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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 1002 C), Citizens Telecommunications Company of California (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), to Verizon Communications Inc. Pursuant to California Public Utilities Code Section 854	A. 24-10-006

JOINT APPLICANTS' POST-HEARING OPENING BRIEF AND COMMENTS ADDRESSING SETTLEMENT AGREEMENTS

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October 10, 2025

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SUMMARY OF JOINT APPLICANTS' RECOMMENDATIONS

Pursuant to Rule 13.12 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Verizon Communications Inc. ("Verizon"), Frontier Communications Parent, Inc. ("Frontier"), and Frontier's California local exchange and long distance subsidiaries, Frontier California (U 1002 C), CTC California (U 1024 C), Frontier Southwest (U 1026 C), Frontier LD (U 7167 C), and Frontier America (U 5429 C) (Frontier California, CTC California, Frontier Southwest, Frontier LD, and Frontier America, collectively, the "California Operating Subsidiaries,") respectfully recommend that the Commission approve the Joint Application ("A.") 24-10-006 for approval of the indirect transfer of control of Frontier's California Operating Subsidiaries to Verizon. Joint Applicants also respectfully request that the Commission promptly approve without modification the Rule 12.1 Joint Motions for adoption of settlement agreements between Verizon and the Public Advocates Office, California Emerging Technology Fund, and Communications Workers of America, District 9.

**BEFORE THE PUBLIC UTILITIES COMMISSION
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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 1002 C), Citizens Telecommunications Company of California (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), to Verizon Communications Inc. Pursuant to California Public Utilities Code Section 854	A. 24-10-006

**JOINT APPLICANTS' POST-HEARING OPENING BRIEF
AND COMMENTS ADDRESSING SETTLEMENT AGREEMENTS**

Pursuant to Rule 13.12 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure ("Rules"), and in accordance with the assigned Administrative Law Judge's ("ALJ") September 18, 2025 Ruling modifying the procedural schedule, Verizon Communications Inc. ("Verizon") and Frontier Communications Parent, Inc. ("Frontier Parent") with its wholly-owned California subsidiaries[1] (together, "Frontier," and with Verizon, the "Joint Applicants") hereby submit this opening brief, which also encompasses comments on the three settlement agreements submitted between Verizon and the Public Advocates Office ("Cal Advocates"), the California Emerging Technology Fund ("CETF"), and the Communications Workers of America, District 9 ("CWA").

I. EXECUTIVE SUMMARY

Verizon's acquisition of Frontier's California Operating Subsidiaries (the "Transaction") is demonstrably beneficial to the public and more than satisfies Public Utilities Code Section 854's standards. No Intervenor seriously contends that the public interest would be better served by rejecting

[1] The California entities to be transferred include Frontier's California ILEC subsidiaries Frontier California, CTC California, and Frontier Southwest (collectively, the "Frontier California ILECs") and its long-distance or "interexchange" ("IXC") subsidiaries Frontier LD and Frontier America (together, the "Frontier California IXCs"). Frontier America also holds a Competitive Local Exchange Carrier ("CLEC") certificate, but it is principally an IXC and a provider of non-regulated services. Both IXCs also have operations in several other states. Collectively, these companies are referred to as the "California Operating Subsidiaries."

this Transaction. The three Intervenor settlements address any issues of concern and enhance these substantial public benefits, significantly narrowing the disputes and paving the way for prompt approval.

This Transaction, together with the settlement commitments, will bring significant fiber and wireless deployment investment to California; strengthen the financial condition of Frontier's subsidiaries; give California consumers a broader and better array of bundled services; enhance efficiencies; provide more affordable service options for Californians, including Verizon Forward; and facilitate network improvements and superior service quality. Frontier's regulated services will remain under Commission jurisdiction, and Verizon explicitly commits to fulfilling Frontier's regulatory, Carrier of Last Resort ("COLR"), and funding obligations.

The Transaction will have no adverse effect on competition and no negative consequences for customers, employees, shareholders, or the public. On Diversity, Equity, and Inclusion ("DEI") issues, Verizon's commitments in the settlements reflect a responsible, balanced, and thoughtful response to the changing regulatory and policy environment. No mitigation measures are necessary or justified, beyond the substantial commitments Verizon already made in the settlements and the additional voluntary commitments regarding workforce development and inclusive culture detailed in Appendix B. Indeed, imposing any such measures as approval conditions would be inconsistent with Commission precedent and raise jurisdictional and constitutional concerns. The Commission should expeditiously approve the Joint Application so that consumers and communities in Frontier's service territory can begin to reap the many benefits Joint Applicants have amply demonstrated.

II. BACKGROUND

A. The Transaction and This Proceeding

On October 18, 2024, Joint Applicants sought Commission approval of the proposed parent-level transaction whereby Verizon will acquire 100 percent ownership of Frontier pursuant to an Agreement and Plan of Merger dated September 4, 2024. Frontier's California Operating Subsidiaries will become wholly-owned indirect subsidiaries of Verizon, one of the world's leading providers of communications, technology, information, and entertainment products and services to consumers, businesses, and government entities.[2] A new subsidiary of Verizon created for the purpose of the Transaction will be merged into Frontier Parent, with the latter corporation surviving, so that the Transaction does not involve the transfer of Frontier's assets and the California Operating Subsidiaries will continue as separate legal entities and indirect, wholly owned subsidiaries of Verizon.[3]

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[2] Exh. JA 6 (Verizon Panel Opening Testimony) at 4.

[3] Exh. JA 6 (Verizon Panel Opening Testimony) at 5-6; *see also Assigned Commissioner's Ruling Denying Motion to Amend Scoping Memo*, A.24-10-006 at 6 (Apr. 16, 2025) (declining to use the Commission's authority

Several entities (collectively, the "Intervenors") were granted party status and have participated in the proceeding: CETF; The Utility Reform Network ("TURN"); the Center for Accessible Technology ("CforAT"); Access Humboldt; Cal Advocates; CWA; and the Santa Ynez Band of Chumash Indians ("Chumash Tribe"). The Assigned Commissioner's January 13, 2025 Scoping Memo established the original scope and schedule for this proceeding. On April 16, 2025, the Assigned Commissioner denied a motion by Cal Advocates, TURN, and CforAT to add issues to the proceeding. The parties exchanged pre-filed testimony, and on May 29, 2025, the Assigned Commissioner issued an Amended Scoping Memo and Ruling that added Issue 7,[4] required second supplemental testimony and responses, and amended the schedule. On July 23, 2025, the Assigned Commissioner required Joint Applicants to file and serve additional information on Issue 7 as third supplemental testimony.

On March 28, 2025, the ALJ issued a ruling noticing Public Participation Hearings ("PPH"), which were held from May 29 through July 15, 2025.[5] In total, the Commission held 16 PPHs, which covered a wide variety of topics and spanned approximately eight days. Over 120 persons provided comments, the vast majority of which supported the Commission's approval of the Transaction.[6] At the Long Beach PPH, for example, a significant number of speakers from business associations, chambers of commerce, and local community based organizations spoke in strong support, citing Verizon's superior track record, financial resources, and commitment to community investment.[7] Separately, the PPH ruling required Joint Applicants to notify 179 tribes of the PPHs and offer informational sessions. Joint Applicants complied with the notice requirements and held informational sessions with the Morongo Band of Mission Indians and the Santa Ynez Band of Chumash Indians, the only two tribes requesting a briefing. Interested persons were also provided the opportunity to file informal comments in

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to review this transaction under Section 854(b)(2)).

[4] Issue 7 relates to a May 15, 2025 letter from Verizon to the Federal Communications Commission ("FCC") regarding its DEI practices in connection with the FCC's approval of Verizon's acquisition of Frontier at the national level. *See* Exh. JA 11 (Reyes Second Supplemental Testimony) at Exhibit 1 – Letter from Vandana Venkatesh, Executive Vice President and Chief Legal Officer, Verizon, to Hon. Brendan Carr, Chairman, FCC (filed May 15, 2025) ("Verizon Letter to the FCC").

[5] Twelve in-person PPHs were held in Palm Desert, Santa Barbara, Sacramento, Eureka, Susanville, and Long Beach and four PPHs were held virtually.

[6] Indeed, only 18 commenters opposed approval. Common themes of support included Verizon's ability to bring a more modern, reliable, and high-performing network; expand affordable internet options through programs like Verizon Forward; increase competition and better value for consumers; and support small businesses and local economies.

[7] At the Sacramento hearings, many speakers from chambers of commerce and business leadership groups also spoke in strong support of the acquisition, citing Verizon's financial stability, technological expertise, and history of community partnership. *See generally* Reporter's Tr., Public Participation Hearing, Vol. 7 at 307-386 (July 7, 2025).

the docket.[8]

During the proceeding, Joint Applicants responded to over 1,000 data requests from Intervenors, including subparts, in addition to responses provided to questions posed by the ALJ[9] or data requests from the Communications Division. Evidentiary hearings occurred September 9 and 10, 2025, with live cross-examination of witnesses who submitted pre-filed testimony. Hearing time was substantially shortened by the settlements and parties' diligent efforts to limit their scope.

B. Settlements

On September 4, 2025, Verizon filed Rule 12.1 motions requesting that the Commission adopt, without modification, separate settlements with Cal Advocates, CETF, and CWA.[10] These settlements were the product of substantial negotiations and resolve all concerns raised by those parties. Aligning with the Commission's policy promoting settlements,[11] the resulting agreements collectively address all in-scope issues raised in the proceeding, and layer on extensive and enforceable commitments. These commitments will provide immediate and ongoing benefits to California consumers that would not otherwise occur in the absence of Verizon acquiring Frontier. The following is a summary of key settlement terms (by issue).[12] A comprehensive chart detailing the settlement commitments is attached as Appendix A.

1. Robust Fiber and Wireless Infrastructure Deployment in California

Verizon has made substantial commitments to deploy fiber optic and wireless facilities within California as part of the settlements. First, Verizon will build fiber to at least 75,000[13] households within five years, prioritizing census blocks with weighted household income at or below 90% of the county median. Further, following the National Telecommunications and Information Administration's ("NTIA") approval of all Broadband Equity, Access, and Deployment ("BEAD") awards in California, if any BEAD location in Frontier's footprint remains unserved or underserved by an appropriate NTIA-

[8] As of an early October AI analysis, the public comment section of the CPUC's docket had approximately 505 comments, of which the majority support approval.

[9] ALJ required Joint Applicants to respond to 27 questions in supplemental testimony. ALJ's Ruling Requiring Additional Information, A.24-10-006 (Mar. 26, 2025).

[10] *See* Exh. CforAT 4 (Verizon-CWA Settlement Agreement); Exh. CforAT 5 (Verizon-CETF MOU); Exh. CforAT 6 (Verizon-Cal Advocates Settlement Agreement).

[11] *See* D.14-01-038 at 7 ("the Commission's policy favoring settlements and conserving scarce resources, all weigh in favor of the Commission's determination approving the settlement."); *see also* D.09-10-046 at 7 ("The Commission has a history of favoring settlements."); D.14-11-040 at 37 (recognizing the Commission's "long-standing precedents favoring settlements").

[12] Each of the Rule 12.1 motions contains a concise summary of the key commitments as Attachment 2.

[13] The CETF agreement requires Verizon to deploy fiber reaching at least 25,000 households in California within five years, but the Cal Advocates settlement requires 75,000 fiber passings and the higher number takes precedence.

endorsed technology for a period of two years following the Transaction closing, Verizon will prioritize review of these locations in any expansion plan.

Second, to enhance public safety and improve wireless coverage availability and reliability, Verizon commits to deploy 250 new 5G-ready wireless macro cell sites within seven years and will prioritize deployment of these sites as follows: (i) at least 85 sites in California Advanced Services Fund ("CASF") Infrastructure Account Eligible Locations, as identified by the Commission, (ii) 20 sites in areas identified as high-priority in consultations with Regional Broadband Consortia ("RBCs") and Metropolitan Planning Organizations ("MPOs"), and (iii) at least 65 sites in Tier 2 or Tier 3 High Fire Threat Districts ("HFTDs"). Verizon will also upgrade the existing broadband service that supports the Antelope Valley Fair and Events Center within three years of Transaction's closing, to enhance public safety and disaster response efforts. Verizon will honor all Frontier deployment commitments related to BEAD or other federal or state subsidized broadband grants, including but not limited to the CASF, California High Cost Fund, federal High Cost Fund, and any future grants to Frontier from applications submitted prior to Transaction closing.

2. $150 Million Performance Bond, Reporting, and Consultation

To guarantee timely performance of the above deployment commitments, Verizon commits to secure a performance bond (or bonds) totaling $150 million within 90 days after Transaction closing and report annually on its progress toward meeting the deployment commitments. Verizon also agrees to a series of meetings with all Intervenors, RBCs, and MPOs and a schedule of reporting regarding its deployment commitments and projects.

3. Enhancing Affordability for Low-Income Customers

Verizon has made an extensive and powerful set of commitments to benefit low-income Californians over the next decade, including offering its broadband discount program (Verizon Forward) on the terms described below and participating in the Commission's new broadband-only subsidy pilot program for LifeLine. Within six months following the closing date of the Transaction and continuing for a period of *ten years*, Verizon will offer:

- Verizon Forward to eligible customers in California who have access to either fiber Internet (e.g., Verizon Fios) or fixed wireless access ("FWA") and are eligible for the discount under the terms of the program as of the closing date of the Transaction.
- At least one FWA plan and at least one Fios plan eligible for Verizon Forward at a final price of $20 or the lowest price offered in any U.S. State (whichever is lower). As part of this commitment, Verizon will offer a stand-alone fixed wireless broadband product available at $20 under Verizon Forward that delivers approximately 100/20 Mbps or greater, with certain

exceptions. For eligible Fios customers, utilizing Verizon Fios, Verizon will offer a 300/300 Mbps plan at $20 under Verizon Forward.

Verizon will also participate in the fixed broadband-only subsidy pilot under California LifeLine pursuant to D.25-08-050, and any qualifying successor program under California LifeLine of similar design, and offer at least one Fios service and FWA service eligible for its Verizon Forward offering and allow customers to apply the California LifeLine broadband-only subsidy towards their $20 charge. Three years after the launch of a fixed broadband-only subsidy pilot under California LifeLine, Verizon will make commercially reasonable efforts to offer a broadband service that exceeds its current offerings under Fios and FWA while retaining the $20 price point.

In addition, for a period of five years following close of the Transaction, Verizon will:

- Offer Verizon Forward to customers without material diminishment in eligibility criteria or amount of discount on broadband that Verizon offered in California as of closing.
- Apply a discount equivalent to the amount of the federal Lifeline subsidy for Verizon Forward subscribers that do not qualify for the federal Lifeline subsidy.
- Ensure participants in an increased range of programs are eligible for Verizon Forward.[14]
- Allow eligible customers subscribing to bundled voice and Fios services to apply the state LifeLine subsidy (currently $19 for voice services, including those bundled with broadband service) on top of the Verizon Forward discounted rate.
- Honor discounted pricing for existing Frontier customers with legacy status on Frontier Fundamental Internet plans as of the closing date of Transaction.
- Engage in advertising and outreach campaigns with the goal of maximizing the number of contacts and impressions within high eligibility communities.
- Spend at least $300,000 annually (totaling $1.5 million) to make consumers aware of Verizon Forward, state LifeLine, and federal Lifeline in California.

Verizon will provide semi-annual reports to the intervening parties and the Commission detailing participation in its affordability programs and plans to increase the number of California participants in Verizon Forward, California LifeLine, and federal Lifeline. And in furtherance of its ongoing commitment to affordability, Verizon agrees to provide federal Lifeline broadband service over

[14] Verizon Forward provides reduced cost home internet to eligible new or existing customers. Qualifying customers receive a service discount on their Fios, 5G Home, or LTE Home Internet plan price. The program is described in detail in Exh. JA 6 (Verizon Panel Opening Testimony) at 13-15. Under the settlements, at minimum, for ten years following the close of the Transaction, participants in certain programs are eligible for Verizon Forward.

Frontier's fiber facilities in the Frontier operating territories for five years and will rescind any active Frontier opt-out at the FCC that is contrary to that commitment. Verizon will assume Frontier's responsibilities as a full Eligible Telecommunications Carrier ("ETC").

4. Substantial Funding for Digital Inclusion

Verizon will contribute $40 million to CETF post-closing, of which $35 million will fund CETF's core statewide Digital Divide mission, including operation of its Digital Equity Ecosystem supporting community-based organizations and schools, and $5 million is earmarked for grants to community-based organizations and schools consistent with CETF's core mission. CETF will, in turn, assist at least 100,000 unconnected households to subscribe to an affordable home Internet service and provide them with digital literacy training.

5. Robust Measures Relating to Small Business Investment, General Order 156, and Public Utilities Code Section 8290.2

In the settlement with CETF, Verizon agrees to robust measures to develop, invest in, and expand programs such as its Small Business Supplier Accelerator and Small Business Digital Ready programs to advance the economic development of communities across the state. Verizon commits to spend $5 billion nationally with small business suppliers over the next five years, with at least $500 million of that amount dedicated to California small businesses. Additionally, Verizon will provide $1 million to CETF within 90 days of closing to assist in performing outreach and increasing awareness of the Small Business Supplier Accelerator[15] and Small Business Digital Ready programs.[16] Verizon agrees to have a senior-level executive attend the Commission's annual Supplier Diversity *En Banc* hearings for five years after the Transaction closing. In addition, Verizon will meet with CETF annually for four years following the Transaction closing to discuss its General Order ("GO") 156 annual procurement reports and plans. Verizon will broaden its existing outreach to include a greater focus on small business, and will continue to engage with diverse supplier communities as well as other constituencies such as rural and economically disadvantaged communities. Verizon will also work towards setting a minimum percentage commitment on small business supplier spend for contracts with prime suppliers to support Verizon's $5 billion national spend with small business suppliers across 5 years. Verizon will

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[15] Verizon's Small Business Supplier Accelerator program helps create a pipeline for American small businesses to work with Verizon and other large corporations. *See* Exh. JA 11 (Reyes Second Supplemental Testimony) at 12.

[16] Small Business Digital Ready is an externally focused resource platform through which Verizon offers free online courses, tools, coaching, peer networking, and funding opportunities to the small business community. *See* Exh. JA 11 (Reyes Second Supplemental Testimony) at 13-14.

collaborate with CETF on outreach efforts for small businesses to become certified by the Commission's Supplier Clearinghouse.

6. Hiring and Retaining CWA-Represented Employees

In the CWA settlement agreement, Verizon commits to hiring at least 100 full-time CWA-represented employees each year for six years after close of the Transaction, for a total of at least 600 full-time CWA-represented employees. Additionally, for four years after close of the Transaction, Verizon will not involuntarily lay off any CWA-represented employee who was an employee as of close (or hired pursuant to the commitment in the CWA agreement).

7. Network Audit, Plant Maintenance Program, and GO 133 Service Quality Standards

Verizon has also made substantial and concrete commitments to improve service quality in Frontier's copper and fiber networks in California. First, within twelve months of Transaction closing, Verizon will conduct an audit of Frontier's California network and bring its facilities up to Verizon's and the Commission's service quality standards as outlined in GO 133-D. For four years after Transaction closing, Verizon will provide quarterly reports to the Commission and CWA on its compliance with those standards. If, at the end of the forty-eight-months, Verizon is not consistently meeting these standards, it will continue quarterly reports and convene a Service Quality Committee (including, among others, CWA leaders) to review shortcomings and discuss potential solutions.

Second, Verizon will maintain adequate personnel to ensure that it offers safe and reliable service in compliance with all applicable service quality standards. For as long as those facilities are used to provide Commission-regulated service in Frontier territory, Verizon will maintain and repair the copper networks to a standard that is capable of consistently providing reliable voice service. Verizon also commits to maintaining adequate staffing and backup power to ensure the safe and reliable operations of its central offices, including but not limited to, maintaining battery backup power sufficient for at least eight hours in a power failure and backup generators capable of operating at least 24 hours without refueling.[17] At the semi-annual meeting described above, Verizon will provide full and unredacted copies of any existing Frontier Corrective Action Plans ("CAPs"), any new CAPs, and Verizon's progress towards completing the CAPs.

Third, within twelve months of Transaction closing and for a period of three years Verizon will adopt and implement a plant maintenance program for Frontier's network comparable to its National Operations Quality Inspection System through which technicians can submit plant conditions needing

[17] Backup generators can be refueled indefinitely, to the extent that it is necessary and conditions are safe.

additional maintenance. Verizon will perform plant rehabilitation or maintenance to address the reported conditions within 90 days of receiving a submission.

8. Assuming Carrier of Last Resort Responsibilities

Verizon commits with CWA to assume Frontier's responsibility as a COLR in the service territories where it is designated as such. If Verizon is relieved of its COLR obligations, Verizon will offer a voice service over a technology of its choice to customers for a period of twelve months following relief of the COLR obligations.

9. Additional Voluntary Commitments

Verizon will voluntarily undertake additional commitments that further foster workforce development, support key California educational institutions, and promote an inclusive culture for employees. These commitments are detailed in Appendix B to this brief. Verizon will pledge $10 million over five years to fund a workforce development program administered by California State University or another accredited California institution. In conjunction, the company will launch the Verizon Emerging Leader Initiative, which will incorporate a wide range of elements to prepare students for successful careers, including things such as training in technology and retail, executive mentorship, guest lectures, business case competitions, research opportunities, and scholarships. It will also address accessibility barriers by providing technology grants for devices and connectivity, ensuring that students from all communities can participate fully. Verizon will track these investments and report annually on the program's progress as part of its GO 156 filings, ensuring transparency and accountability.

Separately, Verizon will confidentially report aggregated employee survey results from its standard "Pulse" surveys regarding inclusiveness and belonging for four years, and, upon request, provide the Commission supplementary qualitative information through its Employee Resource Groups, which are open to all employees. Collectively, these commitments will expand educational and career opportunities for Californians, strengthen the state's workforce, and ensure that Verizon continues to be an exceptional place to work for all its employees.

III. LEGAL STANDARD

California Public Utilities Code Section 854(a) requires parties proposing to transfer control of a public utility operating in California to obtain Commission approval. A transaction satisfies Section 854(a) if, on balance, it is not adverse to the public interest,[18] a standard the Commission has continued to apply in recent cases.[19] This determination is based on the overall net effects of the transaction,

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[18] D.07-05-061 at 26; *see also* D.07-03-047 at 6.

[19] *See* D.24-08-006 at 18 (the "standard to determine if a transfer of control should be granted under Pub. Util. Code Section 854(a) is whether the transaction would be adverse to the public interest"); D.24-09-037 at 16

balancing both the benefits and any detriments.[20] The Commission has "noted in a number of recent decisions approving transfers of control that, because California 'reaps enormous benefits' from public utility services, it is 'in the public interest to foster a business climate in California that is hospitable to utilities.' Accordingly, we have ruled that § 854(a) transactions 'should be approved absent a compelling reason to the contrary.'"[21]

This Transaction must also satisfy the relevant requirements of Section 854(b)(1) and (3), which require the Commission to consider whether it will provide "short-term and long-term economic benefits to ratepayers" and whether it will "adversely affect competition."[22] Review is also subject to the public interest factors of Section 854(c).[23] In weighing these factors, the Commission "need not find that each criterion is independently satisfied, but it must find that, on balance … [the transaction] is in the public interest."[24] The Amended Scoping Memo also listed the following additional areas of inquiry: (1) environmental and social justice impacts; (2) ensuring Frontier maintains its obligations pursuant to prior Commission decisions; (3) commitments made, including investments in California; and (4) Verizon's DEI commitments.[25]

As detailed below, this Transaction is consistent with the public interest, is beneficial to the public, and should be promptly approved without any conditions exceeding Joint Applicants' extensive voluntary commitments.

IV. THE JOINT APPLICATION SATISFIES THE STANDARDS SET FORTH IN SECTION 854 AND SHOULD BE APPROVED

A. <u>The Proposed Transaction Is Not Adverse to the Public Interest and Satisfies Section 854(a) (Issue 1)</u>

Frontier customers, the economy, and communities in Frontier's California service area will

(approving ILEC transfer of control pursuant to "not adverse to the public interest" standard); D. 24-09-037 at 8 ("Ultimately, the key question … is whether the transaction will be 'adverse to the public interest.'").

[20] *See, e.g.*, D.20-04-008 at 48 (finding the benefits of the T-Mobile/Sprint transaction outweighed its detriments).

[21] D.09-10-056 at 15. *See also* D.04-08-018 at 5; D.04-09-023 at 5-6; D.05-05-014 at 5; D.05-06-012 at 7; D.05-08-006 at 5.

[22] The Assigned Commissioner declined to consider whether the Transaction equitably allocates the total short-term and long-term forecasted economic benefits between shareholders and ratepayers under Section 854(b)(2). *See* A.24-10-006, *Assigned Commissioner's Ruling Denying Motion to Amend Scoping Memo*, at 7 (Apr. 16, 2025).

[23] Section 854(b) applies to transactions where one of the utilities has gross annual California revenues exceeding $500 million, while Section 854(c) applies to transactions where any of the parties to the transaction have gross annual California revenues exceeding $500 million.

[24] D.15-12-005 at 8 (quoting D.00-03-021 at 209).

[25] The Assigned Commissioner concluded that "[r]eview of the proposed transaction pursuant to Pub. Util. Code Section 851 should not be included in scope of this proceeding." Assigned Commissioners' Amended Scoping Memo and Ruling at 5 (May 29, 2025).

immediately benefit from improved service quality, greater investment, and enhanced stability with Verizon as the corporate parent, as compared to continuing alone under Frontier's ownership. Verizon's extensive resources and award-winning industry expertise will strengthen Frontier's financial and competitive position and expand consumer choice. The settlements will enhance these benefits and address the concerns raised in this proceeding, including those of the non-settling parties. By contrast, no party has shown that the Transaction will adversely affect California consumers, reduce competition, or otherwise harm the public interest.[26]

The Transaction benefits demonstrated by Joint Applicants and enhanced by the settlements include, but are not limited to, the following:

Finances. Verizon has the financial qualifications to undertake the Transaction, strengthen Frontier's financial position, and operate the Frontier companies and assets.[27] By contrast, Frontier, due to its debt burden and lack of a wireless service, is at a financial and competitive disadvantage, particularly as compared to cable companies and other less regulated competitors. Without the Transaction, Frontier's debt will prevent it from investing in fiber at the level necessary to compete and meet the needs of its customers, and will likely require Frontier to increase rates.[28]

Network Investments. The Transaction will ensure that Frontier can provide the means for additional network investments that would not be possible otherwise.[29] The opportunity to bundle wireless services and offer customers converged wireless and wireline products will also incentivize further deployment. The settlement agreements enhance and build upon these benefits by committing to robust and specific fiber and wireless deployment that will enhance public safety and benefit customers for years to come.

Network Resilience and Service Quality. The Transaction will improve Frontier's networks and service quality. Verizon will conduct an in-depth audit of Frontier's fiber and copper networks and will implement any measures that are necessary to align those networks with Verizon's standards and this Commission's service quality rules. Verizon has agreed to other measures, such as the plant

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[26] Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 7-8.

[27] Exh. JA 6 (Verizon Panel Opening Testimony) at 8 (noting Verizon had a market capitalization of approximately $164 billion, and revenues of approximately $134 billion, and free cash flow of $18.7 billion in 2023).

[28] On behalf of Frontier, Allison Ellis testified that Frontier is "reaching the end of its capacity to continue aggressively investing in service quality improvements and fiber upgrades in its 25-state service territory, including California" and that "[a]bsent a further capital infusion that Verizon's ownership can provide, the financial reality for Frontier is that … network upgrades would be minimal." *See* Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 3.

[29] As Ms. Ellis explains, Frontier does not have funding in place for additional fiber buildouts beyond 2026 other than fiber deployment to fulfill its federal or state subsidized broadband grants. *See id.* at 14.

maintenance program and employee hiring and retention, that increase the resilience of Frontier's networks and improve the quality of service provided to its customers.[30]

Service Availability. The Transaction will make available to Frontier's customers a wide variety of Verizon's award-winning service offerings, including innovative mix and match opportunities for wireless and broadband service bundles that Frontier does not currently offer.[31] The lack of these service offerings places Frontier at a competitive disadvantage today, thus these bundling options will benefit Frontier's customers and enhance Frontier's ability to compete with other larger, better-financed cable providers.[32]

Low-Income Discounts. Verizon's testimony detailed its plans to bring the Verizon Forward discount to Frontier customers.[33] Verizon Forward is an innovative broadband discount for low-income customers that Verizon adopted following the termination of the FCC's Affordable Connectivity Program, a fact that TURN's witness Mr. Brevitz commended.[34] Verizon Forward is now available to Verizon's FWA customers in California. The Transaction will bring Verizon Forward to Frontier fiber Internet customers, providing a discount that Frontier does not offer today. Verizon has made specific commitments regarding Verizon Forward and Lifeline services to enhance affordable offerings and address any concerns raised by the parties (*see* p. 5, *supra*).

Management and Customer Service. Frontier's California customers will also benefit from Verizon's experienced management team and award-winning customer service. Verizon receives top ratings and has won multiple awards for customer satisfaction.[35] Cal Advocates' witness agrees that Verizon "demonstrates better responsiveness" to customer service calls than Frontier.[36]

Employees. The Transaction will provide continuity for Frontier employees, including its technicians. In the CWA settlement Verizon made specific commitments to hire and retain CWA-represented employees.[37]

In contrast to these substantial and unrebutted benefits, the non-settling Intervenors do not

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[30] Exh. CforAT 4 (Verizon-CWA Settlement Agreement) at 1.
[31] Exh. JA 6 (Verizon Panel Opening Testimony) at 16; Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 8.
[32] Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 7.
[33] *Id.* at 13-14.
[34] Exh. TURN 2 (Brevitz Opening Testimony Errata) at 64-65.
[35] Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 39 (Verizon won J.D. Power awards for residential internet service provider customer satisfaction, and Verizon Fios was named to the 2025 Forbes Best Customer Service list, which honors the top 300 companies and brands that customers say best serve their needs across a variety of customer service categories).
[36] *Id.* at 39 (citing Martinez Testimony at 30).
[37] Exh. CforAT 4 (Verizon-CWA Settlement Agreement) at 1-2.

identify any harms that would result from the Transaction. As Frontier's witness Allison Ellis observed, "a simple comparison between the continuation of the status quo and the alternative of Verizon's forward-looking ownership leaves no doubt that this Transaction is beneficial."[38] Simply put, "the choice in this proceeding is between a future where Frontier is challenged with continuing to provide service and invest despite major capital limitations and a robust future where Verizon brings its access to the financial markets, economies of scale, diversified service platform, enhanced product and service portfolio, and extensive resources to bear in setting up Frontier and its customers for success going forward."[39] Given these significant benefits, and no harm, there is ample basis for the Commission to conclude that this Transaction satisfies Section 854(a).

B. The Proposed Transaction, Enhanced by the Settlements, Satisfies the Applicable Section 854(b) Requirements (Issue 2)

1. The Transaction Provides Long-Term and Short-Term Economic Benefits to Ratepayers Consistent with Section 854(b)(1)

Section 854(b)(1) focuses on whether the Transaction will provide "short-term and long-term economic benefits to ratepayers." Ample record evidence shows that it will. In the short-term, ratepayers will benefit immediately from access to Verizon's discounted Verizon Forward plan, expanded LifeLine marketing, and enhanced outreach funding, as well as the increased bundled service options not offered by Frontier today and access to the full range of Verizon service plans, which provide a variety of speed and pricing choices for next-generation services.[40] They will also benefit from access to Verizon's award-winning customer service.[41]

In the longer term, ratepayers will benefit from being served by a stronger, more financially healthy company that will have a greater capacity to invest in networks and services and enhance the competitive market. Under the settlements, California consumers will benefit from the significant commitments to fiber and wireless deployment that will enhance public safety for years after closing. Ratepayers will also benefit from the strong commitments to improve Frontier's quality of service. Additionally, Verizon's partnership with CETF will provide both short- and long-term benefits to communities, workers, and small businesses that are interested in becoming Verizon suppliers.[42]

These short- and long-term economic benefits stand in stark contrast to what is likely to happen

[38] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 5.
[39] *Id.* at 3.
[40] Exh. JA 6 (Verizon Panel Opening Testimony) at 30-33. Mr. Nugent explained that customers will be able to take advantage of these discounts within days or weeks of closing. Hearing Tr. at 648:24-649:9 (Nugent) (and clarification at 649:17-25).
[41] Exh. JA 6 (Verizon Panel Opening Testimony) at 13-14.
[42] Exh. CforAT 5 (Verizon-CETF MOU) at § VIII.A.

to Frontier and its customers without this Transaction. Ms. Ellis explained that Frontier lacks sufficient funding for future network buildouts in California beyond commitments associated with federal or state subsidies or grants,[43] and without this Transaction, Frontier will likely have to increase rates.[44] As explained above (at p. 12), the "but-for" scenario without this Transaction undoubtedly would be worse for Californians. In stark contrast, "the benefits of Verizon's ownership of Frontier are compelling, and include enhanced capital investment, more innovative and expansive service bundles, enhanced resources and expertise, and greater efficiency due to Verizon's economies of scale and diversification."[45]

2. The Transaction Will Not Harm Competition Under Section 854(b)(3)

Ample record evidence also supports the conclusion that, consistent with Section 854(b)(3), the proposed Transaction will not adversely impact competition. Verizon's panel witnesses explained that Verizon and Frontier do not materially compete and have no plans to do so in California. Verizon is not an ILEC anywhere in California, nor does it operate any ILECs in California. Frontier is not a mobile wireless carrier.[46] There are some overlaps of fiber facilities for non-mass-market uses, such as Verizon's deployment of fiber facilities in some portions of Frontier's territory used to support Verizon's wireless network and to serve a small number of enterprise business locations. However, those facilities overlaps are not related to fiber-to-the-premises facilities serving everyday customers, and any such overlap is *de minimis*.[47] Therefore, there is no adverse impact on competition.[48] Verizon's economist Dr. Aron testified that "there are no meaningful concerns that the proposed Transaction would have adverse competitive effects on consumers or businesses in urban/suburban, rural, or tribal areas in California."[49] Even TURN's witness (Mr. Brevitz) conceded that this "may be true …."[50]

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[43] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 16.
[44] *Id.* at 17 (without the Transaction "Frontier would need to aggressively and immediately increase both telephone and broadband service rates to augment its revenues and cash flow for funding debt and other expenditures.")
[45] *Id.* at 66.
[46] Exh. JA 6 (Verizon Panel Opening Testimony) at 24.
[47] *Id.* at 25, 34; Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 46.
[48] Following the Transaction, Verizon will continue to offer fixed wireless in parts of Frontier's territory. Other wireless providers are also aggressively competing with their own fixed wireless options, as discussed by Dr. Aron. The Transaction thus does not pose any threat of competitive harm. Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 46-47.
[49] Exh. JA 8 (Aron Opening Testimony) at 9. TURN's witness Mr. Brevitz shortsightedly assumes that benefits to Verizon from convergence, reduced churn, and enhanced financial strength cannot also be benefits to consumers, but the exact opposite is true. Once Verizon acquires Frontier, the latter's customers will rapidly experience these benefits. In short, the ability to take advantage of convergence benefits Frontier and Verizon only because it benefits the consumers first. *See* Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 9-10.
[50] Exh. TURN 2 (Brevitz Opening Testimony Errata) at 19 (conceding that Dr. Aron's conclusion "may be true as

C. <u>The Proposed Transaction Is in the Public Interest Based on the Balancing of Section 854(c) Factors (Issue 3)</u>

Joint Applicants' testimony and the robust settlement provisions provide ample basis for the Commission to conclude, "on balance," that the Transaction is in the public interest under Section 854(c). That provision does not require the Commission to find that each of the seven criteria is satisfied (although the evidence here shows that they are). Rather, the provision directs the Commission to assess whether the Transaction is, "on balance," in the public interest.[51] It is.

1. The Transaction Will Improve Frontier's Financial Condition (Issue 3(a); Section 854(c)(1))

Section 854(c)(1) asks if the proposed Transaction will maintain or improve the financial condition of the resulting public utility. The answer is clearly yes. As Ms. Ellis explained, "[f]or the most part, Intervenors fail to acknowledge Frontier's weakening financial capabilities and the growing limitations that these difficulties will place on its operations in California."[52] She adds that "financial disparities between Frontier and Verizon are real and considerable, and Verizon is far better suited to maintain and improve the financial stability of Frontier and its California operations."[53]

The undisputed record evidence shows that Frontier is facing serious financial challenges and significant debt arising from its prior expenditures on fiber deployment. This financial strain impairs Frontier's ability to continue fiber deployment in California beyond 2025, except for that associated with its Rural Digital Opportunity Fund ("RDOF"), CASF, Federal Funding Account ("FFA"), BEAD (if any) and other awarded federal or state subsidies or grants.[54] The failure to promptly approve the Transaction would deepen Frontier's financial challenges, delay further fiber deployment in California, and jeopardize the public-interest benefits resulting from the Transaction. Verizon will stabilize and improve Frontier's financial condition, enabling the continued network maintenance and upgrades.[55]

2. The Transaction Will Maintain or Improve Quality of Service (Issue 3(b); Section 854(c)(2))

Section 854(c)(2) considers whether the proposed Transaction will maintain or improve the quality of service to public utility ratepayers in the state. Here, too, the answer is clearly yes. The

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far as it goes").

[51] *See* D.00-03-021 at 124.

[52] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 6.

[53] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 68.

[54] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 8-10, 15; Exh. JA 1 (Ellis Opening) at 9-10; *see also* Exh. CETF 1 (McPeak Opening Testimony) at 5 (acknowledging Frontier's "financial difficulty" and the benefits of "allow[ing] Verizon to purchase Frontier in order to provide financial stability and additional assets to Frontier.").

[55] Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 70-71.

proposed acquisition of Frontier will produce substantial benefits for California consumers by leveraging Verizon's resources and award-winning industry expertise to enhance Frontier's network and expand consumer choices. In the Joint Application, Verizon committed to conduct an assessment of Frontier's copper and fiber networks and to take appropriate and necessary action to ensure that Frontier's entire network, including those portions served by copper facilities, is healthy, and to deploy the resources necessary to ensure that Frontier customers receive quality service consistent with Verizon's standards.[56] The settlements provide more details regarding these actions, committing to an in-depth audit of Frontier's fiber and copper networks within twelve months of closing and to bring them to the Commission's wireline service quality standards pursuant to GO 133-D. These robust commitments are summarized above (at p. 11).

The settlements also directly address Intervenors' interests in ensuring superior service quality.[57] Verizon's commitment to 75,000 new fiber passings will bring new, resilient, and affordable service offerings to California customers.[58] Fiber provides better and more reliable service than copper networks because it is more resilient than copper. Fiber also has energy-saving benefits over legacy copper-based networks, as fiber broadband services are at least 100 times more efficient on a kilowatt hour per gigabyte basis than copper broadband services.[59] To address CWA's concerns, in addition to the network audit and employee hiring and retention commitments, Verizon agreed to establish a plant maintenance program enabling technicians to report issues, provide at least forty-eight months of reporting, and maintain adequate staffing and backup power to ensure it is able to provision safe and reliable service, even in times of emergency.[60]

As Verizon's witnesses explained, Verizon will bring the tools and technologies it uses in its own copper and fiber networks to improve service for Frontier's California networks.[61] Verizon will also bring best-in-class training for its technicians and a more robust pole inspection program, all of which Verizon understands Frontier does not currently implement.[62]

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[56] Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 28.
[57] *See e.g.* Exh. Cal Adv 2 (Opening Testimony of Lucas Duffy) at 10; Testimony of David Brevitz on behalf of TURN, at 67; Exh. CETF 1 (McPeak Opening Testimony) at 9.
[58] As of 2024 Frontier already had fiber available to 2,392,383 locations in California and California represents more than 20% of total fiber locations Frontier deployed since emerging from Chapter 11 bankruptcy, although its ability to continue to deploy fiber is limited. Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 11-12, 14-16.
[59] Exh. JA 6 (Verizon Panel Opening Testimony) at 10.
[60] Exh. CforAT 4 (Verizon-CWA Settlement Agreement) at 2.
[61] Tr. 610:9-15; 611:5-23; 614:10-15 (Sullivan).
[62] Exh. JA 6 (Verizon Panel Opening Testimony) at 10-12; Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 28-31. *See also* Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 68.

3. The Transaction Will Improve Frontier's Quality of Management (Issue 3(c); Section 854(c)(3))

Consistent with Section 854(c)(3), the Transaction will improve the quality of management of the acquiring public utility. As Joint Applicants' testimony demonstrates—and Intervenors fail to refute—Frontier's California customers will benefit from Verizon's experienced management team. Verizon is one of the world's leading providers of communications and other services, with an established track record of delivering broadband service, including Fios and 5G Home broadband. Verizon's Executive Leadership Team has the skills and experience to oversee this Transaction and successfully integrate the Frontier companies into the Verizon network.[63] Frontier's customers will also enjoy Verizon's award-winning customer service (*see* p. 12, *supra*).

4. The Transaction Is Fair and Reasonable to Affected Employees, Both Union and Non-Union (Issue 3(d); Section 854(c)(4))

The Transaction also satisfies Section 854(c)(4) because it is fair and reasonable to affected public utility employees (both union and nonunion). The Transaction will provide continuity for Frontier's employees, including the technicians who work on Frontier's California network. Under the CWA settlement agreement, Verizon will honor Frontier's collective bargaining agreements covering Frontier's unionized workforce in California. For employees not represented by unions, Verizon has agreed, for no less than one year following the Transaction's effective date, to maintain and provide the following: (i) base salary or wage rate, target annual cash bonus or commission-based opportunity, and target equity award opportunity, in each case, that are no less favorable than what was provided by Frontier; (ii) qualifying severance benefits for qualifying separations that are no less favorable than the severance benefits in place at Frontier; and (iii) benefits plans and arrangements that are no less favorable in the aggregate than what was provided by Frontier (other than defined benefit pension, supplemental retirement, post-retirement medical and life, and deferred compensation benefits).[64]

In addition, Verizon will not involuntarily lay off any Frontier CWA-represented employee (as specified in paragraph 3 of the CWA agreement) for a period of forty-eight months following closing. Verizon will also hire at least one hundred full-time CWA-represented employees within twelve months of closing, and for five years thereafter, for a total of at least six hundred full-time CWA-represented employees over six years.[65] Finally, this Transaction will extend to Frontier's employees Verizon's

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[63] Exh. JA 6 (Verizon Panel Opening Testimony) at 17; Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 68-69.

[64] Exh. JA 6 (Verizon Panel Opening Testimony) at 18; Joint Application at 23.

[65] *See also* Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 69-70 (anticipating that Verizon will be better able to hire skilled technicians given its name and brand recognition and the fact that Verizon has consistently been rated as a top employer and is ranked #8 by LinkedIn as a Best Workplace for investing in its employees and helping

robust safety program for copper and fiber facilities and its best-in-class training for its technicians.[66]

5. The Transaction Is Fair and Reasonable to the Majority of All Affected Public Utility Shareholders (Issue 3(e); Section 854(c)(5))

The satisfaction of Section 854(c)(5) is undisputed because the Transaction is fair and reasonable to the majority of all affected public utility shareholders. The Transaction will create a stronger company with a wider fiber footprint and enhanced ability to offer customer converged wireline and wireless products. Frontier's shareholders voted to approve the Transaction on November 13, 2024 and Verizon's and Frontier's respective boards of directors concluded that the Transaction is in the interest of the companies' shareholders.[67] These determinations are sufficient to satisfy Section 854(c)(5).[68]

6. The Transaction Will Benefit State and Local Economies and Communities Within Frontier's Service Area (Issue 3(f); Section 854(c)(6))

Section 854(c)(6) asks whether the proposed Transaction is beneficial on an overall basis to state and local economies and the communities in the area served by the acquiring public utility. The answer is yes, particularly with the robust commitments in the settlements. The Transaction will benefit the local economies served by Frontier's existing operating companies. Joint Applicants described how Verizon will bring its local focus and track record of good corporate citizenship and investing in the communities in which it operates to wireline services and potential customers in the Frontier territories,[69] including via its Small Business Supplier Accelerator program and Small Business Digital Ready (*see* p. 7, *supra*). As a result of the settlements, Verizon will hold semiannual meetings for five years following the close of the Transaction with Intervenors, RBCs, and MPOs to seek input on Verizon's capital investments plans and identify ways these parties can help with implementation.[70]

In addition to reaping the benefits of Verizon's commitments to deploy fiber and wireless facilities, California communities will benefit from Verizon's commitment to contribute $40 million to CETF post-closing and from the Verizon partnership with CETF. The vast majority ($35 million) of that substantial financial commitment will fund CETF's core statewide Digital Divide mission, including its Digital Equity Ecosystem supporting community-based organizations and schools, with $5 million earmarked for grants to community-based organizations and schools consistent with CETF's core mission. CETF will, in turn, assist at least 100,000 unconnected households to subscribe to an affordable

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them build their careers).

[66] Exh. JA 6 (Verizon Panel Opening Testimony) at 18-19.

[67] *Id.* at 19.

[68] D.00-03-021, *supra* note 51, at 137.

[69] Exh. JA 6 (Verizon Panel Opening Testimony) at 19-20; Joint Application at 23-26.

[70] Exh. CforAT 5 (Verizon-CETF MOU) at § VII.B.

home Internet service and provide them with digital literacy training.[71]

7. The Transaction Preserves the Commission's Jurisdiction and Regulatory Authority (Issue 3(g); Section 854(c)(7))

It is undisputed that, consistent with Section 854(c)(5), the Transaction will preserve the Commission's jurisdiction and its capacity to effectively regulate public utility operations. The Transaction will not alter the Commission's jurisdiction over Frontier's regulated subsidiaries in California, as its three California ILECs will remain subject to the Uniform Regulatory Framework and its two California long distance companies will remain subject to the limited regulations applicable to California interexchange carriers. Post-closing, Verizon will continue to provide basic voice services and meet applicable COLR and other obligations associated with public purpose and universal service programs.[72]

Under the settlements, Verizon commits to honor Frontier agreements for as long as they remain valid, including but not limited to Frontier's commitments related to the Right of First Offer ("ROFO") from Decision 21-04-008, Ordering Paragraph 4(g).[73] Verizon also will assume Frontier's responsibilities as an ETC upon closing and honor all commitments Frontier has made related to BEAD or other federal or state subsidized broadband grants. Additionally, as part of the CWA settlement, Verizon has committed to assuming Frontier's COLR responsibilities in the service territories where Frontier is currently designated as COLR, and if the Commission modifies its COLR rules such that Verizon is relieved of COLR obligations, Verizon has agreed to "offer a voice service over a technology of its choice to customers for a period of twelve months following relief of the COLR obligations."[74]

8. No Mitigation Measures Are Necessary (Issue 3(h); Section 854(c)(8))

Section 854(c)(5) asks whether the proposed Transaction provides mitigation measures to prevent any significant adverse consequences that may result. Because there are no adverse consequences here, no mitigation measures are necessary. The terms of the settlements fully address *all* concerns raised, including by the non-settling parties. Moreover, as discussed below (Section V, *infra*), imposing mitigation measures or conditions that exceed Verizon's voluntary commitments would be contrary to law.

This Transaction review is not the appropriate venue to resolve broader policy goals that affect the industry as a whole. The Commission is already addressing industry-wide challenges—such as

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[71] *Id.* at § V.
[72] Exh. JA 6 (Verizon Panel Opening Testimony) at 23-24.
[73] Exh. CforAT 6 (Verizon-Cal Advocates Settlement Agreement) at 6.
[74] Exh. JA 5 (Verizon-CWA Settlement Agreement) at 2.

access, affordability, adoption, and network modernization—through ongoing proceedings and can certainly open other industry-wide proceedings if needed.[75] These are complex, systemic issues that require comprehensive, sector-wide strategies. The benefits of this Transaction to the citizens of California should not be deferred or eliminated by interjecting non-Transaction-specific and industry-wide issues into this proceeding. The settlements address the issues of direct concern relating to the Transaction and no further conditions are required.

D. <u>Environmental and Social Justice Communities (Issue 4)</u>

Issue 4 in the Amended Scoping Memo asks about the proposed Transaction's effects on environmental and social justice ("ESJ") communities and the nine goals of the Commission's ESJ Action Plan. The Transaction will further the Commissions' ESJ Action Plan and specifically promote Goals 2, 3, 4, and 7, particularly in light of Verizon's settlement agreements with Cal Advocates and CETF.[76] The Transaction will ensure the completion of Frontier's buildout under federal and state subsidy programs and provide financial resources for future fiber deployment, including in rural and low-income areas. Of the 250 new cell sites that Verizon has committed to deploy under its settlement agreements, at least 85 will be located in unserved and underserved areas designated as CASF-eligible by the Commission and at least 20 of the 85 will be located in RBC "high priority areas." In addition, the agreed-upon fiber deployment will prioritize census blocks with household incomes at or below 90% of the county median income.[77]

The Transaction will also enhance affordable service offerings for low-income Californians. As described above, Verizon has made extensive commitments to expand eligibility for its Verizon Forward broadband discount program, and has made a $1.5 million commitment to market Verizon Forward and other affordable offerings in California over five years.[78] And, Verizon's $5 billion pledge to support small businesses nationwide through its Small Business Supplier Accelerator and Small Business Digital Ready programs, as well as its commitment to spend at least $500 million of those funds to support California small businesses, will support communities throughout the state.

Verizon further described its commitment to improving the environment and transitioning to

[75] *See, e.g.*, R.24-06-012, Order Instituting Rulemaking Proceeding to Consider Changes to the Commission's Carrier of Last Resort Rules (June 28, 2024).
[76] California Public Utilities Commission, Environmental & Social Justice Action Plan Version 2.0 at 23-26 (Apr. 7, 2022), <u>https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf</u>.
[77] Exh. CforAT 6 (Verizon-Cal Advocates Settlement Agreement) at 4.
[78] *See supra* § II.B.3.

renewable energy in detail in its opening testimony.[79] Verizon will bring its local focus and track record of good corporate citizenship and investing in the communities in which it operates to wireline services and potential customers in the Frontier territories.

E. Continuation of Frontier's Obligations (Issue 5)

Issue 5 in the Amended Scoping Memo asks how Frontier will maintain its existing obligations, including COLR and Lifeline obligations, as well as Frontier's obligations to tribes under Decision 21-04-008. Because Verizon is proposing to acquire the Frontier California Operating Subsidiaries as ongoing companies with no change in their structure, regulatory status, or obligations, Verizon will continue to provide basic voice services and meet all applicable COLR and other obligations associated with public purpose and universal service programs.[80] Additionally, as discussed above (at pp. 8, 19), Verizon has voluntarily committed as part of its settlement with CWA to extend Frontier's COLR obligations in the event those obligations are removed. Verizon has also committed to honor Frontier agreements for as long as they remain valid, including Frontier's ROFO obligation under the restructuring approval.[81] Finally, Verizon will assume Frontier's responsibilities as an ETC upon the close of the Transaction, and will honor all commitments Frontier has made related to BEAD or other federal or state subsidized broadband grants.[82]

F. Joint Applicants' Commitments (Issue 6)

Issue 6 in the Amended Scoping Memo asks what commitments the Applicants have made, including investments in California, what methods the Commission should use to determine whether the Applicants have met those commitments, and how these commitments are in the public interest. Verizon explains its commitments in the Joint Application, testimony, and settlement agreements. Key commitments are summarized above in Section II.B, including Verizon's commitments to deploying robust wireless and fiber infrastructure in California (backed by a $150 million performance bond), enhancing affordability for low-income consumers, investing $40 million in CETF's digital inclusion programs, partnering with CETF on outreach, improving service quality, and hiring and retaining CWA-represented employees. Moreover, the additional voluntary commitments Verizon has made to invest $10 million in workforce development programs at California institutions of higher learning deepen

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[79] *See* Exh. JA 6 (Verizon Panel Opening Testimony) at 22-23.
[80] *Id.* at 23-24.
[81] D.21-04-008 at 70 (OP 7(G)).
[82] Tr. 607:17-25 (Sullivan). There is no need for the Commission to address preexisting conditions in the Restructuring Decision (D.21-04-008), which is subject to its own enforcement mechanisms (including a Compliance Monitor and regular compliance filings) that will continue to apply to the extent that requirements remain ongoing or conditions are unmet. Exh. JA 3 (Ellis Rebuttal Testimony Errata) at 73.

Verizon's efforts in this regard. No further action is required other than approving the Transaction, the settlements, and the additional voluntary commitments.

G. Diversity, Equity, and Inclusion Issues (Issue 7)

Issue 7 in the Amended Scoping Memo relates to Verizon's practices following its letter to the FCC in connection with that agency's national approval of the Transaction. Verizon has a longstanding track record of inclusive community engagement—a core value that has shaped its operations and partnerships in California for decades. The company's commitment to inclusion and equal opportunity remains unchanged, even as the regulatory and policy environment governing DEI has shifted.

Verizon remains committed to full compliance with California law, including California Public Utilities Code Sections 8281-8290.2 and GO 156. Verizon maintains robust outreach, transparent reporting, and a strong focus on expanding economic opportunity for all communities, particularly through its $5 billion Small Business Supplier Accelerator program. Verizon's agreement with CETF helps ensure that Verizon's programs will advance the interests of all types of small businesses, including diverse suppliers, and communities across the state. In that settlement, Verizon committed to spending at least $500 million with small business suppliers in California. Verizon also agreed to work with CETF to expand Verizon's outreach under the Small Business Supplier Accelerator program and assist small businesses to seek qualification under the Commission's Supplier Clearinghouse Program.[83] In contrast to Frontier's declining capacity for investment, the Transaction will enable the combined company to deliver greater opportunities, stronger partnerships, and more resilient economic outcomes for supplier communities statewide. In light of these facts, the Transaction is squarely in the public interest and should be approved without additional conditions.

1. Question 7 Preamble: "The Verizon Letter Details Broad Changes That Verizon Will Make to Its DEI Practices"

There is no serious question that the regulatory and policy landscape surrounding DEI issues has shifted. A series of judicial decisions, executive actions, and regulatory pronouncements have applied scrutiny to programs that take race, gender, or other protected characteristics into account. The shift has included the Supreme Court's decision in *Students for Fair Admissions, Inc. v. President & Fellows of Harvard College*, in which the Court held that certain university race-conscious admissions policies violated the Equal Protection Clause of the Fourteenth Amendment and Title VI of the Civil Rights Act of 1964.[84] The Court's reasoning was unequivocal: any use of race as a factor in decision-making by

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[83] Exh. CforAT 5 (Verizon-CETF MOU) at §§ VIII(A), (D) & (G).

[84] *Students for Fair Admissions, Inc. v. President & Fellows of Harvard College*, 600 U.S. 181 (2023) ("*Harvard*").

institutions receiving federal funds must survive the most exacting form of judicial scrutiny—strict scrutiny—and must be narrowly tailored to serve a compelling governmental interest.[85]

In the wake of the *Harvard* decision, the federal government took a series of actions to broaden and enforce prohibitions against the consideration of race, gender, and other protected characteristics in employment, contracting, and other aspects of government and private sector decision-making. These actions included new guidance and enforcement activity by the Equal Employment Opportunity Commission[86] and the issuance of an Executive Order applicable to government contractors such as Verizon.[87] On the same day the President issued this Executive Order, FCC Chairman Carr "announced that he is ending the FCC's promotion of DEI."[88] In explaining his reasons for the change, Chairman Carr stated: "Promoting invidious forms of discrimination runs contrary to the Communications Act and deprives Americans of their rights to fair and equal treatment under the law."[89]

Roughly one month later, Verizon received a letter from Chairman Carr stating that he expected "all regulated companies to end invidious forms of DEI discrimination, given the scope of the FCC's EEO rules and other authorities."[90] The letter was direct and unequivocal, warning that the Chairman was "concerned by the apparent lack of progress at Verizon."[91] Chairman Carr further defined his expectations in public statements. He stated, for example, that "[a]ny businesses that are looking for FCC approval, I would encourage them to get busy ending any sort of their invidious forms of DEI discrimination."[92] He further explained that the FCC "can only under the statute move forward and

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[85] *Id.* at 206-07. The Court's analysis was grounded in Title VI, a statute that applies broadly to all entities receiving federal financial assistance, including many private employers and government contractors, and its reasoning extends to other federal antidiscrimination laws. *Id.* at 198 n.2.

[86] *See* U.S. Equal Employment Opportunity Commission Bulletin*, EEOC and Justice Department Warn Against Unlawful DEI-Related Discrimination* (Mar. 19, 2025), https://content.govdelivery.com/accounts/USEEOC/bulletins/3d7be2f; *see also What To Do If You Experience Discrimination Related to DEI at Work*, U.S. Equal Employment Opportunity Commission (Mar. 19, 2025), https://www.eeoc.gov/what-do-if-you-experience-discrimination-related-dei-work; *What You Should Know About DEI-Related Discrimination at Work*, U.S. Equal Employment Opportunity Commission (Mar. 19, 2025), https://www.eeoc.gov/wysk/what-you-should-know-about-dei-related-discrimination-work.

[87] Exec. Order No. 14173, 90 Fed. Reg. 8633, *Ending Illegal Discrimination and Restoring Merit-Based Opportunity*, Sec. 3(iv) (Jan. 21, 2025); *see also* Exec. Order No. 14151, 90 Fed. Reg. 8339, *Ending Radical and Wasteful Government DEI Programs and Preferencing* (Jan. 20, 2025).

[88] News Release from the Office of Chairman Brendan Carr, "Chairman Carr Ends FCC's Promotion of DEI (Jan. 21, 2025), https://docs.fcc.gov/public/attachments/DOC-409054A1.pdf.

[89] *Id.*

[90] Exh. JA 11 (Reyes Second Supplemental Testimony) at Exhibit 2 – Letter from Brendan Carr, Chairman, FCC, to Hans Vestberg, Chairman and Chief Executive Officer, Verizon at 1 (Feb. 27, 2025) ("FCC Letter to Verizon")).

[91] *Id.*

[92] Exh. JA 12 (Reyes Third Supplemental Testimony (citing Jeff Green and Kelcee Griffis, *FCC's Carr Threatens to Block M&A for Companies with DEI*, Bloomberg (Mar. 21, 2025),

approve a transaction if we find that doing so serves the public interest," and that he did not "see a path forward where the FCC could reach the conclusion that approving the transaction is going to be in the public interest" for companies that continued to promote DEI programs the FCC deemed unlawful.[93]

Chairman Carr's actions were industry-wide. His letter to Verizon explicitly states his expectation that "all regulated companies" will "end invidious forms of DEI discrimination, given the scope of the FCC's EEO rules and other authorities."[94] The FCC also initiated investigations against other major companies in the absence of a pending transaction.[95] In the wake of these actions, several companies in the industry announced changes to their DEI programs. For example, T-Mobile and Skydance/Paramount both made commitments related to DEI in connection with their transaction approval proceedings,[96] and the FCC approved these transactions based in part on the commitments these applicants made to end their DEI policies.[97] AT&T and Charter also proactively changed their programs.[98] These changes mirror similar actions broadly taken by businesses across all industries.[99]

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https://www.bloomberg.com/news/articles/2025-03-21/fcc-s-carr-threatens-to-block-m-a-for-companies-with-dei-plans?embedded-checkout=true)).

[93] Exh. JA 12 (Reyes Third Supplemental Testimony (citing Jeff Green and Kelcee Griffis, *FCC's Carr Threatens to Block M&A for Companies with DEI*, Bloomberg (Mar. 21, 2025), https://www.bloomberg.com/news/articles/2025-03-21/fcc-s-carr-threatens-to-block-m-a-for-companies-with-dei-plans?embedded-checkout=true)).

[94] FCC Letter to Verizon at 1.

[95] Before Verizon received its letter, Chairman Carr sent a letter to Comcast stating that he "asked the FCC's Enforcement Bureau to open an investigation into Comcast and NBCUniversal" because he wanted "to ensure that your companies are not promoting invidious forms of discrimination in violation of FCC regulations and civil rights laws." Letter of Hon. Brendan Carr, Chairman, FCC, to Brian Roberts, CEO, Comcast Corporation, at 1 (Feb. 11, 2025) ("FCC Letter to Comcast"); *see also* Exh. JA 12 (Reyes Third Supplemental Testimony) at 14 & note 39.

[96] Letter from Mark W. Nelson, Executive Vice President and General Counsel, T-Mobile, to Hon. Brendan Carr, Chairman, FCC, WC Docket No. 24-244 and GN Docket No. 24-286 (filed Jul. 8, 2025); Letter of Stephanie Kyoko McKinnon, General Counsel and Co-President of Business Operations, Skydance Media, to Hon. Brendan Carr, Chairman, FCC (filed Jul. 22, 2025); *see also* Exh. JA 12 (Reyes Third Supplemental Testimony) at 14-15 & note 40.

[97] *Applications of T-Mobile US, Inc. and United States Cellular Corporation for Consent to Transfer Control*, Memorandum Opinion and Order, DA 25-605, at 65, ¶ 123 (rel. Jul. 11, 2025); *Applications for Consent to the Transfer of Control of Paramount Global*, Memorandum Opinion and Order, FCC 25-43, at 26, ¶ 58 (rel. Jul. 24, 2025); *see also* Exh. JA 12 (Reyes Third Supplemental Testimony) at 14-15 & note 40.

[98] These changes are reflected in the most recent GO 156 reports filed by the companies. *See* AT&T 2024 Annual Report & 2025 Annual Plan Submitted Pursuant to California Public Utilities Commission General Order 156, available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/att-go-156-2024-report-and-2025-plan-42525updated-final3.pdf ("AT&T 2024 Annual Report/2025 Annual Plan"); Charter Communications, 2024 Supplier Diversity Spending Report and 2025 Plan in accordance with General Order 156 (Apr. 4, 2025), available at http://cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/charter-2024-go-156-report-and-2025-plan.pdf ("Charter 2024 Annual Report/2025 Annual Plan"). *See also* Exh. JA 12 (Reyes Third Supplemental Testimony) at 15:1-2.

[99] *See, e.g.*, Harvard Law School Forum on Corporate Governance, *DEI in Transition: 2025 Corporate Diversity*

The evolving regulatory and policy landscape is further demonstrated by a recent memorandum from the United States Attorney General. In July 2025, the Attorney General issued guidance to private employers and government contractors regarding compliance with federal civil rights laws in connection with DEI programs.[100] The guidance applies the reasoning of the *Harvard* decision, stating that: "Using race, sex, or other protected characteristics for employment, program participation, resource allocation, or other similar activities, opportunities, or benefits, is unlawful, except in rare cases where such discrimination satisfies the relevant level of judicial scrutiny."[101] The guidance goes on to apply this analysis to employment, contracting, and other business decisions: "Unlawful use of protected characteristics occurs when a federally funded entity or program considers race, sex, or any other protected trait as a basis for selecting candidates for employment (e.g., hiring, promotions), contracts (e.g., vendor agreements), or program participation (e.g., internships, admissions, scholarships, training)."[102] The guidance provides "Examples of Unlawful Practices," and among them is "a DEI policy that prioritizes awarding contracts to women-owned businesses, automatically advancing female vendors or minority-owned businesses over equally or more qualified businesses without preferred group status. This includes any contract selection process that uses sex or race as a tiebreaker or primary criterion, such as policies favoring 'minority- or women-owned' businesses without satisfying the appropriate level of judicial scrutiny."[103] The guidance concludes with a recommendation that all businesses subject to federal antidiscrimination laws "Prohibit Demographic-Driven Criteria" in their decision-making.[104]

Given these changes in the regulatory and policy environment, Verizon's commitments to the FCC, combined with its commitments in this proceeding, reflect a responsible, balanced, and thoughtful response. As detailed in Verizon's letter to Chairman Carr, the company ended DEI-related policies and

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Disclosure Trends, https://corpgov.law.harvard.edu/2025/08/20/dei-in-transition-2025-corporate-diversity-disclosure-trends/ (Aug. 20, 2025) ("The US environment for corporate DEI has shifted markedly. A key inflection point was the 2023 Supreme Court decision striking down affirmative action in college admissions, which prompted broader corporate reassessment of race- and identity-conscious programs. In 2025, pressures have intensified as the new administration has moved to roll back DEI-related initiatives through executive orders, federal guidance, and expanded oversight of contractors and grant recipients. Companies now face heightened legal and enforcement risk, leading many to recalibrate DEI strategies and messaging.").

[100] *See* Memorandum from the Attorney General to All Federal Agencies, *Guidance for Recipients of Federal Funding Regarding Unlawful Discrimination*, https://www.justice.gov/ag/media/1409486/dl (July 29, 2025) ("AG Memorandum"). Joint Applicants request official notice of the AG Memorandum pursuant to Rule 13.10 of the Commission's Rules of Practice and Procedure.

[101] *Id.* at 2.

[102] *Id.* at 6-7.

[103] *Id.* at 7.

[104] *Id.* at 8.

programs, including eliminating DEI-focused roles and teams; removing references to DEI from employee training and public communications; ceasing participation in recognition surveys focused on protected characteristics; and discontinuing the use of quantitative goals for supplier diversity or workforce representation.[105] At the same time, Verizon's letter is clear that the company remains "committed to the core principles that have made us successful—an inclusive culture based on trust, care, and excellence which enables us to provide market leading services to all our customers."[106] This was reflected in the testimony of Ms. McPeak, who stated that "the Verizon letter did acknowledge, and it was accepted by the Federal Communications Commission, to continue to embrace equal opportunity, inclusion, and non-discrimination."[107] Verizon's continued commitment to inclusion and opportunity for all communities is reflected in its commitment, codified in the agreement with CETF, to spend $5 billion with small business suppliers over the next 5 years, including at least $500 million with small businesses in California.[108] These initiatives are designed to broadly enhance the economic wellbeing of Californians by providing resources, mentorship, and opportunities to small businesses across the state.[109] As Ms. McPeak summarized: "[W]e, in discussions with Verizon, accepted the heartfelt commitment of their California team, Mr. Reyes, their headquarters, to continue to adhere to equal opportunity and nondiscrimination and inclusion, which is memorialized in this agreement."[110]

2. Question 7a: Verizon Will Continue to Comply with California Law

The record demonstrates that Verizon will comply with GO 156 and Pub. Util. Code Section 8281-8290.2. As Mr. Reyes confirmed in his testimony, "Verizon will continue to submit annual reports, reflecting the Commission's goals to track our progress in procuring business from women, minority, disabled veteran, and LGBT-owned business enterprises, and maintain robust data collection and transparency practices."[111] Verizon memorialized these commitments in its agreement with CETF.[112] Mr. Reyes included a detailed table in his testimony explaining how Verizon will comply with each applicable requirement.[113] For ease of reference, Verizon provides a summary of the information in that

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[105] Verizon Letter to the FCC.
[106] *Id.* at 3.
[107] Hearing Tr. 806:8-11.
[108] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 2; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(A); Testimony of Sunne McPeak, Hearing Tr. 806:11-13 (principles of "opportunity, inclusion, and non-discrimination" are "imbedded in … the settlement that we reached" with Verizon).
[109] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 2.
[110] Hearing Tr. 806:23-807:3.
[111] *Id.* at 17:15-16.
[112] *See* Exh. CforAT 5 (Verizon-CETF MOU) § VIII.
[113] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 18-21.

table below, with footnote references to the CETF agreement where applicable Verizon commitments are codified:

GO 156, Section 6—Implementation.[114] Verizon will communicate available sourcing opportunities to eligible suppliers through its Small Business Supplier Accelerator program and other outreach to eligible suppliers.

GO 156, Section 6.1—Internal Program Development and Employee Training.[115] Verizon has a dedicated small business supplier team that is appropriately sized and trained to provide direction and guidance and to implement Verizon's program in a manner that's consistent with the Commission's Supplier Diversity Program requirements. The team consists of 5 full-time employees, some of whom focus on stakeholder engagement and outreach (with community partners, chambers, and other small, diverse, and veteran-owned business organizations) and others who focus on data analytics, regulatory reporting, and compliance.

GO 156, Section 6.2—External Outreach Activities.[116] Verizon is investing $5 billion over 5 years through its Small Business Supplier Accelerator to empower small businesses, many of which are minority-, women- LGBTQ- and veteran- owned. Verizon committed in its settlement with CETF to spend at least $500 million of this amount (and up to $650 million) with small businesses in California. Verizon is providing CETF $1 million to assist in outreach for the company's small business programs. Verizon has committed to broaden its outreach to include a greater focus on small business organizations, including within diverse supplier communities as well as other constituencies such as rural and economically disadvantaged communities. This outreach includes: (1) providing tailored offerings (online training and webinars, mentorship and peer coaching, and opportunity matchmaking) to small businesses; (2) tracking small business participants' progress through each stage of the program to support successful completion; (3) connecting small businesses with larger businesses in Verizon's supply chain and providing feedback on go to market strategies; (4) monitoring whether participants are matching with potential opportunities, being invited to participate in contracting and subcontracting bids, and ultimately becoming Verizon suppliers to ensure outreach efforts are effective; and (5) hosting in-person regional summits in key urban and rural markets in California.

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[114] *See id.* at 18; Exh. CforAT 5 (Verizon-CETF MOU) §§ VIII(A), (D) & (F).

[115] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 18; Exh. CforAT 5 (Verizon-CETF MOU) §§ VIII(A), (D) & (F). Program details and contact information are on Verizon's website at: https://www.verizon.com/about/our-company/small-business-supplier.

[116] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 18-19; 22-24 (listing some of Verizon's long-standing outreach partners in California and nationally); Exh. CforAT 5 (Verizon-CETF MOU) §§ VIII(A), (D), (F) & (G).

GO 156, Section 6.3—Subcontracting Program.[117] In addition to continuing to report on diverse subcontracting spend as required under GO 156, Verizon is setting a minimum percentage commitment on small business supplier spend for contracts with prime suppliers to support Verizon's $5 billion spend with small business suppliers across 5 years. Verizon will provide public recognition and award opportunities for prime suppliers who demonstrate leadership and success in working with small business suppliers. To ensure subcontracting opportunities are widely accessible and shared with a wide range of businesses, Verizon also will invite Small Business Supplier Accelerator participants who have reached a high level of readiness to participate in matchmaking opportunities—either as a direct supplier or a subcontractor to a prime contractor. Accelerator participants who participate in matchmaking/mentorship will have access to Verizon's platform that will list current supplier opportunities, and Verizon will maintain a database of highly qualified, trained small businesses, including diverse and veteran-owned businesses, from which Verizon teams and prime suppliers can search for small business subcontractors.

GO 156, Section 6.3.5—Clearinghouse to Become an Eligible Diverse Subcontractor.[118] Verizon's program includes informing subcontractors of the Commission's Clearinghouse and certification process and the benefits of completing the Clearinghouse process. Verizon continuously monitors the status of suppliers' expiration dates and proactively contacts suppliers to remind them to maintain or renew their certifications. Verizon and CETF will partner to provide small businesses with information on eligibility criteria and support small businesses seeking to become qualified under the Commission's Supplier Clearinghouse Program.

GO 156, Section 8—Substantial and Verifiable Goals.[119] Verizon will list the Commission's minimum goals for procurement from women-, minority-, disabled veteran-, and LGBT-owned business enterprises as the short-, mid-, and long-term targets in its reports.[120] While Verizon will not set its own goals for diverse spend, it will use the Commission's minimum goals as benchmarks in its annual reports, consistent with the approach taken by AT&T and Charter.[121] Verizon will report its actual spend

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[117] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 20; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(E).

[118] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) 20-21; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(G).

[119] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 21, 24-25; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(H).

[120] AT&T, CalWater, Charter, PG&E, SCE, SDG&E, SoCalGas, and T-Mobile have all adopted this approach. *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 4 n.9.

[121] *See* AT&T 2024 Annual Report/2025 Annual Plan at 10-11; Charter 2024 Annual Report/2025 Annual Plan at 18; *see also* Exh. JA 12 (Reyes Third Supplemental Testimony) at 24-25.

against these goals and provide narrative explanations for any shortfalls, as required by GO 156.

GO 156, Section 9—Annual Report.[122] Verizon will continue to collect, disaggregate, and report detailed data on procurement from suppliers, including demographic breakdowns.

GO 156, Section 10—Annual Plan for Supplier Diversity Expenditures.[123] Verizon will submit an annual plan that references the Commission's procurement goals for diverse suppliers as described above, a description of planned program activities for the next year, strategies for recruiting suppliers in low utilization categories, and plans for encouraging prime contractors to subcontract with such suppliers. The plan will also address compliance with program guidelines and outline methods for monitoring and evaluating progress.

Public Utilities Code Sections 8281-8290.2—Annual Reporting on Workforce Diversity.[124] Verizon will continue to publish employee diversity metrics, including the employment of women, minority, disabled veteran, and LGBT individuals at all organizational levels as required by state law, as well as report employment data related to people with disabilities.[125] Verizon will collect and report this data annually, as required by Section 8290.2(a)(1) and consistent with the Commission's orders, and will describe its policies and activities that promote equitable recruitment and hiring. Verizon will describe its ongoing efforts to ensure inclusion, equal opportunity, and nondiscrimination, consistent with federal law.

3. Question 7b: On These Issues, the Transaction Is in the Public Interest

The Transaction will advance the Commission's goals of economic inclusion. Verizon's financial strength, resources, network, and commitment to economic opportunity for all California communities will deliver greater benefits to the state and its residents than Frontier could on its own. These benefits, including for diverse, rural, and veteran, other communities served by the Commission's programs, will be enhanced by Verizon's partnership with CETF.

Standing alone, Frontier's ability to drive meaningful economic opportunity in the communities it serves is constrained by its size and resources. Frontier's spending in California is in decline and will continue to worsen if the Transaction is not approved.[126] After the Transaction, however, Frontier's current suppliers will have access to Verizon's much larger pool of spending, and Verizon's suppliers—

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[122] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 21; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(H).
[123] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 21; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(H).
[124] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 21; Exh. CforAT 5 (Verizon-CETF MOU) § VIII(I).
[125] Exh. CforAT 5 (Verizon-CETF MOU) at § VIII.H.
[126] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 35. *See also supra* § IV.C.1.

including those recruited through its small business programs—will have the opportunity to provide services in Frontier's territory.[127] The net result will be an expansion of investment in Frontier's territory that will benefit all supplier communities, including diverse suppliers.[128]

Verizon's settlement agreement with CETF further establishes a comprehensive framework that will deliver broad and meaningful benefits to communities across California—including those that are diverse, rural, and economically disadvantaged—by expanding economic opportunity, supporting small business growth, and expanding the universe of businesses that are prepared to participate fully in the Commission's GO 156 program. By formalizing Verizon's commitments to small business investment, outreach, and transparent reporting—and by leveraging CETF's expertise and community relationships—the agreement ensures that the benefits of Verizon's programs will be shared broadly across communities in California. The agreement advances the objectives of GO 156 and the Public Utilities Code and provides the Commission with the tools necessary to monitor, evaluate, and enforce compliance.[129] As Ms. McPeak testified, the agreement will "be very good for both California as a whole in our economic prosperity and the low-income households that will be assisted by these investments."[130]

In addition, Verizon will undertake a series of further commitments that advance the public interest by fostering workforce development, supporting key California educational institutions, and promoting an inclusive culture for employees. Verizon has pledged $10 million over five years to fund a workforce development program administered by California State University or another accredited California institution. In conjunction, the company will launch the Verizon Emerging Leader Initiative, which will incorporate a wide range of elements to prepare students for successful careers, including things such as training in technology and retail, executive mentorship, guest lectures, business case competitions, research opportunities, and scholarships. It will also address accessibility barriers by providing technology grants for devices and connectivity, ensuring that students from all communities can participate fully. Verizon will track these investments and report annually on the program's progress as part of its GO 156 filings, ensuring transparency and accountability. Separately, Verizon will confidentially report aggregated employee survey results from its standard "Pulse" surveys regarding inclusiveness and belonging for four years, and, upon request, provide the Commission supplementary qualitative information through its Employee Resource Groups, which are open to all employees.

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[127] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 36.
[128] *See id.*
[129] *Id.* at 12 (noting "that Verizon agrees that the CPUC may enforce these voluntary settlement conditions").
[130] Hearing Tr. 813:17-19.

Collectively, these commitments will expand educational and career opportunities for Californians, strengthen the state's workforce, and ensure that Verizon continues to be an exceptional place to work for all its employees.

CforAT makes several erroneous claims that the Transaction will not be in the public interest. *First*, CforAT argues that the changes Verizon implemented will hurt Verizon's performance on various dimensions.[131] However, Verizon implemented the changes to its programs roughly 4 months ago,[132] and no such harms have come to pass. Moreover, any issues associated with Verizon's policy changes (apart from how they may impact Frontier) are outside the scope of this review because those changes are not contingent on closing the Transaction. For its part, Frontier is equally subject to the FCC's jurisdiction and testified that its supplier practices "will continue to evolve in response to both changes in the operation of the business and changes in the legal and regulatory environment applicable to telecommunications providers, like Frontier."[133] Accordingly, there is no basis for CforAT's assumption that Frontier's programs will not continue to change if the Transaction fails to close.

Second, CforAT argues Verizon's small business programs will not be successful at advancing the interests of diverse communities because they are available to all small businesses in the state.[134] This argument ignores Verizon's expansive outreach program and partnership with CETF. Moreover, it is belied by extensive economic evidence provided by Beacon Economics in a report underwritten by the California Office of the Small Business Advocate and developed in collaboration with the California Asian Pacific Chamber of Commerce, the California African American Chamber of Commerce, and the California Hispanic Chambers of Commerce.[135] As reflected in that report, 45% of California's small businesses are minority-owned, supporting 2.6 million jobs annually and generating $192.8 billion in economic output.[136] "Because small businesses play such a significant role in the short- and long-term health of people, communities, and the state economy, it is important to promote small business growth. This is particularly true in disadvantaged communities that have potentially seen lower local economic

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[131] Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 8.
[132] Verizon Letter to the FCC.
[133] Exh. JA 5 (Ellis Third Supplemental Testimony) at 5; *see also id.* at 6 ("In light of [the FCC's] policy pronouncements, Frontier must adapt the way it operates as a business or, Frontier risks facing FCC investigation and scrutiny of its policies and practices as part of this FCC initiative.").
[134] Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 11.
[135] Exh. JA 19 (Beacon Economics, The State of Diverse Small Business in California) at 18 ("There are over 4 million small businesses in California. Of those, about 1.9 million are minority-owned. Minority-owned businesses contribute massively to the number of people directly employed (over 2.5 million jobs) and to the personal incomes of employees of those establishments (over $37 billion for employer firms, a small subset of total small businesses, alone.)").
[136] *Id.*

growth because of lower small business entrepreneurship."[137] Programs like Verizon's that invest in small businesses in California contribute to the prosperity of diverse communities and directly serve the interests underpinning the Commission's Supplier Diversity Program.[138]

Third, CforAT asserts that the industries in which Verizon purchases services are not characterized by high rates of diverse small business ownership.[139] This claim is inaccurate, as demonstrated by recent data from a second Beacon Economics report.[140] Minority-owned small businesses are well-represented across industries integral to Verizon's California operations.[141] Moreover, these statistics are limited to racial and ethnic diversity and do not encompass other categories recognized under GO 156, such as disabled veterans, persons with disabilities, LGBTQ+ individuals, and women—meaning that the actual pool of diverse small businesses within these industries is even broader.[142] Verizon is committed to the economic prosperity of all the communities it serves, and its small business programs will advance that objective, including for diverse communities.

V. THERE IS NO LEGAL BASIS FOR CONDITIONS BEYOND JOINT APPLICANTS' VOLUNTARY COMMITMENTS

It is well-established that transaction approval conditions are required *only* when there is a significant competitive or other harm resulting from a transaction that must be ameliorated by the conditions.[143] This Commission has therefore rejected proposed conditions when it found "no basis upon which to conclude that such adverse consequences which these conditions are designed to mitigate would result from this transaction."[144] There is no competitive or other harm that needs to be mitigated

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[137] *Id.* at 18.

[138] Exh. JA 11 (Verizon Second Supplemental Testimony) at 15; Exh. JA 12 (Verizon Third Supplemental Testimony) at 10.

[139] Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 12-13.

[140] *See* Exh. JA 18 (Beacon Economics Report – The Impact of Diverse Small Businesses in California 2024) at 2.

[141] *Id.* at 72-80. For example, diverse-owned businesses constitute 51.9% of California's small businesses in construction, 68.2% in administrative and support services, 46.2% in finance and insurance, and 43.8% in manufacturing. *Id.* at 72. Minority-owned small businesses also collectively represent 37.3% of small businesses providing professional, scientific, and technical services in California. *Id.* Professional, scientific, and technical services represent the second-largest sector overall for minority-owned small businesses, and there are more than 200,000 California businesses in this industry with minority ownership. *Id*. at 19.

[142] CforAT is also incorrect to view diverse ownership of small businesses in static terms. Verizon's small business programs are designed to foster the development and integration of small businesses into major corporate supply chains. Over time, these initiatives will promote greater participation in utility supply chains by small businesses from communities across the state. Verizon's agreement with CETF will further advance this result by expanding Verizon's outreach and providing support for small businesses to secure the certification required to participate in the Commission's GO 156 program. *See* Exh. CforAT 5 (Verizon-CETF MOU) § VIII(G).

[143] *See, e.g.*, D.21-11-030 at 8 (explaining that the goal of conditions is to "mitigate any significant negative impacts" of a proposed transaction); D.20-04-008 at 36 (analyzing whether "conditions or mitigation measures" would "prevent significant adverse consequences which may result from the merger").

[144] D.05-11-029 at 102 (conditions proposed by TURN and other parties had "little merit" given the lack of

here. To the contrary, the proposed Transaction will bring myriad *benefits* to consumers in California. Moreover, in its settlement agreements with Cal Advocates, CETF, and CWA, Verizon has voluntarily committed to numerous actions that comprehensively address all issues raised in the proceeding. Notably, Verizon has voluntarily agreed to many commitments that this Commission would have been legally barred from imposing in the form of mandates, showing the true benefit of the settlements. The following legal and jurisdictional limits foreclose additional conditions suggested by the Intervenors beyond Verizon's voluntary commitments.

First, additional proposed DEI-related conditions are outside this Commission's authority, contrary to California law, and/or preempted by federal law. As discussed, Verizon has made specific voluntary commitments to ensure inclusion and opportunity for all communities, including spending $500 million with California small business suppliers over five years and partnering with CETF to enhance the effectiveness of Verizon's small-business supplier program, including reporting, an annual plan, and annual meetings consistent with the Commission's GO 156 program.[145] Additional conditions are not legally supportable.

Under California law, the Commission lacks jurisdiction or authority to mandate conditions concerning current or prospective employees. In a seminal and routinely followed decision, the Commission explained that "[t]he Legislature has created a [different] forum specifically to adjudicate problems of discrimination" and that "[t]he California Supreme Court has declared that *this Commission does not have jurisdiction over labor-management relations* which would include employment practices."[146] Employment-related conditions proposed by CforAT are irreconcilable with precedent.[147]

"adverse consequences" resulting from the transaction); *see also* D.09-10-056 at 18 ("Because the transaction will result in no adverse consequences to customers, employees, shareholders, or the public in California, no mitigation measures are needed.").

[145] *See* Exh. CforAT 5 (Verizon-CETF MOU) at § VIII. Moreover, as discussed above, Verizon will make comprehensive disclosures pursuant to GO 156. There is no basis to require more extensive reporting from Verizon related to employment or any other issues, particularly when its practices mirror those of AT&T, T-Mobile, and Charter.

[146] D.77781, 71 CPUC 460 (1970) (emphasis added) (following *Pac. Tel. & Tel. Co. v. Pub. Utils. Comm'n*, 34 Cal. 2d 822, 829 (1950) ("In the absence of statutory authorization, … it would hardly be contended that the commission has power to formulate the labor policies of utilities, to fix wages or to arbitrate labor disputes")); *see also* D.96-11-043 at 4 (recognizing that the Commission lacks jurisdiction over employment matters) (following *Pac. Tel. & Tel. Co.*); D.96-07-022 at 11 (discussing "our state Supreme Court's holding that, absent statutory authorization, the Commission has no power to formulate labor policies of utilities, fix wages, or arbitrate labor disputes") (citing *Pac. Tel. & Tel. Co.*); D. 79778, 73 CPUC 139 (1972) ("[T]his Commission does not have jurisdiction over labor-management relations of Pacific which would include employment practices.").

[147] This would include, for example, many conditions proposed be CforAT, such as (i) "requir[ing] that the combined company provide, on a quarterly basis, public employee diversity metrics disaggregated by GO 156 characteristics"; (ii) "requir[ing] that the combined company provide, on a quarterly basis, public anonymized data regarding the number and nature of employee complaints regarding discrimination or harassment, including

Any DEI-related conditions that require quotas, set asides, or discriminatory treatment against non-diverse suppliers or employees (prospective or current) would run afoul of California law and this Commission's own holdings. The California Constitution Article I, Section 31, prohibits the State (including this Commission) from discriminating or granting preferential treatment on the basis of protected characteristics.[148] The Commission's procurement rules at GO 156 explicitly recognize this limitation, emphasizing that nothing in those rules "authorizes or permits a utility or other covered entity to utilize set-asides, preferences, or quotas in the administration of its program" and "[t]he utility or other covered entity retains authority to use its legitimate business judgment to select the supplier for a particular contract."[149] The Court of Appeal has confirmed that "both GO 156 and PUC decisions make clear that utilities are not authorized or permitted to give preferential treatment to minority enterprises."[150]

Federal law also bars any DEI-related conditions that would require the preferential treatment of employees, prospective employees, suppliers, or contractors based on their protected characteristics (for instance, quotas for Verizon's contracting with minority-owned businesses). Verizon is subject to applicable Executive Orders[151] as a federal contractor[152] and, like all U.S. employers, is bound by federal antidiscrimination laws.[153] Any conditions that conflict with these Executive Orders or federal antidiscrimination laws would be preempted based on the principles discussed below and would be unconstitutional under the Equal Protection Clause of the Fourteenth Amendment,[154] as well as the

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the resolution of those complaints"; (iii) appointing a "third-party monitor … responsible for reviewing" (among other things) "the combined company's recruiting and outreach, including communications, events, and practices"; (iv) vesting the third-party monitor broad remedial powers, including "the power to direct the combined company to comply with" requirements the monitor deems "reasonable," including "[a]dopting" perceived "best practices for workforce … recruitment," encompassing "local or regional recruitment events" and "[a]dditional matchmaking and mentorship opportunities"; and (v) potentially "giving the compliance monitor the ability to address any disparities in compensation among Verizon employees …." Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 22, 24-25.

[148] Cal. Const., art. I, § 31 ("The State shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity, or national origin in the operation of public employment, public education, or public contracting.").

[149] GO 156, Section 6.

[150] *PegaStaff v. Pacific Gas & Electric Co*., 239 Cal. App. 4th 1303, 1326 (2015). *See also* D.18-03-021; D.20-08-020.

[151] *See* Exec. Order No. 14151 at § 2(b)(1), 90 Fed. Reg. 8339 (Jan. 20, 2025); Exec. Order No. 14173 at § 2, 90 Fed. Reg. 8633 (Jan. 21, 2025). These Executive Orders are the subject of ongoing litigation. *See, e.g.*, *Nat'l Ass'n of Diversity Officers in Higher Educ. v. Trump*, No. 25-1189 (4th Cir. March 14, 2025) (staying preliminary injunction).

[152] *See* Exh. JA 12 (Reyes Third Supplemental Testimony) at 12-13.

[153] *See* pp. 22-23, 25 & notes 86 & 100, *supra* (discussing EEOC guidance and AG Memorandum).

[154] *See* pp. 35-36, *infra*; U.S. Const. amend. XIV (guaranteeing to all persons "equal protection of the laws.").

equivalent guarantee under the California Constitution.[155] Government regulations based on racial classifications are inherently "suspect" and thus trigger "strict scrutiny"—a "daunting" standard that the Commission would be unable to meet.[156] Indeed, for similar reasons, the FCC long ago replaced racial and gender preferences in its competitive-bidding process with neutral provisions for small businesses.[157] Verizon's GO 156 compliance plans are consistent with that approach, and the Commission should therefore reject contrary suggestions to require Verizon to adopt racial or other demographic quotas or preferences. Finally, requirements directing the content of Verizon's interactions with employees and third parties may raise First Amendment concerns by impinging on Verizon's rights to freedom of expression and freedom of association.[158]

It is also important to realize that attempting to impose conditions that are contrary to or in conflict with the commitments Verizon made to the FCC in connection with its approval of this Transaction on a national level would raise serious preemption issues and jeopardize the Transaction and its significant benefits. The FCC made clear that the commitments in Verizon's FCC Letter—commitments that the FCC deemed necessary—were material to the FCC's approval,[159] explaining that "[w]e … recognize Verizon's commitment to equal opportunity employment and nondiscrimination as strengthening its investment and service quality efforts. … We accept Verizon's commitment to modify its practices as *firm and definite*, and *expect that these changes will prevent DEI discrimination in the post-transaction company*, as consistent with the law and the public interest."[160] Any requirement to deviate from those commitments in California would conflict with this federal policy and thus would be preempted. "Conflict preemption … has two forms: impossibility and obstacle preemption…."[161] Any

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[155] Cal. Const., art. I, § 7(a).

[156] *See Harvard*, 600 U.S. at 206-07; *Monterey Mech. Co. v. Wilson*, 125 F.3d 702, 714–15 (9th Cir. 1997) (invalidating state program setting goals for ethnic and sex characteristics of construction subcontractors).

[157] *See, e.g.*, *Matter of Updating Part 1 Competitive Bidding Rules*, 29 FCC Rcd. 12426, 12427, n.1 (2014) (noting that, in light of Supreme Court precedent, the FCC "decided that it would use race- and gender-neutral provisions … and maintain provisions for small businesses") (citations omitted).

[158] *See, e.g.*, *Janus v. Am. Fed'n of State, Cnty., & Mun. Emps., Council 31*, 585 U.S. 878, 884–86 (2018); *303 Creative LLC v. Elenis*, 600 U.S. 570, 588 (2023).

[159] *See Frontier Commc'ns Parent, Inc. & Verizon Commc'ns, Inc. Application for Consent to Transfer Control*, Memorandum Opinion and OrderDA 25-41 at 15, ¶ 33 (rel. May 16, 2025) ("*FCC Approval Order*"); *see also* pp. 23-24, *supra*. Actions taken by the FCC staff on delegated authority have "the same force and effect, and shall be … enforced in the same manner, as orders … of the Commission." 47 U.S.C. § 155(c)(3).

[160] *FCC Approval Order* at 15, ¶ 33 & note 109, 110 (citing Verizon Letter to the FCC) (emphasis added).

[161] *Valle del Sol Inc. v. Whiting*, 732 F.3d 1006, 1023 (9th Cir. 2013) ("Courts find *impossibility preemption* where it is impossible for a private party to comply with both state and federal law…. Courts will find *obstacle preemption* where the challenged state law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.") (emphasis added; citations and internal quotation marks omitted). Courts have recognized that obstacle preemption applies not only where state law stands as an obstacle to the accomplishment and execution of *Congress's* objectives, but also the objectives of federal agencies such as the

condition that would place Verizon in the untenable situation of being required by the FCC to adhere to the commitments while this Commission required Verizon to violate those same commitments would be a textbook case of impossibility preemption, as it would be impossible for Verizon to comply with both federal law and state law in that scenario.[162] Likewise, conditions inconsistent with the FCC Letter would "prevent or frustrate the accomplishment of a federal objective," including "the purposes and objectives" stated by the FCC in its approval order, constituting obstacle preemption.[163] Conditions that would in any form require Verizon to resume activities, targets, hiring practices, surveys concerning protected characteristics, and similar actions that Verizon committed to the FCC to cease or alter would be preempted by federal law.[164]

Second, network buildout requirements beyond Verizon's extensive voluntary wireless and fiber deployment commitments are unnecessary and would be unlawful. Wireless deployment mandates are preempted by Section 332(c)(3)(A)[165] and the FCC's plenary authority over the operation of wireless networks under Title III of the Communications Act.[166] Wireless or wireline buildout mandates would also contravene Section 253(a) of the Communications Act, which expressly preempts states from

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FCC. *See, e.g.*, *Metrophones Telecomms., Inc. v. Glob. Crossing Telecomms., Inc.*, 423 F.3d 1056, 1072–73 (9th Cir. 2005), *aff'd*, 550 U.S. 45 (2007).

[162] *See, e.g.*, *Cabela's Wholesale, LLC v. Chavez*, 2024 WL 3164890, at *6 (D. Mont. May 29, 2024) (M.J.) ("The Hearing Officer was … correct in concluding that the [federal regulation] implicitly preempted Mont. Code Ann. § 49-2-312 because Cabela's was unable to comply with both the federal regulation and the Montana statute."), *adopted*, 2024 WL 3161114 (D. Mont. June 25, 2024).

[163] *Metrophones*, 423 F.3d at 1072–73 (citation omitted); *Pacific Bell Tel. Co. v. Pub. Utils. Comm'n of Cal.*, 2005 WL 818375, at *3 (N.D. Cal. 2005) ("[S]tate regulations that conflict with or are inconsistent with federal regulations are nullified under the Supremacy Clause.") (citation omitted).

[164] This presents an additional legal obstacle to CforAT's compliance monitor proposal, which would vest discretion in a third party to potentially direct action inconsistent with Verizon's FCC commitments. *See* Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 5-6, 24-25. That proposal is also incompatible with GO 156, which explicitly recognizes that utilities "retain[] authority to use [their] business judgment to select the supplier for a particular contract." GO 156 § 6.

[165] *See* 47 U.S.C. § 332(c)(3)(A) (generally prohibiting states from "regulat[ing] the entry of or the rates charged by any commercial mobile service or any private mobile service."). "The [A]ct makes *the FCC*" (not state PUCs) 'responsible for determining the number, placement and operation of the cellular towers and other infrastructure,' and 'Congress has expressed its decision that these areas be reserved exclusively for federal adjudication.'" *Bastien v. AT&T Wireless Servs.*, 205 F.3d 983, 988 (7th Cir. 2000) (emphasis added) (citations omitted); *see also In re Apple iPhone 3G Prods. Liab. Litig.*, 728 F. Supp. 2d 1065, 1071 (N.D. Cal. 2010); *Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment*, 33 FCC Rcd. 9088, 9104 n.84 (2018) ("*Small Cells Order*") ("[L]ocal jurisdictions do not have the authority to … dictate the design of a provider's network.") (citing 47 U.S.C. § 332(c)(3)(A) and *Bastien*, 205 F.3d at 989), *pets. for review denied in relevant part and granted in part on other grounds sub nom. City of Portland v. U.S.*, 969 F.3d 1020, 1032 (9th Cir. 2020).

[166] *See, e.g.*, 47 U.S.C. §§ 303(b), 303(c), 303(e), 303(h). The FCC has "'exclusive authority over technical matters'" concerning the use of radiofrequency spectrum, *N.Y. SMSA Ltd. P'ship v. Town of Clarkstown*, 612 F.3d 97, 105 (2d Cir. 2010), and it has pervasively regulated wireless network deployment and service quality—for example, by prescribing "substantial service" requirements. *See* 47 C.F.R. §§ 22.911, 24.203, 27.14, 24.236, 27.55.

"effect[ively] … prohibit[ing]" the provision of interstate or intrastate telecommunications service.[167] The FCC has broadly interpreted Section 253(a) to bar states from "materially limit[ing] or inhibit[ing]" the ability of telecommunications carriers to "compete in a fair and balanced legal and regulatory environment,"[168] including imposing excessive costs[169] or unfairly targeting a single provider, thereby also preempting any further fiber or wireless deployment mandates.[170] In addition, onerous buildout mandates would constitute an unconstitutional "taking" of private property in violation of the Fifth and Fourteenth Amendments to the U.S. Constitution, as either a "*per se* taking"[171] or a "regulatory taking."[172] Buildout conditions would also violate the U.S. Constitution's Contract Clause because by

[167] 47 U.S.C. § 253(a) ("No State … statute or regulation, or other State … legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.").
[168] *See Small Cells Order*, 33 FCC Rcd. at 9104, ¶ 37.
[169] *See id.* at 9110-9111, ¶¶ 43-45.
[170] *See id.* at 9106, ¶ 39. Any such requirement would also conflict with federal policy favoring light-touch regulation of broadband service—an "information service." *See In re MCP No. 185*, 124 F.4th 993 (6th Cir. 2025) (holding that broadband is an "information service" under federal law); *Charter Advanced Servs. (MN), LLC v. Lange*, 903 F.3d 715, 718 (8th Cir. 2018) ("'[A]ny state regulation of an information service conflicts with the federal policy of nonregulation,' so that such regulation is preempted by federal law") (citation omitted) (state regulation of VoIP service was preempted); *see also Restoring Internet Freedom*, 33 FCC Rcd. 311, 426-431, ¶¶ 194-202 (2018), *vacated in part*, *Mozilla Corp. v. FCC*, 940 F.3d 1 (D.C. Cir. 2019). Joint Applicants acknowledge that some courts have rejected arguments that state regulation of broadband services is preempted, *see N.Y. State Telecomms. Ass'n, Inc. v. James*, 101 F.4th 135, 154-58 (2d Cir. 2024), *cert. denied*, 145 S. Ct. 984 (2024); *ACA Connects v. Bonta*, 24 F.4th 1233, 1241-47 (9th Cir. 2022), but respectfully contend that those decisions were incorrectly decided. *See Mozilla*, 940 F.3d at 95-107 (Williams, J., concurring in part and dissenting in part); *see also Volcano Tel. Co. v. Pub. Utils. Comm'n* 109 Cal. App. 5th 701, 722, 726 (2025) (no conflict preemption where CPUC's rules did not regulate the rates or service quality of broadband service).
[171] Any "physical occupation of" Verizon's property (e.g., a fiber buildout requirement on Verizon-owned land) or imposition of "confiscatory" costs would constitute a "*per se* taking" that is unconstitutional absent just compensation from the Commission. A "physical intrusion by government" constitutes a *per se* taking that automatically requires compensation. *See Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 426 (1982); *Cedar Point Nursery v. Hassid*, 594 U.S. 139, 148 (2021). In addition, a regulation that results in a "complete[] depriv[ation] … of all economically beneficial use of … property" likewise constitutes a *per se* taking. *Lucas v. South Carolina Coastal Council*, 505 U.S. 1003 (1992); *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307 (1989) ("The guiding principle has been that the Constitution protects utilities from being limited to a charge for their property serving the public which is so 'unjust' as to be confiscatory.") (citation omitted); *Brooks-Scanlon Co. v. Railroad Comm'n*, 251 U.S. 396, 399 (1920) ("A carrier cannot be compelled to carry on even a branch of business at a loss."); *see also* Exh. JA 7 (Verizon Panel Rebuttal Testimony Errata) at 4-5 (a requirement to replace all of Frontier's copper networks in California with fiber would cost at least $7 billion); JA 3 (Ellis Rebuttal Testimony Errata) at 15-16, 45-55 (similar).
[172] For such regulatory takings, courts consider (1) the economic impact of the regulation, (2) its interference with reasonable investment-backed expectations, and (3) the character of the governmental action. *Penn Central Transp. Co. v. City of N.Y.*, 438 U.S. 104, 124-125 (1978). Onerous buildout mandates would be constitutionally barred as they would: (1) have an extraordinary economic impact (likely requiring multi-million-dollar expenditures); (2) significantly interfere with Verizon's reasonable investment-backed expectations (*id.* at 124); and (3) unfairly subject Verizon alone to the enormous costs of pursuing a broader social policy goal of expanding industry-wide fiber deployment. *See, e.g.*, *Reoforce, Inc. v. United States*, 853 F.3d 1249, 1271 (Fed.

substantially and unjustifiably impairing Verizon's contractual rights.[173]

Third, federal law prohibits the Commission from rate-regulating wireless and broadband services (including mandating discounts) beyond the numerous voluntary commitments Verizon has already made to promote the affordability of services for lower-income consumers. Section 332(c)(3)(A) of the Communications Act expressly preempts state regulation of the price of mobile voice or broadband services,[174] including, for example, any condition requiring Verizon to offer Verizon Forward for a longer duration than its voluntary commitment (10 years under its agreement with Cal Advocates) or to expand eligibility for Verizon Forward beyond Verizon's existing commitments.[175] Likewise, mandating discounted wireless or wireline services on confiscatory terms would raise constitutional concerns as an uncompensated taking of private property,[176] and would substantially and unjustifiably impair Verizon's contracts with its customers in violation of the Contract Clause.[177]

Fourth, federal law forecloses service quality mandates for wireless services beyond Verizon's existing substantial commitments to service quality improvements that will benefit Frontier customers and other consumers in California. Such mandates for mobile voice or broadband services would be preempted by Section 332(c)(3)(A) of the Communications Act, as they would necessarily dictate wireless network design, construction, and operation,[178] and would be subject to field preemption for the same reasons discussed above.[179] Service quality mandates could also run afoul of Section 253(a) and raise constitutional concerns as uncompensated takings as discussed above.[180] Moreover, imposing service quality mandates on wireless services would be inconsistent with the Commission's recent

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Cir. 2017) (a regulation that "single[s] out" or "target[s]" the plaintiff weighs in favor of finding an unconstitutional taking).

[173] *See* U.S. Const., art. I, § 10, cl. 1; *Sveen v. Melin*, 584 U.S. 811, 819 (2018).

[174] *See* 47 U.S.C. § 332(c)(3)(A) (prohibiting states from "regulat[ing] … the rates charged by any commercial mobile service or any private mobile service.").

[175] *See, e.g.*, *Cellco P'ship v. Hatch*, 431 F.3d 1077, 1082 (8th Cir. 2005); *CTIA-Wireless Ass'n v. Echols*, 2013 WL 6633177, at *2 (N.D. Ga. Dec. 17, 2013). Any condition that requires Verizon to offer subsidized wireless service on terms that exceed its existing voluntary commitments concerning the California LifeLine program or federal Lifeline program (for instance, requirements to indefinitely serve as an ETC and provide subsidized LifeLine/Lifeline services) would run afoul of Section 332(c)(3)(A) for the same reasons.

[176] *See* notes 171 and 172, *supra*.

[177] *Sveen*, 584 U.S. at 819 (citations omitted).

[178] *See* note 165, *supra* (citing *Bastien* and related cases). Although D.25-09-031 contained dicta rejecting Section 332 preemption arguments (while deferring whether to regulate service quality for wireless providers to Phase 2 of the proceeding), that decision may be the subject of applications for rehearing and petitions for modification, and therefore is not final. *See Commc'ns Telesys. Int'l v. California Pub. Util. Comm'n*, 196 F.3d 1011, 1016 (9th Cir. 1999) (citing, *inter alia*, Pub. Utils. Code § 1731(b)).

[179] *See* note 166, *supra*.

[180] *See* p. 37, *supra*.

determination in Decision 25-09-031 to defer such industry-wide issues to Phase 2 of that proceeding.

Fifth, it is not appropriate for TURN to demand additional forced conditions related to COLR beyond the voluntary commitments already made in the CWA settlement, where Verizon will assume Frontier's full COLR responsibility (including provisions if Verizon is relieved of its COLR obligation in the future). This Commission has extensive COLR rules that currently apply to Frontier and that Verizon has committed to follow by assuming Frontier's obligations.[181] TURN's speculation that it might one day question Verizon's compliance with those rules can be addressed when or if a dispute actually arises, but hypothetical and premature disagreements provide no basis for mandating unjustifiable conditions. The Commission also has an open rulemaking to consider updates to its COLR rules,[182] and TURN is an active participant. If TURN wishes to propose changes to the COLR rules, that rulemaking—*not* the present proceeding—is the appropriate forum for such arguments. All stakeholders can participate in the rulemaking, and any resulting changes would apply equally to all COLR companies. Verizon cannot be singled out by forcing different or more onerous COLR obligations with no rational basis, as a condition of transaction approval.[183]

Sixth, as part of its settlement agreement with Cal Advocates, Verizon has voluntarily agreed to secure a performance bond (or bonds) totaling $150 million to buttress its deployment commitments. The Commission should reject any request to impose an additional bond requirement,[184] as doing so not only would be unnecessary but also would be unprecedented in this situation.[185]

VI. TIMELY RESOLUTION OF THIS PROCEEDING IS OF THE ESSENCE

Timely resolution of this proceeding is essential to avoid delaying, or even jeopardizing entirely, the extensive public interest benefits that the citizens of California stand to gain from the Transaction and the settlement commitments. Delay would deepen Frontier's financial challenges, delay further fiber deployment in California, and jeopardize consummation of a Transaction that indisputably delivers extensive public interest benefits. A timely decision is also in the public interest because the sooner

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181 D.96-10-066; D.12-12-038.

182 R.24-06-012, Order Instituting Rulemaking Proceeding to Consider Changes to the Commission's Carrier of Last Resort Rules (June 28, 2024).

183 The California Constitution prohibits the denial of "equal protection of the laws." (Art. I, § 7, subd. (a)). *See also* U.S. Const. amend. XIV (guaranteeing to all persons "equal protection of the laws."). "The concept of equal protection recognizes that persons who are similarly situated with respect to a law's legitimate purposes must be treated equally," and a corporation is considered a "person" for this purpose. *Law Sch. Admission Council, Inc. v. State of California*, 222 Cal. App. 4th 1265, 1281 (2014). *See also Walgreen Co. v. City and County of San Francisco*, 185 Cal. App. 4th 424, 434 (2010).

184 *See, e.g.*, Exh. CforAT 3 (Prepared Rebuttal Testimony of Paul Goodman) at 26.

185 To our knowledge, the Commission has never imposed a performance bond requirement as a condition for approving a comparable transaction.

regulatory approval is completed, the sooner the Transaction can close and the public can begin receiving its benefits, including the commitments in the settlements. The extensive settlement agreements with Cal Advocates, CETF, and CWA significantly narrow the disputes and should allow for a prompt decision by the end of this year.

VII. CONCLUSION

For the foregoing reasons, the Commission should approve the Application and settlement agreements without imposing any conditions that exceed Joint Applicants' voluntary commitments in those agreements. Joint Applicants respectfully request that the Commission issue a decision approving the Transaction in 2025.

Respectfully submitted this 10th day of October, 2025.

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APPENDIX A

Verizon Settlement Agreements Key Commitments[1]

Commitment	Reference
INFRASTRUCTURE DEPLOYMENT	
Wireless Network: Within seven years of the Transaction's close, Verizon will deploy 250 new 5G-enabled macro cell sites with Fixed Wireless Access ("FWA") capabilities in the Frontier service area. ● At least 85 sites will be located in areas eligible for the California Advanced Services Fund. ● At least 65 sites will be located in high fire-threat districts.	Cal Advocates Settlement Agreement, Section A, ¶ 1; CETF MOU, Section VI.A
Fiber Network: Within five years, Verizon will deploy new fiber-to-the-premises (Fios) infrastructure to a minimum of 75,000 new locations in Frontier's territory. ● Deployment will prioritize census blocks with household incomes at or below 90% of the county median.	Cal Advocates Settlement Agreement, Section A, ¶ 2; CETF MOU, Section VI.B
Performance Bond: Verizon will secure a $150 million performance bond within 90 days of closing to ensure completion of the infrastructure commitments. The bond amount can be reduced annually as work is completed.	Cal Advocates Settlement Agreement Section A, ¶ 3
Stakeholder Consultation: Verizon will hold semi-annual meetings for five years with intervening parties, Regional Broadband Consortia, and Metropolitan Planning Organizations to provide updates and receive input on deployment plans.	Cal Advocates Settlement Agreement, Section A, ¶ 7; CETF MOU, Section VII.B
Tribal Consultation: Verizon's Tribal Liaison will be available to meet with Tribes regarding connectivity issues, and Verizon will consult with affected Tribes before applying for grant funding in their jurisdictions.	Cal Advocates Settlement Agreement, Section A, ¶¶ 5, 8

[1] For the Commission's convenience, the Joint Applicants have summarized or paraphrased key commitments from Verizon's settlement agreements with (1) the Public Advocates Office ("Cal Advocates"); (2) the Communications Workers of America, District 9 ("CWA"); and (3) the California Emerging Technology Fund ("CETF"). Where commitments overlap, this Appendix provides the more restrictive commitment and cites agreement provisions containing overlapping terms. This summary is offered for illustrative purposes and the terms of the settlement agreements control.

Antelope Valley Fairgrounds Upgrade: Within three years, Verizon will upgrade the broadband service at the Antelope Valley Fair and Events Center to enhance public safety communications and support community events, providing the service and technical support free for five years.	CETF MOU, Section VI.C
SERVICE QUALITY AND STAFFING	
Network Audit: Verizon will conduct an in-depth audit of Frontier's fiber and copper networks within 12 months of closing and share the findings with intervening parties.	Cal Advocates Settlement Agreement, Section B, ¶ 13
Network Maintenance: Verizon will maintain Frontier's copper network to ensure reliable voice service and bring all facilities up to its standards and the CPUC's requirements.	Cal Advocates Settlement Agreement, Section B, ¶ 14
Staffing: Verizon will maintain adequate personnel to ensure safe, adequate, and reliable service consistent with all CPUC service quality standards.	Cal Advocates Settlement Agreement, Section B, ¶ 14
Plant Maintenance: Within twelve months of the close of the Transaction, and for a period of three years post close, Verizon will adopt and implement a plant maintenance program for Frontier's network comparable to Verizon's National Operations Quality Inspection System—through which technicians can submit reports concerning plan conditions needing maintenance. Verizon will perform plant rehabilitation or maintenance within 90 days of receiving a submission.	CWA Settlement Agreement, ¶ 1
No CWA Lay Offs: For four years after close of the Transaction, Verizon will not involuntarily lay off any CWA-represented employee who was an employee of the Joint Applicants on the day the Transaction closed (or CWA-represented employees hired pursuant to the below commitment).	CWA Settlement Agreement, ¶ 2
CWA-Represented Employee Hiring: Within twelve months of the close of the Transaction, and for each of the five years thereafter, Verizon will hire one hundred full-time CWA-represented employees, for a total of six hundred (600) full-time CWA-represented employees over six years.	CWA Settlement Agreement, ¶ 3

Quarterly Service Quality Reports: For forty-eight months following close of the Transaction, Verizon will submit quarterly reports to the Commission and CWA concerning its compliance with the GO 133 service quality standards. If Verizon is consistently failing to meet these standards at the end of the forty-eight month period, it shall continue to send quarterly reports and shall convene a Service Quality Committee (composed of CWA, Verizon Operations executives responsible for California, and labor relations) to review service quality shortcomings and discuss potential solutions, including increased staffing.	CWA Settlement Agreement, ¶ 4
GO 133 Service Quality Requirements: Verizon commits to taking actions consistent with meeting its wireline service quality obligations under GO 133, including maintaining adequate personnel, to ensure it offers safe, adequate, and reliable service.	CWA Settlement Agreement, ¶ 5
Audit of Frontier Network: Within 12 months of the close of the Transaction, Verizon will conduct an audit of Frontier's network and bring Frontier's facilities up to Verizon's standards and the Commission's service quality standards under GO 133.	CWA Settlement Agreement, ¶ 6
Frontier COLR Obligations: Verizon will assume Frontier's Carrier of Last Resort ("COLR") obligations in the service territories where it is designated as such. If Verizon is relieved of its COLR obligations, it agrees to offer a voice service over a technology of its choice to customers who do not wish to avail themselves of Verizon's other service offerings or transition immediately to an alternative voice provider for a period of 12 months following the grant of COLR relief.	CWA Settlement Agreement, ¶ 7
Backup Power and Staffing: Verizon will maintain adequate personnel and backup power, including but not limited to, maintaining battery backup power for at least eight hours in the event of a power failure and backup generators that can operate for at least 24 hours without refueling.	CWA Settlement Agreement, ¶ 8
AFFORDABILITY AND LOW-INCOME PROGRAMS	
Verizon Forward Program: For ten years, Verizon will offer its Verizon Forward discount program to all eligible California customers. ● This includes offering at least one Fios plan (300/300 Mbps) and one FWA plan (approx. 100/20 Mbps) for a final price of $20 per month.	Cal Advocates Settlement Agreement, Section C, ¶¶ 16-17, 20; CETF MOU, Section I.A

● Eligibility will be expanded to include participants in numerous state and federal assistance programs, such as CalFresh, Medi-Cal, LIHEAP, and Pell Grants.	
Frontier Customer Pricing: Verizon will honor the discounted pricing for existing customers on Frontier Fundamentals Internet plans for four years.	CETF MOU, Section I.B
California LifeLine (1): Verizon will participate in any future California LifeLine fixed broadband-only subsidy pilot program, allowing customers to apply the subsidy to their $20 plan. Eligible customers with bundled voice and Fios can also apply the existing state LifeLine subsidy.	Cal Advocates Settlement Agreement, Section C, ¶¶ 17, 21
California LifeLine (2): Verizon will continue to offer a California LifeLine rate plan for four years, regardless of changes to the federal Lifeline program.	CETF MOU, Section II
Promotional Spending: Verizon will spend at least $300,000 annually for five years to promote awareness of its affordability programs.	Cal Advocates Settlement Agreement, Section C, ¶ 24; CETF MOU, Section III.A
Reporting: Verizon will provide reports on its affordability programs during the semi-annual stakeholder meetings.	Cal Advocates Settlement Agreement, Section C, ¶ 25; CETF MOU, Section III.B
BEAD Program: Verizon will honor all of Frontier's existing commitments related to the Broadband Equity, Access, and Deployment ("BEAD") program and other state or federal broadband grants.	Cal Advocates Settlement Agreement, Section C, ¶ 28
SMALL BUSINESS AND SUPPLIER DIVERSITY	
Investment Commitment: Verizon commits to spending at least $500 million in California over five years with small business suppliers, as part of a $5 billion national commitment. This amount could increase to $650 million if CETF's outreach efforts generate significant new supplier contracts.	CETF MOU, Section VIII.A
Funding for Outreach: Verizon will provide CETF with $1 million to perform outreach and increase awareness of Verizon's small business programs.	CETF MOU, Section VIII.A
Supplier Diversity and Reporting: Verizon will continue to engage with diverse supplier organizations, have a senior executive attend the CPUC's annual Supplier Diversity hearings, and report its procurement data against the CPUC's goals as required by General Order 156.	CETF MOU, Section VIII.B
INVESTMENT IN DIGITAL INCLUSION	
Funding to CETF: Verizon will provide $40 million to CETF within 90 days of the Transaction's closing to support Digital Inclusion in California.	CETF MOU, Section V

Allocation of Funds: $35 million will go toward CETF's core mission of closing the Digital Divide, and $5 million will be granted by CETF to community-based organizations (CBOs) and schools for local digital inclusion programs.	CETF MOU, Section V
Goal: CETF will use its best efforts to help 100,000 unconnected households subscribe to affordable internet and receive digital literacy training.	CETF MOU, Section V
OTHER KEY COMMITMENTS	
Compliance Reporting: Verizon will provide an Annual Compliance Report to CETF and the CPUC for four years, detailing its progress in meeting the MOU's commitments.	CETF MOU, Section X

APPENDIX B

Additional Verizon Commitments

Workforce Development Program: Verizon will contribute an aggregate of ten million dollars ($10,000,000) over a five-year period to support a workforce development program administered by California State University or another accredited California institution of higher education. As part of this program, Verizon will establish and fund the Verizon Emerging Leader Initiative, the purpose of which is to advance career preparedness and student success for California students. Verizon will invest two million dollars ($2,000,000) for each of the next five years to achieve the foregoing aggregate commitment. Verizon will track these investments and report annually on the progress of the program in its General Order (GO) 156 filings for the duration of this commitment.

The Verizon Emerging Leader Initiative may include Verizon-sponsored career tracks in technology and retail, each supported by a designated Verizon executive sponsor responsible for partnership oversight; guest lectures by Verizon leaders aligned to curriculum topics; student business case competitions; and Verizon-sponsored research and innovation opportunities. The Initiative may further include partnerships with campus career services to deliver Verizon-sponsored workshops, mock interviews, résumé reviews, and mentoring; Verizon-sponsored scholarships; and measures to address students' accessibility barriers, including technology grants for devices and connectivity to support learning. Verizon may refine program design and implementation details over time to ensure efficacy and alignment with institutional needs; provided, however, that Verizon will not alter any commitments detailed in the first paragraph above and shall describe any material modifications in its annual GO 156 filings.

Employee Experience Information: For the next four years, in conjunction with its annual GO 156 filings, Verizon will confidentially report the aggregated results of California employee responses to questions designed to solicit input regarding inclusiveness and belonging from Verizon's standard "Pulse" surveys, which are administered at least annually to all management employees. In addition, upon request of the Commission, Verizon will utilize its Employee Resource Groups, which are open to all Verizon employees, including union-represented employees, to facilitate the provision of supplementary qualitative information concerning the experience of Verizon's California employees. Such information shall likewise be provided to the Commission on a confidential basis.