phone service, which has been successful in nabbing away telco customers. Despite FiOS's presence, cable providers such as [Cablevision Systems](#) Corp. have weathered the competitive storm. The other telcos have also been upgrading their networks to deliver more services, but they haven't been as aggressive.

[AT&T](#) Inc., for example, is also using fiber-optic cables to boost its speed and better compete against cable. On Monday, it unveiled an Internet service that runs at 24 megabytes per second through its U-Verse offering, although that is still half the speed that Verizon offers.

For Verizon, it's still unclear whether the bet will pay off. Mr. Kula said that in markets that FiOS is

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available, it has achieved 25% penetration for television service and 28% for Internet.

Growth in FiOS appears to be slowing. In the fourth quarter, Verizon added 153,000 customers each for FiOS Internet and TV, which was down sequentially and from a year ago. In total, the company has 3.4 million FiOS Internet and 2.9 million TV subscribers.

Achieving franchises on a community-by-community basis is among the arduous tasks. Getting approval often means meeting individual demands from each city, including setting aside channels for local use and other city improvements. It takes roughly 18 to 24 months to get a franchise, Mr. Kula said.

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