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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Verizon Communications Inc., Frontier Communications Parent, Inc., Frontier California Inc., Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., Frontier Communications Online and Long Distance Inc., and Frontier Communications of America, Inc. for Approval of the Transfer of Control of Frontier California Inc. (U-1002C), Citizens Telecommunications Company of California (U-1024C), Frontier Communications of the Southwest Inc. (U-1026C), Frontier Communications Online and Long Distance Inc. (U-7167C), and Frontier Communications of America, Inc. (U-5429C), to Verizon Communications Inc. Pursuant to California Public Utilities Code Section 854.

Application 24-10-006
(ACR)

ASSIGNED COMMISSIONER'S RULING REQUIRING ADDITIONAL TESTIMONY

This ruling requires the Joint Applicants¹ serve a Third Supplemental Testimony in response to this ruling within seven days of the date of this ruling.

¹ The Joint Applicants are: Verizon Communications Inc. (Verizon), Frontier Communications Parent, Inc. (Frontier Parent), and Frontier's California operating subsidiaries (Frontier

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1. Background

On May 29, 2025, I issued an Assigned Commissioner's Amended Scoping Memo and Ruling (Amended Scoping Memo) that, among other matters:

- Required the Joint Applicants to submit Second Supplemental Testimony that responded to additional questions; and
- Allowed intervenors to submit responses to the Second Supplemental Testimony.

The Joint Applicants served Second Supplemental Testimony on June 18, 2025.² Center for Accessible Technology served testimony in response to the Second Supplemental Testimony on June 27, 2025. California Emerging Technology Fund and the Public Advocates Office at the California Public Utilities Commission served testimony in Response to the Second Supplemental Testimony on June 30, 2025.

2. Discussion

Question 7 of the Amended Scoping Memo and Ruling asks Joint Applicants to identify any assertions made in its General Order (GO) 156 Annual Reports, en banc hearings (Supplier Diversity En Banc hearings),³ and

California Inc., Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., Frontier Communications Online and Long Distance Inc., and Frontier Communications of America, Inc.).

² Second Supplemental Testimony of Rudolph M. Reyes on Behalf of Verizon Communications Inc., June 18, 2025 (Verizon Second Supplemental Testimony).

and

Second Supplemental Testimony of Allison M. Ellis on Behalf of Frontier Communications Parent, Inc., Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California Inc. (U 1024 C), Frontier Communications of the Southwest Inc. (U 1026 C), Frontier Communications Online and Long Distance Inc. (U 7167 C), And Frontier Communications of America, Inc. (U 5429 C), June 18, 2025.

³ Every year, the Commission holds an Annual GO-156 Supplier Diversity En Banc hearing, for leaders of California's investor-owned utilities to discuss their supplier diversity programs and
Footnote continued on next page.

Rulemaking (R.) 21-03-010 that it no longer supports. In response, Applicant Verizon, through its representative Mr. Reyes, states:

This is a temporally and substantively broad question. It would be infeasible for Verizon to identify and parse every assertion it has made on these issues. Verizon retains its longstanding commitment to promoting opportunity for all qualified entities and individuals throughout its supply chain, and that has not changed. But the policies that Verizon employs to meet those principles inevitably change over time. Policies from twenty or even five years ago might not meet the realities of this moment.

The primary relevant change Verizon stated in its Letter to the [Federal Communications Commission (FCC)] is that it will no longer set quantitative goals for diverse spend or require that its suppliers meet quantitative goals for diverse spend. Additionally, Verizon stated that it has removed the supplier diversity metric from its management pay plan. Verizon's supplier program and goals will now focus on increasing opportunities for small businesses, reflecting a different approach to promoting inclusion and opportunity.⁴

Joint Applicants largely avoid answering question 7, replying evasively and deficiently. Verizon characterizes the question as “temporally and substantively broad” and asserts that it is “infeasible ... to identify and parse every assertion [Verizon] has made on these issues.” This is not an acceptable response.

Joint Applicants had every opportunity to file a motion to extend time to submit their supplemental testimony. The Ruling directed the Joint Applicants to identify and parse the assertions made in their GO 156 Reports, the Supplier Diversity En Banc hearings, and R.21-03-010. The GO 156 Annual Reports are

contracting opportunities, including their supplier diversity performances and issues hindering their supplier diversity programs progress.

⁴ Verizon Second Supplemental Testimony at 8.

typically 20-30 pages, and the totality of Verizon's participation in the Supplier Diversity En Banc hearings, for example, is a few hours of panel conversation. It appears that Verizon only made three filings in R.21-03-010, totaling 12 pages, and Frontier made a joint filing with Pacific Bell Telephone Company dba AT&T California that totaled nine pages.⁵ This is not a "substantively broad question"; it points Verizon to specific reference material that could be reviewed and parsed timely.

Ultimately, the Joint Applicants refuse to identify a single past assertion that they no longer support. In testimony, Verizon, through its representative Mr. Reyes, minimizes the new policy changes, casting them as a "different approach to promoting inclusion and opportunity," advancing the same longstanding commitments. Elsewhere in his testimony, Mr. Reyes insists "the commitments that Verizon made to the Federal Communications Commission... are consistent with California law and GO 156, and Verizon will continue to comply with the law and that order."⁶

These claims raise fundamental questions about the consistency of Joint Applicants' position in this proceeding and the position they have simultaneously taken at the FCC – where Verizon said: "[Verizon] recognizes that some [Diversity, Equity and Inclusion (DEI)] policies and practices could be associated with discrimination [and is therefore] ending its DEI related policies...not in name or in the way they are described, but in substance."⁷ In

⁵ For clarity, if a trade association or other entity filed on behalf of the Joint Applicants in that rulemaking, Joint Applicants must review representations made on their behalf, and identify whether they continue to stand behind those representations.

⁶ Verizon Second Supplemental Testimony at 2.

⁷ Verizon FCC Letter at 1.

particular, Verizon’s commitment to “no longer set quantitative goals for diverse spend” raises what may be a direct conflict with Public Utilities Code (Pub. Util. Code) Section 8283.⁸ This ruling direct Verizon to explain how the Commission to understand the commitments made to the FCC, except as a complete disavowal of Verizon’s former DEI policies, including its GO 156 compliance.

The Commission’s ability to conduct a thorough public interest analysis under Pub. Util. Code Section 854 depends on having a complete and accurate factual record. Joint Applicants’ willful failure to respond to the amended scoping memo makes it difficult a to reach a decision regarding whether this transaction is in the public interest. California’s supplier diversity requirements under GO 156 and Pub. Util. Code Sections 8281-8290.2 are themselves public interest policies that this Commission is charged with overseeing. Verizon’s characterization of these significant policy changes – “ending these DEI policies ... not in name or in the way they are described, but in substance” – as merely a “different approach” that maintains “longstanding commitments” raises major questions about the candor of the Joint Applicants, either before this Commission, before the FCC, or both.

This Commission does not tolerate false statements and reminds Joint Applicants and their representatives of their obligation under Rule 1.1. of the

⁸ “The commission shall require each ... wireless telecommunications service provider ... and telephone corporation with gross annual California revenues exceeding twenty-five million dollars (\$25,000,000), and their commission-regulated subsidiaries and affiliates, to submit annually a detailed and verifiable plan for increasing procurement from women, minority, disabled veteran, and LGBT business enterprises in all categories, including, but not limited to, renewable energy, energy storage system, wireless telecommunications, broadband, smart grid, vegetation management, and rail projects.... These annual plans shall include short- and long-term goals and timetables....”

Commission, " ...never to mislead the Commission or its staff by an artifice or false statement of fact or law."⁹ And Joint Applicants are further reminded that an omission can be misleading. If Joint Applicants provide testimony that is inconsistent with their obligations under Rule 1.1, the Commission will consider appropriate sanctions.

I would like to avoid that outcome and any further procedural delay it would entail, so I will provide a final opportunity for the Joint Applicants to supplement and complete their deficient June 18, 2025, testimony in response to the Amended Scoping Memo, including to fully respond to Question 7. The Joint Applicants shall identify any statements in the reference material that they no longer support from the last eight years of GO 156 Annual Reports and Supplier Diversity En Banc hearings.

In the interest of expedient record development, I offer the following examples of statements made by the Joint Applicants that appear to conflict with the commitments the Joint Applicants made to the FCC. The Joint Applicants are directed to clarify with their supplemental testimony whether they continue to stand behind these statements, and all others made in the reports and Supplier Diversity En Banc hearings identified above. These examples are not exhaustive, and the Joint Applicants are expected to conduct exhaustive review of the material referenced in this order. If the Joint Applicants need to modify or strike these or other statements, they should provide redlines and any explanation of those redlines with their supplemental testimony.

Example Statements

- "Verizon's supplier diversity program aims to foster diverse supplier capabilities that helps us create the

⁹ California Public Utilities Commission Rules of Practice and Procedure, Rule 1.1.

networks that move the world forward. A diverse supply chain enables us to deliver supply chain solutions that create great customer experiences. We know that accelerating diverse business development contributes to the prosperity of present and future supplier communities, fuels business growth and prioritizes economic parity.”¹⁰

- “Providing the best service on the best network means working with a diverse set of suppliers. Verizon is committed to supplier diversity and economic inclusion because it ensures our customers have access to superior service and experiences. A diverse and inclusive supply chain is not only the right thing to do, it’s smart business.” Hans Vestberg, Chairman & CEO Verizon.¹¹
- “Verizon recognizes that supplier diversity is more than a social commitment, it is a key driver of innovation and economic performance and we pledge our support and collaborate with community partners that drive diverse business development and growth.”¹²
- “Diverse suppliers deliver broad perspectives and experiences and through their innovation, can offer us high quality products and services as well as cost effective solutions.”¹³
- “Fostering an inclusive and equitable supply chain starts at the top. Verizon's Board understands that diverse business growth contributes to the prosperity of present and future supplier communities and has approved Verizon's short-term incentive plans for management employees with a performance measure related to supplier diversity for well over a decade.”¹⁴

¹⁰ Verizon 2022 General Order 156 Compliance Filing at 3.

¹¹ Verizon 2022 General Order 156 Compliance Filing at 4.

¹² Verizon 2023 General Order 156 Compliance Filing at 5-6.

¹³ Verizon 2020 General Order 156 Compliance Filing at 3.

¹⁴ Verizon 2023 GO 156 Compliance Filing at 3.

- “Even to the detriment of some in the media who criticize us, [we have] a very strong commitment to diversity and inclusion.... When I talk about diversity, I’m speaking much more broadly than supplier diversity, I’m talking about employee diversity, just under 60% of our employees are women or people of color, board of directors 6/10 of our members are women or people of color. Our customers in our communities, we serve all of our customers and communities and strive to have very strong digital equity and inclusion.... Last year we spent \$5.7 billion on supplier diversity...over a ten year period that’s \$50 billion, as in b, dollars on supplier diversity.”¹⁵

3. Additional Information Required

The Third Supplemental Testimony shall include a response to Amended Scoping Memo question 7:

1. Verification that the Joint Applicants completely reviewed the last eight years of General Order (GO) 156 reports and filings and Supplier Diversity En Banc hearings;
2. The Joint Applicants’ identification of any statements made in the above pleadings and hearings which are no longer consistent with their corporate policies and practices.
3. Any supplemental information necessary to satisfy the Joint Applicants’ ethical duties under Rule 1.1 to provide complete and truthful testimony to the Commission, including their complete candor in response to the Amended Scoping Memo.

¹⁵ Rudy Reyes speaking at the California Public Utilities Commission’s 2021 Supplier Diversity En Banc. Video at https://www.adminmonitor.com/ca/cpuc/en_banc/20211014/, at 2:16-2:19.

