

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298**FILED**01/04/21
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January 4, 2021

TO PARTIES OF RECORD IN INVESTIGATION 19-12-009:

This proceeding was filed on December 19, 2019, and is assigned to Commissioner Liane M. Randolph and Administrative Law Judge (ALJ) Zhen Zhang. This is the decision of the Presiding Officer, ALJ Zhang.

Any party to this adjudicatory proceeding may file and serve an Appeal of the Presiding Officer's Decision within 30 days of the date of issuance (i.e., the date of mailing) of this decision. In addition, any Commissioner may request review of the Presiding Officer's Decision by filing and serving a Request for Review within 30 days of the date of issuance.

Appeals and Requests for Review must set forth specifically the grounds on which the appellant or requestor believes the Presiding Officer's Decision to be unlawful or erroneous. The purpose of an Appeal or Request for Review is to alert the Commission to a potential error, so that the error may be corrected expeditiously by the Commission. Vague assertions as to the record or the law, without citation, may be accorded little weight.

Appeals and Requests for Review must be served on all parties and accompanied by a certificate of service. Any party may file and serve a Response to an Appeal or Request for Review no later than 15 days after the date the Appeal or Request for Review was filed. In cases of multiple Appeals or Requests for Review, the Response may be to all such filings and may be filed 15 days after the last such Appeal or Request for Review was filed. Replies to Responses are not permitted. (See, generally, Rule 14.4 of the Commission's Rules of Practice and Procedure at www.cpuc.ca.gov.)

If no Appeal or Request for Review is filed within 30 days of the date of issuance of the Presiding Officer's Decision, the decision shall become the decision of the Commission. In this event, the Commission will designate a decision number and advise the parties by letter that the Presiding Officer's Decision has become the Commission's decision.

/s/ ANNE E. SIMON

Anne E. Simon
Chief Administrative Law Judge

AES:gp2

Attachment

Decision PRESIDING OFFICER'S DECISION (Mailed 1/4/2021)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation on the Commission's Own Motion into the Operations, Practices, and Conduct of Frontier Communications Corporation, Frontier of America, Inc., (U5429C), and Frontier California, Inc., (U1002C) to Determine Whether Frontier Violated the Laws, Rules, and Regulations of this State through Service Outages and Interruptions and Disclosing and Publishing Customer Addresses.

Investigation 19-12-009

**PRESIDING OFFICER'S DECISION APPROVING PROPOSED SETTLEMENT
OF FRONTIER COMMUNICATIONS CORPORATION, FRONTIER
COMMUNICATIONS OF AMERICA, INC., FRONTIER CALIFORNIA, INC. AND
THE CONSUMER PROTECTION AND ENFORCEMENT DIVISION OF THE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

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**PRESIDING OFFICER'S DECISION APPROVING PROPOSED SETTLEMENT
OF FRONTIER COMMUNICATIONS CORPORATION, FRONTIER
COMMUNICATIONS OF AMERICA, INC., FRONTIER CALIFORNIA, INC. AND
THE CONSUMER PROTECTION AND ENFORCEMENT DIVISION OF THE
CALIFORNIA PUBLIC UTILITIES COMMISSION**

Summary

This decision approves the proposed settlement agreement between Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission. This Investigation seeks to determine whether Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. violated laws, rules, and regulations associated with outages and service interruptions in 2016.¹ This Investigation also ordered Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. to show cause why they should not pay a fine of \$2,500,000 for disclosing and publishing the addresses of residential customers who elected to have their addresses suppressed from 4-1-1 and directory assistance.²

This decision finds that the proposed settlement will serve as an effective deterrent to further offenses and is reasonable in light of the entire record, consistent with the law, and in the public interest.

¹ Order Instituting Investigation on the Commission's Own Motion into the Operations, Practices, and Conduct of Frontier Communications Corporation, Frontier of America, Inc., (U-5429-C), and Frontier California, Inc., (U-1002-C) to Determine Whether Frontier Violated the Laws, Rules, and Regulations of this State through Service Outages and Interruptions and Disclosing and Publishing Customer Addresses, December 19, 2019, I.19-12-009 at 3 - 4, 13 [hereinafter OII].

² OII at 1, 10-12, 13.

The approval of the proposed settlement agreement resolves all outstanding issues in this proceeding concerning Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. This proceeding is closed.

1. Jurisdiction

The Commission's Rules of Practice and Procedure (Rules), 5.1, authorize the Commission to institute an investigation on its own motion.³ On December 19, 2019, the Commission filed this Order Instituting Investigation 19-12-009 (OII) to determine whether Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. (collectively, Frontier) violated laws, rules, and regulations associated with outages and service interruptions in 2016 and whether Frontier should pay a \$2,500,000 penalty for allegedly disclosing and publishing the addresses of residential customers who had elected to have their addresses suppressed from Frontier's 4-1-1 and directory assistance.⁴

2. Background and Procedural History

After receiving approval from the Commission, Verizon California Inc. (U1002C), Verizon Long Distance, LLC., (U5732C), and Newco West Holdings, LLC., together with certain assets held by it and the customer accounts of Verizon Long Distance, LLC in the service territory of Verizon California, Inc. transferred assets and customers to Frontier Communications Corporation and Frontier Communications of America, Inc.⁵

³ California Code of Regulations, Title 20, Division 1, Chapter 1; hereinafter, Rule or Rules.

⁴ OII at 1, 10-12.

⁵ D.15-12-005.

Starting April 1, 2016, Verizon transferred its California voice,⁶ internet, and video services to Frontier Communications Corporation and Frontier Communications of America, Inc. The change over from the Verizon to the Frontier network caused customers to experience outages or interruptions from April to June of 2016. During the same period, addresses of residential customers who had elected to have their addresses suppressed from 4-1-1 and directory assistance were published as well.

Subsequently, the Commission ordered the Consumer Protection and Enforcement Division (CPED) to investigate the outages and the unauthorized publication of customers' address records in the service areas of Frontier.⁷ CPED completed its investigation and authored a Staff Report. On December 19, 2019, the Commission filed this instant OII.⁸ The purpose of the OII is twofold: 1) to determine whether Frontier violated laws, rules, and regulations associated with outages and service interruptions, and 2) whether Frontier should pay a \$2,500,000 penalty for allegedly disclosing and publishing of the addresses of residential customers who had elected to have their addresses suppressed from Frontier's 4-1-1 and directory assistance.⁹ Before making the Staff Report public, the OII instructed Frontier to propose redactions with supporting objections and declarations, after which the parties will meet to come to an agreement regarding the redactions.¹⁰

⁶ The term "voice" refers to all voice technologies including Voice Over Internet Protocol and copper-wire systems.

⁷ D.16-12-066.

⁸ OII at 2.

⁹ *Id.* at 1, 10-12.

¹⁰ *Id.* at 14.

On January 15, 2020, Frontier filed a response regarding redactions to CPED's Staff Report.¹¹ On February 28, 2020, Frontier responded to the OII.¹²

A prehearing conference (PHC) was held on March 3, 2020, to discuss the issues of law and fact, determine the need for an evidentiary hearing, and discuss the proceeding schedule. At the PHC, the assigned Administrative Law Judge (ALJ) ordered Frontier to file new proposed redactions to CPED's Staff Report, with more detailed and specific legal and factual explanations for each individual proposed redaction.¹³

On March 10, 2020, the parties notified the assigned ALJ that they were engaged in settlement discussions pursuant to Rule 12.1(b) and requested that the schedule of the proceeding be stayed. Frontier also requested an additional week to submit the supplemental pleading on the proposed redactions to the Staff Report. On March 12, 2020, the ALJ issued an e-mail Ruling granting the request and ordered the parties to send to the service list a settlement update on March 23, 2020.¹⁴ In addition, the ALJ extended the deadline for Frontier to file the supplemental pleading on March 23, 2020.

On March 23, 2020, Frontier notified the service list that settlement was delayed by COVID-19, nevertheless, it anticipated submitting a motion for approval of the settlement agreement by March 27, 2020. Also on

¹¹ Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), and Frontier California Inc. (U 1002 C) (Collectively, "Frontier") Regarding Proposed Redactions to Staff Report, January 15, 2020.

¹² Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), and Frontier California Inc. (U 1002 C) (Collectively, "Frontier") Regarding Proposed Redactions to Order Instituting Investigation 19-12-009, January 15, 2020.

¹³ March 3, 2020 Prehearing Conference Transcript at 40:14-16.

¹⁴ E-mail Ruling Suspending the Proceeding Schedule While Awaiting an Update Regarding Settlement, March 12, 2020.

March 23, 2020, Frontier filed a new response with proposed redactions to the Staff Report, with a matrix setting forth the legal and factual basis.¹⁵ Frontier moved to file under seal the matrix.¹⁶

On April 13, 2020, the Commission issued the *Assigned Commissioner's Scoping Memo and Ruling*.

On April 14, 2020, the parties filed a joint motion for adoption of settlement with an attached settlement agreement [Proposed Settlement].¹⁷

On May 7, 2020, the assigned ALJ requested answers to questions regarding the Proposed Settlement, including how the Proposed Settlement ensures that service quality issues and the disclosure of customer addresses will not re-occur in the future.¹⁸ On May 22, 2020, Frontier and CPED responded to the ALJ 's questions.¹⁹

On October 2, 2020, the assigned ALJ issued findings and requirements regarding the applicability of General Order (GO) 133-D to the Proposed

¹⁵ Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U5429C), and Frontier California Inc. (U 1002 C) (Collectively "Frontier") to Assigned ALJ Ruling in March 3, 2020 Prehearing Conference [Public Version], March 23, 2020.

¹⁶ Motion of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), and Frontier California Inc. (U 1002 C) (Collectively "Frontier") to File Under Seal Confidentiality Chart in Response to March 3, 2020 ALJ Ruling, March 23, 2020.

¹⁷ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020.

¹⁸ Administrative Law Judge's Ruling Requesting More Information Regarding Proposed Settlement, May 7, 2020.

¹⁹ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission, May 22, 2020.

Settlement.²⁰ GO 133-D are the rules to establish uniform minimum standards of service to be observed in the operation of telephone companies. On October 16, 2020, Frontier and CPED filed joint comments.²¹

3. The Proposed Settlement Agreement

The Proposed Settlement provides a joint factual statement of the case and includes Frontier's acknowledgments regarding the outages and service interruptions during the transfer of assets from Verizon to Frontier. Frontier also acknowledges the disclosure and publishing of suppressed customer addresses.

In the Proposed Settlement, Frontier agrees to pay a penalty of \$400,000 to the State of California's General Fund. Additionally, over the next three years, Frontier will invest \$2,100,000 in its network to improve service quality, service reliability, and network resiliency, focusing in areas of the most need, including Humboldt, Inyo, Kern, Lassen, Merced, Mendocino, San Bernardino, and Tulare Counties, as well as the Paynes Creek and Walnut exchanges. Frontier may invest in other areas mutually agreeable to Frontier and CPED. If Frontier and CPED cannot reach an agreement, they will file a motion with the Commission to resolve the parties' dispute. To keep track of the investment projects, Frontier will submit quarterly reports to CPED. The quarterly reports will be consistent with GO 133-D. The quarterly reports will identify all projects related to the settlement, the anticipated start and completion dates, the estimated and actual costs of each project, and the reasons for subsequent changes to a project.

²⁰ Administrative Law Judge's Ruling Requesting Comments Regarding General Order 1330D and Proposed Settlement, October 2, 2020.

²¹ Joint Comments of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission on Administrative Law Judge's Ruling Requesting Comments Regarding General Order 133-D and Proposed Settlement, October 16, 2020.

The Proposed Settlement is attached as Appendix A. The Proposed Settlement resolves all issues before this Commission in the OII.

4. Discussion

The Commission will not approve the settlement unless it is reasonable in light of the whole record, consistent with the law, and in the public interest.²² When evaluating a penalty, the Commission set out the necessary analysis in Decision (D.) 98-12-075. The factors consist of the following: the gravity of the offense, the conduct of the utility, the financial resources of the utility, the totality of the circumstances, and the role of precedent.

4.1. The Proposed Settlement is Reasonable in Light of the Whole Record, Consistent with the Law, and in the Public Interest

The Commission has historically favored settlements as an efficient means of resolving contested issues and avoiding the time and expenses associated with litigation. The Proposed Settlement is reasonable in light of the record as the Parties have set forth extensive recitals of facts. Furthermore, the Parties have provided additional details in their responses to the ALJ's questions. The Proposed Settlement resolves the issues in a reasonable manner in light of the record. The parties appropriately created a compromise with the cash penalty and network investment plan.

The Proposed Settlement is consistent with the law. Frontier acknowledges the service outages and inadvertent disclosure of suppressed customer addresses related to the transition of assets from Verizon to Frontier in 2016. Due to these acknowledgments, Frontier agrees to pay \$400,000 to the State of California General Fund, along with a \$2,100,000 network investment

²² Rule 12.1(d).

plan. Therefore, the Proposed Settlement is consistent with and enforces applicable law.

The Proposed Settlement is in the public interest because it reflects a reasonable compromise between the Parties' positions and will avoid the time, expense and uncertainty of evidentiary hearings and further litigation. However, to clarify oversight of the \$2,100,000 network investment plan, the Parties agree to additional language related to GO 133-D.

4.1.1. GO 133-D Requirements

The Proposed Settlement states Frontier will invest \$2,100,000 in its network over a period of three years. During the investment period, Frontier will submit quarterly reports to CPED about its compliance in accordance with GO 133-D.²³ The quarterly reports will identify all projects related to the settlement, the anticipated start and completion dates, the estimated and actual costs of each project, and the reasons for subsequent changes to a project if any.²⁴ Frontier explains that the \$2,100,000 for network investment fulfills the goals of GO 133-D because an "investment in lieu of penalty system 'better aligns carriers' expenditures with improving actual customer service."²⁵ The Proposed Settlement does not mention the potential overlap of investment projects funded by this Proposed Settlement and the projects already approved by the

²³ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 9.

²⁴ *Id.* at 10.

²⁵ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission, May 22, 2020 at 6-7.

Commission, valued at approximately \$2,749,175, in lieu of penalties.²⁶ To ensure that the network investments are efficiently administered and to collect data on whether the investments improve network reliability, the assigned ALJ determined that the Proposed Settlement needs to include terms that require Frontier to analyze the overlap between projects already approved and future projects funded by the Proposed Settlement. The assigned ALJ also determined that Frontier should track metrics set forth in GO 133-D.

After considering the ALJ's findings, Frontier and CPED agree to add to the Proposed Settlement the following:

With each project proposal submitted to CPED, Frontier will identify how the settlement projects may overlap with the GO 133-D projects. In providing this information, Frontier will provide project details at the wire center level and whether these projects are incremental or in addition to other projects that are already underway. Frontier will provide a copy to Communications Division. If a settlement project does not overlap with the GO 133-D projects, then Frontier will attach to the project proposal a certification under oath stating as such.²⁷

The Parties also agree to track measurements required by GO 133-D to collect data "used to assess the impact of Frontier's network investment in applicable

²⁶ \$2,749,175 = \$128,555 + \$2,620,620 based on Res. T-17629 at 9 - 11 (approving \$128,555 for projects in areas experiencing poor service in lieu of fines for failure to meet service quality measurements); Res. T-17652 at 1 (approving no less than \$2,620,620 for projects in lieu of fines for failure to meet minimum service quality measurements). *See also* Advice Letter 12828, where Frontier proposes to re-invest \$2,600,370 in projects in lieu of fines.

²⁷ Joint Comments of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission on Administrative Law Judge's Ruling Requesting Comments Regarding General Order 133-D and Proposed Settlement, October 16, 2020, at 2.

wire center areas.”²⁸ The Parties agree to add to the Proposed Settlement the following:

Frontier will monitor two measures (customer trouble report and out of service repair interval) and submit quarterly reports consistent with GO 133-D metric definitions to CPED for the wire centers identified as impacted by settlement projects. If during the time period of the settlement agreement Frontier is required to submit quarterly service quality reports in compliance with GO 133-D, then the reports will be forwarded to CPED to be reviewed in the context of the projects funded by the settlement.

With these additions, the public interest is served by better coordination between the projects already approved by the Commission and the projects to be funded by the Proposed Settlement. Likewise, the public interest is served by collecting data at wire centers impacted by the settlement projects to assess the projects’ effectiveness in improving service quality. The Proposed Settlement, with these additions, should be adopted by the Commission.

4.2. The Penalty is Reasonable and Proportionate to the Violation

To determine if a penalty is appropriate, the Commission examines specific factors set forth in D.98-12-075, including the severity of the offense, the conduct of the utility, the financial resources of the utility, the totality of the circumstances, and the role of precedent.²⁹ The purpose of a fine is to effectively deter further violations by this perpetrator or others.³⁰

²⁸ *Id.* at 4.

²⁹ 84 CPUC2d at 182.

³⁰ *Id.*

4.2.1. Severity of the offense

When analyzing the severity of the offence, the Commission considers whether the offence caused economic harm, physical harm or harm to the regulatory process.³¹ This investigation involves harm to Frontier's customers.

The severity of the offence by Frontier is significant. Frontier acknowledges that despite planning, the transition of Verizon's assets to Frontier resulted in outages between April 1, 2016 and July 31, 2016.³² Frontier received 11,675 out-of-service trouble tickets for voice service.³³ Between April 1, 2016 and at least December 31, 2016, Frontier failed to meet a service quality standard to repair 90 percent of all outages within 24 hours.³⁴ Some Frontier customers had no access to 911 emergency services.³⁵ Other customers were unable to receive satisfactory customer service support.³⁶

Frontier also disclosed customer addresses in violation of the customers' preference. A total of 282,149 customers who had requested that their addresses be suppressed from directories had their addresses made available to directory assistance vendors from April 4, 2016 to July 28, 2016.³⁷ The actual disclosure of the addresses was likely lower because from April 4, 2016 to July 28, 2016, Frontier only received 14,289 directory assistance inquiries and these inquiries

³¹ 84 CPUC2d at 183.

³² Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 3.

³³ *Id.* at 2.

³⁴ *Id.* at 3.

³⁵ *Id.*

³⁶ *Id.*

³⁷ *Id.* at 4.

did not always include requests for customer addresses.³⁸ Frontier distributed 134 printed residential directories with the suppressed addresses between July 5, 2016 and July 12, 2016. 111 of the 134 directories were recovered.³⁹ With the service outages and disclosure of customer addresses, Frontier's customers experienced substantial harm during the 2016 transition period.

4.2.2. Conduct of the Utility

When considering the conduct of the utility, it is important to consider the utility's role in 1) preventing the violation, 2) detecting the violation, and 3) disclosing and rectifying the violation.⁴⁰

More than a year prior to transitioning Verizon customers to Frontier's service platform, Frontier conducted mock transfers of customer information.⁴¹ It was not until the actual transfer in 2016 that Frontier discovered that Frontier's system could not process a small percentage of the data within the Verizon system, after the data was transferred to Frontier's network.⁴² Due to the data transfer problems, customers experienced interruptions for voice, broadband, and video services, as well as a lack of customer support to complaints. Offshore

³⁸ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission, May 22, 2020, at 10.

³⁹ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 5.

⁴⁰ 84 CPUC2d at 183.

⁴¹ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 2.

⁴² *Id.*

customer service representative did not effectively handle the spike in customer complaints.⁴³

Similarly, the transition of Verizon's customer directory listings to Frontier's system was problematic. Verizon's customer directory listings had a data field indicating whether the street address should be suppressed; however, Verizon's data field was not carried over to the Frontier system.⁴⁴ This resulted in addresses being available to directory assistance vendors that customers had requested be suppressed.⁴⁵

Frontier took numerous steps to rectify the problems, including creating a team of software and network engineers to conduct quality assurance tests, conducting user tests, clearing the backlog of service trouble tickets, and increasing the number of technical customer service representatives.⁴⁶ Overall, Frontier's conduct shows that Frontier attempted to prevent the violations. When the violations occurred, Frontier rectified the violations. Additionally, during and after the transition, Frontier reported the violations, made its activities transparent to the Commission, and cooperated with Commission staff.

4.2.3. Financial Resources of the Utility

Frontier faces financial challenges due to decreasing revenues, network investment demands, and high levels of debt. Frontier's holding company, Frontier Communications Corporation, contends that it has more than \$17 billion

⁴³ *Id.*

⁴⁴ *Id.* at 4.

⁴⁵ *Id.*

⁴⁶ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission to Administrative Law Judge's Ruling Requesting More Information Regarding Proposed Settlement, May 22, 2020, at 4.

in outstanding debt.⁴⁷ Frontier recently filed for Chapter 11 bankruptcy.⁴⁸ Despite its current financial difficulties, Frontier and CPED have reached a reasonable compromise with a payment of \$400,000 to the State of California General Fund and a commitment to invest \$2,100,000 in network improvements. The monetary payment will serve as an effective deterrent, especially when Frontier already spent almost \$1,000,000 in customer credits related to service outages.⁴⁹

4.2.4. Totality of the Circumstances

To ensure that a fine is tailored to the unique facts of a case and the specific circumstances of an investigation, the Commission will review the facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.⁵⁰

Although Frontier attempted to prepare in advance and detect potential problems, certain issues did not present themselves until the actual transition. Frontier notified the Commission promptly regarding the outages and the release of customer addresses. Frontier cooperated with the Commission to address the problems with the 2016 transition in I.14-05-012. Frontier responded

⁴⁷ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 7.

⁴⁸ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission to Administrative Law Judge's Ruling Requesting More Information Regarding Proposed Settlement, May 22, 2020, at 13.

⁴⁹ *Id.* at 5, 6.

⁵⁰ 1998 Cal. PUC Lexis 1016, 76.

to comments at public participation hearings and workshops in I.14-05-012.⁵¹ Frontier also cooperated with CPED in this instant Investigation. The Proposed Settlement indicates that Frontier acknowledges its errors and has agreed to a penalty that serves as a deterrent to future violations. From the discovery of the violations described in the Proposed Settlement, Frontier has mitigated the degree of wrongdoing by its transparency and cooperation with the Commission. It is in the public interest to approve the Proposed Settlement given the totality of circumstances.

4.2.5. Role of Precedent

When considering a fine, the Commission will address previous decisions that involve reasonably comparable factual circumstances and explain any substantial differences in outcome.⁵²

This Investigation seeks to determine 1) whether Frontier violated laws, rules, and regulations associated with outages, service interruptions, and 2) why Frontier should not pay a fine of \$2,500,000 for disclosing and publishing the addresses of residential customers who elected to have their addresses suppressed from 4-1-1 and directory assistance.⁵³ In acknowledging its offenses, Frontier agrees to pay \$400,000 to the State of California General Fund and commit \$2,100,000 in network investments in lieu of penalties.⁵⁴ Additionally,

⁵¹ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 5, 6.

⁵² 84 CPUC2d at 184.

⁵³ OII at 1, 10 – 12, 13.

⁵⁴ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the

Frontier had already issued almost \$1,000,000 in customer credits related to service outages.⁵⁵

Two cases are instructive in evaluating the penalty in the Proposed Settlement. First, D.01-11-062 involved the inadvertent release of 11,478 customers' non-published listings, which was not discovered for nine months. Over 100,000 phone books with the customers' non-published listings were distributed. The Commission did not impose a penalty because the utility already incurred over \$13,000,000 to reclaim tainted telephone books, which was a substantial deterrent.⁵⁶ Here, Frontier has already spent almost \$1,000,000 on customer credits and agrees to pay \$400,000 to the State of California General Fund. Frontier's penalty is appropriate in comparison to D.01-11-062 because it is likely fewer customers were impacted, and for a shorter period of time. Frontier only received 14,289 directory assistance inquiries and these inquiries did not always include requests for customer addresses,⁵⁷ meaning less than 14,289 customers actually had their addresses released. The customers addresses were available from April 4, 2016 to July 28, 2016.⁵⁸ Frontier distributed only

California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 9 - 10.

⁵⁵ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission to Administrative Law Judge's Ruling Requesting More Information Regarding Proposed Settlement, May 22, 2020, at 5, 6.

⁵⁶ D.01-11-062 at 19.

⁵⁷ Joint Response of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), Frontier California, Inc. (U 1002 C), and the Consumer Protection and Enforcement Division of the California Public Utilities Commission, May 22, 2020, at 10.

⁵⁸ Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the

134 residential directories with the suppressed addresses, not 100,000. 111 of the 134 directories were recovered.⁵⁹

Second, D.15-09-009 involved the inadvertent disclosure of unlisted residential numbers and addresses in directory assistance and in an online directory. The Commission approved a settlement that included a penalty of \$25,000,000.⁶⁰ Again, Frontier's penalty is reasonably lower because D.15-09-009 involved 75,000 customers,⁶¹ whose information remained inadvertently published for more than two years.⁶² Frontier's violation involved much fewer customer disclosures, with less than 14,289 compared to 75,000. Frontier also reported the violation earlier than the utility in D.15-09-009. Frontier reported the violation a little more than a week after becoming aware of the problem, whereas the utility in D.15-09-009 did not report the violation until three months after it discovered the problem.

Based on precedent and the recitations of the Proposed Settlement, we conclude that the penalty is reasonable. The penalty is appropriate considering Frontier's offense and conduct. The penalty is an amount that should act as an effective deterrent to Frontier and others but should not negatively impact Frontier's ability to provide service. The Proposed Settlement should be approved.

California Public Utilities Commission for Adoption Settlement Agreement, April 14, 2020, Exhibit 1 (Settlement Agreement) at 4.

⁵⁹ *Id.* at 5.

⁶⁰ D.15-00-009 at 12.

⁶¹ *Id.* at 2.

⁶² *Id.*

5. Categorization and Evidentiary Hearing

The Commission determined that this is an adjudicatory proceeding and hearings might be required. Given the filing of the joint Proposed Settlement, we find that no hearings are needed to resolve this proceeding. No hearings have been held.

6. Assignment of Proceeding

Liane M. Randolph is the assigned Commissioner and Zhen Zhang is the assigned Administrative Law Judge.

Findings of Fact

1. The failures in the network of Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. caused customers to experience voice outages or interruptions between April 1, 2016 and July 31, 2016.
2. Between April 1, 2016 and July 31, 2016, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. received numerous out-of-service tickets and customer complaints.
3. Customer complaints were received through the offshore customer service center, but the offshore customer service center could not provide satisfactory support.
4. Files sent to directory assistance vendors did not correctly indicate the address information that should be suppressed.
5. From April 4, 2016 to July 28, 2016, 282,149 customers who had requested suppression of their addresses were included in the directory assistance database only accessible by directory assistance vendors.
6. From April 4 to July 28, 2016, there were 14,289 directory assistance inquiries.

7. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. investigated the disclosure of customer addresses starting on July 1, 2016.

8. Between July 5, 2016 and July 12, 2016, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. distributed 134 printed residential directories with the addresses that should have been suppressed.

9. 111 of the 134 printed residential directories were recovered.

10. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. have mitigated the degree of wrongdoing with transparency and cooperation with the Commission.

11. Frontier Communications Corporation, the holding company of Frontier Communications of America, Inc. and Frontier California, Inc., has more than \$17 billion in outstanding debt.

12. In order to resolve the legal issues raised by Investigation 19-12-009, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. agree to pay \$400,000 to the State of California General Fund within 60 days of the date on which the Commission approves the Proposed Settlement.

13. In order to resolve the legal issues raised by Investigation 19-12-009, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. agree to invest \$2,100,000 in its network over three years.

14. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc., and the Consumer Protection and

Enforcement Division agree to add two terms to the Proposed Settlement to clarify the utilities' duties pursuant to General Order 133-D:

- With each project proposal submitted to the Consumer Protection and Enforcement Division, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will identify how the settlement projects may overlap with the General Order 133-D projects. In providing this information, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide project details at the wire center level and whether these projects are incremental or in addition to other projects that are already underway. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide a copy to Communications Division. If a settlement project does not overlap with the General Order 133-D projects, then Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will attach to the project proposal a certification under oath stating as such.

- Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will monitor two measures (customer trouble report and out of service repair interval) and submit quarterly reports consistent with General Order 133-D metric definitions to Consumer Protection and Enforcement Division for the wire centers identified as impacted by settlement projects. If during the time period of the settlement agreement Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. are required to submit quarterly service quality reports in compliance with General Order 133-D, then the reports will be forwarded to Consumer Protection Enforcement Division to be reviewed in the context of the projects funded by the settlement.

15. The Proposed Settlement is unopposed.

16. No hearing is necessary on the Proposed Settlement or the resolution of Investigation 19-12-009.

Conclusions of Law

1. The Proposed Settlement is an uncontested agreement as defined in Rule 12.1(d) and satisfies the requirements of Rule 12.1(d).

2. Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division have arrived at an agreement that resolves all issues relating to Investigation 19-12-009.

3. The Proposed Settlement is based on the whole record, is consistent with the law, and is in the public interest.

4. The \$400,000 penalty and commitment to invest \$2,100,000 in the network are substantial and appropriate in light of the offense and conduct of Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc.

5. The \$400,000 penalty should act as an effective deterrent to Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc., but should not impact their ability to continue to provide service to their customers.

6. The \$400,000 penalty is reasonable and should be approved.

7. The \$2,100,000 investment in the networks of Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. should be approved.

8. The terms of the Proposed Settlement are consistent with public interest with the addition of the following terms:

- With each project proposal submitted to the Consumer Protection and Enforcement Division, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will identify how the settlement projects may overlap with the General Order 133-D projects. In providing this information, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide project details at the wire center level and whether these projects are incremental or in addition to other projects that are already underway. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide a copy to Communications Division. If a settlement project does not overlap with the General Order 133-D projects, then Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will attach to the project proposal a certification under oath stating as such.

- Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will monitor two measures (customer trouble report and out of service repair interval) and submit quarterly reports consistent with General Order 133-D metric definitions to Consumer Protection and Enforcement Division for the wire centers identified as impacted by settlement projects. If during the time period of the settlement agreement Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. are required to submit quarterly service quality reports in compliance with General Order 133-D, then the reports will be forwarded to Consumer Protection Enforcement Division to be reviewed in the context of the projects funded by the settlement.

9. The Proposed Settlement is reasonable given the record and the Commission's resolution of prior proceedings and should be approved.

10. The factual recitations of the Proposed Settlement support the penalty and the network investment plan.

11. *The Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption of Settlement Agreement* should be granted.

12. All outstanding motions and/or requests other than the motion for adoption of the Settlement Agreement should be denied.

13. The adoption of the Proposed Settlement should not impact any Commission findings, conclusions of law, or ordering paragraphs deemed necessary in the resolution of Application 20-05-010, *Application of Frontier Communications Corporations, Frontier California Inc. (U1002C), Citizens Telecommunications Company of California Inc. (U1024C), Frontier Communications of the Southwest Inc. (U1026C), Frontier Communications Online and Long Distance Inc. (U7167C), Frontier Communications of America, Inc. (U5429C) for Determination that Corporate Restructuring is Exempt from or Compliant with Public Utilities Code Section 854.*

14. This decision should be effective immediately to provide certainty regarding resolution of Investigation 19-12-009.

15. This proceeding should be closed.

O R D E R

IT IS ORDERED that:

1. *The Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption of*

Settlement Agreement, attached to this decision as Appendix A, with the following two additional terms is approved:

- With each project proposal submitted to the Consumer Protection and Enforcement Division, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will identify how the settlement projects may overlap with the General Order 133-D projects. In providing this information, Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide project details at the wire center level and whether these projects are incremental or in addition to other projects that are already underway. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will provide a copy to Communications Division. If a settlement project does not overlap with the General Order 133-D projects, then Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will attach to the project proposal a certification under oath stating as such.

- Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. will monitor two measures (customer trouble report and out of service repair interval) and submit quarterly reports consistent with General Order 133-D metric definitions to Consumer Protection and Enforcement Division for the wire centers identified as impacted by settlement projects. If during the time period of the settlement agreement Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. are required to submit quarterly service quality reports in compliance with General Order 133-D, then the reports will be forwarded to Consumer Protection Enforcement Division to be reviewed in the context of the projects funded by the settlement.

2. The parties must comply with all provisions of the agreement, including the two additional terms.

3. Frontier Communications Corporation, Frontier Communications of America, Inc., and Frontier California, Inc. must pay a \$400,000 penalty to the State of California General Fund, within 60 days of the effective date of this decision. Payment shall be made by check or money order payable to the California Public Utilities Commission and mailed or delivered to the Commission's Fiscal Office at 505 Van Ness Avenue, Room 3000, San Francisco, CA 94102. The check or money order shall state "For deposit to the General Fund per Decision _____."

4. No hearings are needed to resolve this proceeding.

5. All outstanding motions and/or requests other than the motion for adoption of the Proposed Settlement are denied.

6. Investigation 19-12-009 is closed.

This decision is effective immediately.

Dated _____, at San Francisco, California.

APPENDIX A

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Investigation on the Commission's Own Motion into the Operations, Practices, and Conduct of Frontier Communications Corporation, Frontier of America, Inc., (U-5429-C), and Frontier California, Inc., (U-1002-C) to Determine Whether Frontier Violated the Laws, Rules, and Regulations of this State through Service Outages and Interruptions and Disclosing and Publishing Customer Addresses.

I.19-12-009
(Filed December 19, 2019)

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into as of April 3, 2020, by and between Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C), and Frontier California Inc. (U 1002 C) (collectively "Frontier") and the Consumer Protection and Enforcement Division ("CPED") of the California Public Utilities Commission ("Commission") in accordance with Article 12 of the Commission's Rules of Practice and Procedure ("Rules"). Frontier and CPED are identified herein collectively as the "Parties."

RECITALS

WHEREAS, Frontier is an incumbent local exchange carrier subject to the Commission's jurisdiction and the Commission's General Orders (GO), rules, and decisions.

Background Regarding Frontier's Acquisition of Verizon

WHEREAS, on December 9, 2015, the Commission approved Frontier Communications Corporation's application to acquire control of Verizon California Inc. ("Verizon"), an Incumbent Local Exchange Carrier ("ILEC") in various urban, suburban, and rural areas of California.

WHEREAS, the transaction closed on April 1, 2016, and Frontier implemented a “cutover plan” to transition the Verizon customers to Frontier’s service platform.

WHEREAS, Frontier had been planning the transition for more than a year, and the preparations for the cutover involved several teams and extensive testing and “mock data exchanges” to ensure that the transferring Verizon customer data could be received and integrated into the Frontier systems.

OII Scoping Memo Issue 1: Frontier’s Outages and Service Interruption During the Cutover from Verizon to Frontier

WHEREAS, Frontier’s pre-cutover testing did not identify that Frontier’s systems could not process a small percentage of the data within the Verizon network extract until after it was transferred to Frontier’s network.

WHEREAS, as a result of the data issues, some of its Voice over Internet Protocol (“VoIP”) customers provisioned over its fiber (“FiOS”) network experienced voice outages between April 1, 2016 and July 31, 2016.

WHEREAS, these data issues also resulted in customer complaints.

WHEREAS, from April 1, 2016 through July 31, 2016, Frontier received a total of 11,675 out-of-service trouble tickets for voice service, which included 3,650 out-of-service trouble tickets for VoIP service.

WHEREAS, Frontier received complaints through its offshore customer service center that, according to Frontier, could not be quantified because those complaints either were not tracked or contained incomplete information.

WHEREAS, from April 1, 2016 through July 31, 2016, the Commission's Consumer Affairs Branch ("CAB") received a total of 571 customer complaints related to voice service, including non-VoIP voice service.

WHEREAS, the number of trouble tickets and customer complaints decreased beginning in June 2016.

WHEREAS, Frontier failed to meet a GO-133-C¹ minimum standard requirement to repair 90% of all outages within 24 hours from April 1, 2016 to at least December 31, 2016.

OII Scoping Memo Issue 2: Frontier's Failure to Provide 911 Service

WHEREAS, CPED alleges that Frontier's cutover beginning on April 1, 2016 caused widespread outages to new customers acquired from Verizon.

WHEREAS, CPED alleges that these widespread outages denied impacted customers a dial tone and these customers had no access to 911 emergency services.

OII Scoping Memo Issue 3: Frontier's Poor Customer Service During Cutover

WHEREAS, CPED alleges that Frontier customers experienced poor customer support during the cutover even though it had committed to focus on customer service.

WHEREAS, Frontier contracted offshore customer service representatives during the cutover who were unable to provide satisfactory customer service support.

WHEREAS, Frontier discontinued its contract with offshore customer service representatives as of August 1st, 2016.

WHEREAS, CPED alleges that Frontier failed to meet a GO-133-C minimum standard requirement to repair 90% of all outages within 24 hours from April 1, 2016 through at least December 2016.

¹ GO 133-D is the most current version of the General Order as of August 2016.

**OII Scoping Memo Issue 4: Frontier's Disclosure and Publishing of Suppressed Customer
Address Information**

WHEREAS, with the transfer of Verizon's customer directory listing records, the specific data "field" in Verizon's records that indicated that a house/apartment number and street address should be suppressed was not carried over to Frontier's systems for some accounts, and the testing performed prior to the conversion did not detect this issue.

WHEREAS, customers with telephone numbers designated as "non-published" were not impacted; the record issue was limited to addresses that were to be suppressed.

WHEREAS, the directory files Frontier sent to its vendors that provide directory assistance to customers did not correctly indicate that address information should be suppressed.

WHEREAS, 282,149 customers who had requested suppression of their addresses were included in the directory assistance database only accessible by directory assistance vendors for the period of on or about April 4, 2016 through July 28, 2016.

WHEREAS, the suppressed addresses were included in the directory assistance database, but Frontier states that the total number of directory assistance inquiries on all subjects for all California customers from April 4, 2016 through July 28, 2016 was 14,289.

WHEREAS, Frontier states that this number includes directory assistance inquiries for the universe of all Frontier California customers included in the database, which includes records for customers that did not request that their address be suppressed. In addition, these inquiries did not necessarily involve inquiries for customer addresses.

WHEREAS, Frontier states that it promptly investigated and identified instances in which certain customer addresses were made available after Cox Communications reported the issue to Frontier on July 1, 2016.

WHEREAS, Frontier distributed 134 printed residential directories between July 5, 2016 and July 12, 2016. According to Frontier, 111 of the 134 printed residential directories were recovered; 104 were recovered between August 12, 2016 and August 19, 2016 and 7 more were recovered no later than December 1, 2016. Frontier also reprinted the residential directory with the requested address suppressions and redistributed the new directories to the customers that requested them.

WHEREAS, Frontier sent a letter to all potentially affected customers advising them of the potential address disclosure.

Information Exchanged with the Commission Regarding Cutover Issues

WHEREAS, Frontier has proactively and promptly communicated with the Commission regarding both the service outage issues and release of certain customer addresses relating to the directory data transfer issue.

WHEREAS, Frontier also provided the Commission with detailed information relating to the address disclosure issue in its responses to CPED data requests in August and October 2016 and in January 2019.

WHEREAS, Frontier proactively met with CPED staff regarding the allegations in the Staff Report and issues raised by the instant Order Instituting Investigation (“OII”) and responded to questions raised and follow-up data requests seeking additional details relating to the address disclosure and service outage issues.

WHEREAS, Frontier also worked collaboratively and engaged in regular communications with CAB to resolve the service outage issues relating to the cutover.

WHEREAS, Frontier further responded to multiple data requests from the Commission concerning the service outage issues.

**Prior Commission Proceedings Regarding Frontier’s Voice Service Outages
During the Cutover**

WHEREAS, the Commission analyzed a range of issues highlighted in customer and carrier complaints, comments at Public Participation Hearings (“PPHs”), Workshop comments, party, and public comments about call completion, dial tone, and 9-1-1 access issues relating to the cutover from Verizon to Frontier in I.14-05-012.

WHEREAS, D.16-12-006 ordered CPED to analyze whether an adjudicatory Order Instituting Investigation shall be brought for any violations of state law or this Commission’s rules, orders, and decisions arising from the outages following the Verizon-Frontier transition in April-May 2016.

WHEREAS, I.19-12-009 reviews whether Frontier violated any provisions of the PU Code, Commission General Orders or decisions, or other applicable California laws, rules, and regulations by subjecting customers to widespread outages and service interruptions. Additionally, the Commission ordered Frontier to show cause why it should not be assessed a \$2.5 million penalty for disclosing and publishing the address of residential customers who had elected to have their addresses suppressed from Frontier’s 411 and directory assistance in 2016.

WHEREAS, D.19-09-042 notes at page 82 that Frontier was “cooperative with CAB in customer inquiries” and that “Frontier was cooperative with this OII and quickly answered our questions.” D.19-09-042 also notes that CPED has complied with the required analysis of D.16-12-006.

WHEREAS, in the Commission’s service quality proceeding, R.11-12-011, the Commission previously directed the preparation of a “network examination report” that would include an analysis of Verizon’s network.

WHEREAS, the network examination report has been completed as part of R.11-12-001.

Frontier's Current Financial Condition

WHEREAS, Frontier contends that it is facing significant financial challenges and its business operations have been impacted by decreasing revenues associated with customer migration from landline telephone services, increasing network investment demands, and high levels of debt.

WHEREAS, Frontier's holding company, Frontier Communications Corporation, contends that it has experienced substantial losses and has more than \$17 billion in outstanding debt.

Relevant Background/Procedural History Re: Current OII

WHEREAS, on October 15, 2019, CPED staff issued a Staff Report regarding the results of CPED's investigation of Frontier voice service outages and release of customer addresses relating to the cutover.

WHEREAS, the Staff Report references various data request responses from Frontier and relies on the transcripts from the workshops rural call completion proceeding.

WHEREAS, the Staff Report alleges that the cutover caused Frontier customers to experience service outages and poor customer support from April to June 2016 and that during the same period, Frontier "published" address records that were designated as blocked from publication in online and printed directories without authorization.

WHEREAS, on December 20, 2019, the Commission issued an OII and ordered Frontier to show cause why it should not be assessed a \$2.5 million penalty for disclosing the addresses of customers who had elected to have their addresses suppressed from Frontier's 411 directory assistance and printed and online directories.

WHEREAS, the OII proposed to include the following issues within the scope of investigation: (1) Were Frontier's widespread outages and service interruptions during its transition in violation of PU Code §§ 451 and 2896(b)?; (2) Was Frontier's failure to provide 911 services a violation of PU Code § 2883(a)(2)(b), or any other applicable laws, rules, or regulations?; (3) Was Frontier's poor customer service during the conversion a violation of PU Code § 2896(c)?; (4) Should the Commission impose a penalty of \$2.5 million on Frontier for violating Article I, § 1 of the California Constitution and PU Code § 451 because it disclosed and published suppressed customer addresses without first obtaining customer authorization in 2016?; and (5) What penalties, in the form of fines and remedies, should be imposed for any proven violation(s) found above pursuant to PU Code §§ 761, 2101, 2107, 2108, and 2111?

WHEREAS, on February 28, 2020, Frontier filed a written response to the OII.

WHEREAS, a Pre-Hearing Conference ("PHC") in this proceeding took place on March 3, 2020.

WHEREAS, no other persons or entities requested to become parties to this proceeding at the PHC.

WHEREAS, the Parties have engaged in substantive settlement discussions that have led to the execution of this agreement.

WHEREAS, on March 10, 2020, the Parties held a noticed all-party formal settlement conference in compliance with Rule 12.1(b).

WHEREAS, Frontier and CPED have arrived at an agreement resolving all issues relating to and arising from this OII that is reasonable based on the whole record, is consistent with the law of the State of California and is in the public interest.

AGREEMENT

NOW THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree and stipulate as follows:

1. **Cooperation**: The Parties agree to cooperate and use their best efforts to promptly file a joint Motion for Approval of Settlement with the Commission. The Parties shall actively support prompt approval of the Agreement, including briefing, comments on any proposed decision, appearances, and other means as may be needed to obtain approval of the Commission.

2. **Compromise**: This Agreement is entered into in full compromise of any disputed claims, allegations, or outstanding issues raised between or among parties. No action taken by either Party in connection with this Agreement shall be deemed or construed to be (i) an admission of the truth or falsity of any claims or proposals made by the other party or (ii) a waiver of any objection or claim in any pleading. The Parties further agree that by entering into this Agreement, Frontier does not admit to any violations of law. Neither this Agreement nor any payment of money or other actions taken pursuant to this Agreement shall constitute or be deemed an admission of liability or guilt on the part of any Party.

3. **Network Investments**: Over a period of three (3) years, Frontier will invest \$2,100,000 in its network and will report to CPED about its compliance on a quarterly basis. Frontier's investments shall be designed to improve service quality, service reliability, and network resiliency in its California service territory. Frontier's investment shall be focused in areas of need across the state. Areas of need include projects in the Humboldt, Inyo, Kern, Lassen, Merced, Mendocino, San Bernardino, and Tulare Counties, as well as at the Paynes Creek and Walnut exchanges. Frontier may invest in other areas of need mutually agreed upon between the Parties. If the Parties are unable to reach agreement, they will file a motion with the

Commission to resolve the Parties' dispute. In keeping with GO-133-D requirements, Frontier's quarterly reports to CPED shall be in writing and shall identify all projects related to this settlement, the anticipated start and completion dates, the estimated and actual costs of each project, and the reasons for subsequent changes to a project, if any.

4. **Corrective Measures and Payment to the California General Fund:** The Parties agree that Frontier was proactive in self-reporting the incidents discussed above to the Commission. The Parties also agree that the subsequent corrective measures that have been implemented appear to be reasonable in light of the information available and given the knowledge Parties have at this time. Frontier agrees to pay to the State of California General Fund \$400,000, transmitted to the Commission, within 60 days of the date on which the Commission approves this Agreement.

5. **Releases:** Upon the Commission's adoption of this Agreement, each of the Parties hereto fully, finally, and forever releases, waives, and discharges the other Parties and their respective representatives, agents, officers and directors, heirs, subsidiaries, affiliates, successors, and assigns of any claims that were raised or could have been raised as part of I.19-12-009 or on the facts relating to or giving rise to that proceeding, including potential claims, penalties, enforcement actions or investigations pertaining to the allegations in the OII and events related to Frontier's transition of services and customers from Verizon. For purposes of the OII, upon the Closing, the Parties waive the right to any further hearing, administrative law judge ruling, Commission decision, and other briefs, and all further and other proceedings to which the Parties may be entitled under the California Public Utilities Code and Commission regulations and rules. In furtherance of such intention, the Parties agree that releases contained in this Agreement will remain in effect and will be fully binding notwithstanding the discovery or existence of any

additional or different facts, provided, however, nothing in this Agreement shall be deemed to release the Parties from any obligation under this Agreement.

6. **Jurisdiction**: The Commission shall have exclusive jurisdiction over any issues related to this Settlement Agreement and no other court, regulatory agency or other governing body will have jurisdiction over any issue related to the interpretation of this Settlement Agreement, or the rights of the Parties in this Settlement Agreement, with the exception of any court that may now or in the future, by statute or otherwise, have jurisdiction to review Commission decisions.

7. **Acknowledgment of Release and Waiver of Section 1542**: The Parties agree that upon the Commission's adoption of this Agreement, this Agreement will forever bar every claim, demand, and cause of action arising out of Frontier's transition of services described in the OII, or related to that proceeding, that may be brought by each of the Parties, as applicable. Each Party expressly waives all rights or benefits which it now has, or in the future may have, under Section 1542 of the California Civil Code, and any law or common law principle of similar effect. Section 1542 of the California Civil Code states as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

The Parties hereby acknowledge that they are aware that they may hereafter discover facts in addition to or different from those which they now know or believe to exist with respect to the matters covered by this Agreement. The Parties also acknowledge that such different or additional facts, if they exist, may have given rise to causes of action, claims, demands, controversies, damages, costs, and expenses which are presently unknown, unanticipated, and unsuspected. The Parties further agree, represent, and warrant that the releases contained herein

have been negotiated and agreed upon in light of that realization, and that it is their intention through this Agreement, and with the advice of counsel, fully, finally, and forever to settle and release to the fullest extent permitted by law any and all existing claims, causes of action, disputes, and differences, that were raised or could have been raised, arising out of or related to the OII which exists, as of the Execution Date of this Agreement. In furtherance of such intention, the Parties agree that the releases contained in this Agreement will remain in effect and will be fully binding notwithstanding the discovery or existence of any additional or different facts; provided, however, nothing in this Agreement shall be deemed to release the Parties from any obligation under this Agreement.

8. **Warranties**: By entering into this Agreement, the Parties will resolve the OII, along with any other matters, claims, or actions related to the OII which are known to exist by the CPED, whether filed or unfiled. No further litigation with respect to the OII, or arising out of or related to Frontier's transition of services or the OII, will be continued by any Party in any forum, except to enforce the terms of this Agreement, if necessary. CPED represents and warrants that as of the Execution Date there are no existing claims, causes of action, or issues, arising out of Frontier's transition of services or related to the OII, that have accrued but have not yet been disclosed, pertaining to Frontier's 2016 outages, customer service issues, and release of suppressed customer addresses. To the extent that any such claims, causes of action, or issues have accrued and are known but not disclosed as of the Execution Date, by CPED, they will be waived with prejudice.

9. **Voluntary Agreement; No Construction Against Drafter**: Each Party hereby represents and agrees that this Agreement is freely and voluntarily executed. Each Party further represents that this Agreement has been negotiated and they have had the opportunity to consult

with legal counsel prior to signing this Agreement. Accordingly, the Parties agree that any legal or equitable principles that might require the construction of this Agreement or any of its provisions against the party responsible for drafting this Agreement will not apply in any construction or interpretation of this Agreement.

10. **Jointly Prepared:** This Settlement Agreement was jointly prepared by the Parties and any uncertainty or ambiguity existing in the document will not be interpreted against any party on the basis that such party drafted or prepared the Settlement Agreement.

11. **Counterparts:** This Agreement may be executed in one or more counterparts, all of which taken together will constitute one and the same instrument.

12. **Other People Bound by this Agreement:** The rights conferred and obligations imposed on any Party by this Agreement shall inure to the benefit of or be binding on that Party's representatives, agents, officers, directors, shareholders, heirs, subsidiaries, affiliates, successors, or assigns as if those people or entities were themselves parties to the Agreement.

13. **Authorization:** Each Party represents and warrants that it has the necessary power and authority, and has been duly authorized, to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby.

14. **Governing Law:** This Agreement shall be construed and enforced in accordance with, and the rights of the Parties shall be governed by, the laws of the State of California.

15. **Entire Agreement:** This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement may be pleaded as a complete defense to, and may form the basis for an injunction against, any action, suit or other legal proceeding which may be initiated, prosecuted, or

attempted in breach of this Agreement that arises out of Frontier's transition of voice services or is related to the OII.

16. **Severability/Commission Modification of the Agreement:** No individual term of this Agreement is agreed to by any Party except in consideration of the Parties' assent to all other terms. Thus, the Agreement is indivisible, and no term is severable. Any Party may withdraw from this Agreement if the Commission modifies or fails to approve the Agreement, and the Agreement shall not thereafter be admissible in evidence or in any way described in any proceeding. But the Parties agree to negotiate in good faith regarding any Commission-ordered changes in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if those negotiations fail.


The provisions of this Settlement Agreement shall not be construed as or deemed to be a precedent by any party or the Commission with respect to any issue, principle, or interpretation or application of law and regulations, for any purpose or in connection with any proceeding before a court of law or any state or federal government regulatory body.

17. **Alternative Dispute Resolution:** Should any dispute arise between the Parties concerning the meaning of this Agreement or the Parties' compliance with it, the Parties will try in good faith to mediate the dispute using a mediator selected by the Commission's Alternative Dispute Resolution panel. Should good faith mediation fail to resolve the dispute, the Parties may then exercise any other remedies they might have.

18. Accepted to and agreed as of the Execution Date.

CONSUMER PROTECTION AND
ENFORCEMENT DIVISION

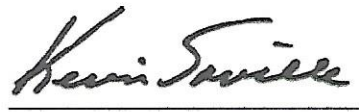
Dated: 4-3-2020

By: 

Jeanette Lo
Branch Chief, Utilities Enforcement Branch

FRONTIER COMMUNICATIONS
CORPORATION; FRONTIER
COMMUNICATIONS OF AMERICA, INC., AND
FRONTIER CALIFORNIA INC.

Dated: April 3, 2020

By: 

Kevin Saville
Senior Vice President and General Counsel

(END OF APPENDIX A)

APPENDIX B

APPENDIX B
Appearances

Sarah J. Banola

Attorney

COOPER, WHITE & COOPER, LLP

201 CALIFORNIA STREET, 17TH F.

SAN FRANCISCO CA 94111

(415) 433-1900

sbanola@cwclaw.com

For: Frontier Communications Corporation, Frontier Communications of
America, Inc., Frontier California Inc

Michelle Schaefer

Legal Division

RM. 4107

505 Van Ness Avenue

San Francisco CA 94102 3298

(415) 703-2722

mis@cpuc.ca.gov

For: CPED

(END OF APPENDIX B)