BEFORE THE PUBLIC UTILITIES COMMISSION OF

THE STATE OF CALIFORNIA

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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. (U1002C), Citizens Telecommunications Company of California (U1024C), Frontier Communications of the Southwest Inc. (U1026C), Frontier Communications Online and Long Distance Inc. (U7167C), and Frontier Communications of America, Inc. (U5429C), to Verizon Communications Inc. Pursuant to California Public Utilities Code Section 854.	Application 24-10-006 (Filed October 18, 2024)

CENTER FOR ACCESSIBLE TECHNOLOGY RESPONSE TO MOTIONS TO APPROVE SETTLEMENT AND OPENING BRIEF

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- The Commission should give no weight any of Joint Applicants' commitments that are not in the record;

- The Commission should make the following factual findings:

    - Verizon voluntarily agreed to eliminate its diversity, equity, and inclusion (DEI) programs and initiatives to obtain FCC approval of the proposed transaction.

    - Verizon could have refused to enter into the FCC commitments but intentionally chose instead to accept them.

    - Verizon has not acknowledged that its elimination of its DEI programs and initiatives will cause cognizable harm to diverse communities.

    - Verizon has a history of poor compliance with Commission requirements.

    - Verizon has failed to demonstrate that the proposed transaction is in the public interest.

    - There are insufficient mitigation measures to balance the public interest harms caused by the proposed transaction.

- The Commission should deny the Application.

- If the Commission does not deny the Application, it should impose mitigation measures requiring that the combined company:

    - Obtain performance bonds sufficient to ensure that the combined company will continue to provide service to customers in Frontier's service territory for at least five years following the close of the transaction;

    - Audit Frontier's network and service quality and take action to bring them into compliance with the Commission's service quality metrics no later than one year after the close of the transaction;

    - only seek changes to any merger conditions through a petition for modification, and that it may not seek changes to settlement agreements at all;

    - Provide former Frontier employees with the same compensation they received from Frontier or the same compensation a Verizon employee receives for the same role, whichever is higher, for at least five years after the closing date of the transaction;

    - Comply with General Order 156;

- Provide the Commission and parties with California-specific data regarding the combined company's internal diversity, small business contracting and subcontracting, and outreach to small businesses and communities. This data should be disaggregated by the categories listed in General Order 156.

- The Commission should appoint a third-party monitor to review Verizon's outreach efforts, and who has the power to audit Verizon's outreach efforts and direct Verizon, at Verizon's expense, to perform outreach activities in a manner that reaches all qualified job applicants and contractors.

- The Commission should appoint a third-party monitor to address any disparities in compensation among the combined company's employees and refer those disparities to appropriate agencies as necessary.

- If the Commission does not deny the Application, it should impose enforcement measures to ensure that:

  - The combined company complies with both the letter and the spirit of its settlement agreements.

  - The combined company complies with any Commission-imposed conditions.

  - The combined company obtain a bond sufficient to ensure its compliance with merger conditions, five percent of which will be returned to the combined company each year that it fully complies with all mitigation measures. If at any point the combined company fails to fully comply with all mitigation measures, the remainder of the bond should be forfeit.

  - If the combined company, or any of its affiliates, seek approval of a subsequent merger or acquisition, its application must report on the combined company's compliance with the mitigation measures in this proceeding.

I. INTRODUCTION

In accordance with the Assigned Commissioner's May 29, 2025 Amended Scoping Memo and Ruling and the Assigned Administrative Law Judge's September 18, 2025 Ruling Granting in Part the Motion to Modify the Proceeding Schedule and Providing Briefing Instructions to Parties, Center for Accessible Technology (CforAT) submits this opening brief.

Throughout this proceeding in which Verizon is seeking to acquire Frontier, Joint Applicants have declined to seriously engage with the impacts that the proposed transaction will have on California. Instead, they have flatly denied that the proposed transaction could create any public interest harms and endlessly repeated points they think favor their position. Joint Applicants' belief that they could set the scope and dictate the parameters of this proceeding has also caused unnecessary work for both the Commission and intervenors, and Joint Applicants' unsatisfactory responses to Commission inquires have forced multiple scheduling delays.[1] Despite being the cause of these delays, Joint Applicants have continuously demanded that the Commission shorten time for parties to fully brief the issues, citing an ill-explained need to close the proceeding by December 31, 2025.[2]

Rather than engage in a robust, transparent, and public discussion of the issues raised by the Application, Joint Applicants have also focused on lengthy and time-consuming settlement discussions, hiding any meaningful engagement with the public interest impacts of the proposed transaction behind a veil of confidentiality. As a result, Joint Applicants' record in this proceeding is woefully insufficient to meet their burden of proof. Joint Applicants' sense of entitlement to approval of the proposed transaction and their one-sided demand to quickly

[1] *See* Assigned Commissioner's Amended Scoping Memo and Ruling at pp. 2-3 (May 29, 2025); Assigned Commissioner's Ruling Requiring Additional Testimony at p. 3 (July 23, 2025).
[2] Joint Applicants Motion to Modify the Procedural Schedule at p. 1 (Sept. 5, 2025); TR Vol. 10 at p. 823:1-15.

resolve this proceeding has contributed to the insufficiency of the record. These tactical games have diverted time and resources away from review of the potential merits or harms of the proposed transaction.[3]

While Joint Applicants have tried to divert focus away from the impacts of the proposed transaction, intervening parties—even those that have entered into settlements with Joint Applicants—have demonstrated that the proposed transaction will result in significant public interest harms. This brief addresses many of the harms, but focuses primarily on the severe harm that will flow to California if the Commission approves the transaction due to the combined company's elimination of all of its diversity, equity, and inclusion programs, initiatives, and so-called values. Rather than meaningfully address the disability community, communities of color, LGBTQ+ communities, and others, Joint Applicants have argued that the Commission should disregard the harms to DEI and California's statutory directives.[4] This fact alone is sufficient justification for the Commission to deny the merger.

A review of the various proposed settlements reveals that they are unlikely to sufficiently reduce that broad array of public interest harms. For all of the settling parties' efforts, the settlement agreements lack sufficient detail or enforceability to create verifiable public interest benefits. Accordingly, the Commission should deny the Application. If the Commission does approve the Application, it should add further robust mitigation measures with equally robust monitoring and enforcement mechanisms, along with the terms of the various settlements.

[3] For example, Joint Applicants told the parties and the Commission that they intended to cross-examine witnesses (which required that intervening parties devote a significant amount of time and resources to preparation). At hearing, however, Joint Applicants chose not to move forward with cross-examination, and then argued that their choice not to cross-examine witnesses justified shortening the time for comments on settlement motions and briefing. This strategy was unsuccessful, but it contributed to the paucity of the record.

[4] Exh. CforAT-02 at p. 14:16-19.

II. DISCUSSION

A. While the Various Settlements in this Proceeding Provide Some Public Interest Benefits, those Benefits are Insufficient to Outweigh the Public Interest Harms.

There are currently three proposed settlements before the Commission. CforAT notes that the proposed settlements simply do not address a number of important issues. For example, the settlements do not include any mitigation measures to ensure that the combined company will offer affordable service. Similarly, with the exception of the settlement between Cal Advocates and Verizon,[5] the settlements lack any enforcement mechanisms.

However, the most glaring omission from the three settlements is any meaningful language regarding diversity, equity, and inclusion (DEI). Cal Advocates' settlement expressly states that it does not address or resolve DEI issues.[6] Accordingly, we are optimistic that Cal Advocates will continue to address the significant public interest harms to diverse communities that would result from Commission approval of the proposed transaction. CWA's settlement with Verizon does not reference DEI, but states that it resolves all concerns raised by CWA in the proceeding.[7] Presumably, CWA does not view diversity as an area of concern for itself or its membership. This is unfortunate, as labor unions have historically faced their own challenges on diversity issues.

The worst offender by far, however, is CETF, because it initially expressed strong concerns about the DEI impacts of the proposed transaction,[8] but then actively undercut other

[5] Cal Advocates' Settlement Agreement with Applicants is entered into the record of this proceeding as Exh. CforAT-06.
[6] Exh. CforAT-06 at p. 1.
[7] Verizon/CWA Motion for Approval at p. 2. CWA's Settlement Agreement with Applicants is entered into the record of this proceeding as Exh. CforAT-04.
[8] Exh. CETF-16.

parties' attempts to address those harms based on the terms of its settlement.[9] As discussed further in Section A(4) below, CETF's settlement includes a number of diversity "commitments" that are nothing more than Verizon's promise to comply with already-existing legal and regulatory requirements. Before entering into a settlement, CETF described the commitments it eventually accepted as "fall[ing] far short of what it takes to fulfill a good faith effort to a 'commitment to equal employment opportunity and nondiscrimination.'"[10] When CETF had the opportunity to recant or revise that statement post-settlement, it declined to do so.[11]

1. It is Unclear Whether Verizon's Settlement with Cal Advocates Will Provide Public Interest Benefits.

Verizon's settlement with Cal Advocates addresses issues of broadband deployment, service quality, and affordability. While that settlement has the potential to provide some public interest benefits, both the terms of the settlement itself and Verizon's history of non-compliance with its obligations and settlement commitments make the public interest benefits unverifiable. Reviewing agencies generally do not credit benefits that have not been verified using reliable methodology and evidence.[12] Accordingly, the Commission should be skeptical of claims that those benefits will materialize without meaningful oversight and enforcement.

a. Broadband Deployment

The Cal Advocates Settlement states that Verizon agrees to deploy 250 new wireless macro sites within the Frontier service area.[13] It further states that the location of those sites will be included in Verizon's 2026 final Plan of Record, which "will be submitted as an exhibit to

[9] CETF's Settlement Agreement with Applicants is entered into the record of this proceeding as Exh. CforAT-05.
[10] Exh. CETF-16 at p. 10:16-20.
[11] TR. Vol. 10 at p. 741:1-11.
[12] Dept. of Justice and Fed. Trade Comm'n, Merger Guidelines at p. 33 (2023), *available at* https://www.ftc.gov/system/files/ftc_gov/pdf/2023_merger_guidelines_final_12.18.2023.pdf (last accessed Sept. 26, 2025) (Merger Guidelines).
[13] Exh. CforAT-06 at p. 2.

this Agreement in November 2025."[14] CforAT cautions the Commission against accepting an incomplete settlement, as without the 2026 final Plan of Record, the Commission cannot evaluate whether those wireless macro sites will provide a significant benefit to current Frontier customers. Additionally, it is possible that Verizon could draft a 2026 final Plan of Record that deliberately omits locations where Verizon planned to construct macro sites prior to the transaction. In other words, Verizon could comply with the Settlement Agreement by completing construction that it would have built even without the merger.

The Cal Advocates Settlement also states that Verizon will deploy broadband infrastructure to 75,000 broadband fabric locations within Frontier's service territory, and that this buildout will not include any locations where Frontier made previous deployment commitments.[15] However, it provides no information about the locations where Frontier has committed to deploy infrastructure beyond a two-sentence summary of Frontier's planned national buildout contained in a "confidential" attachment to the agreement.[16] The Cal Advocates Settlement fails to provide the Commission with enough information to determine where Verizon would build those 75,000 passings or what public benefits might accrue.

If the Commission does approve the proposed transaction, it should require that once Verizon completes its 2026 final Plan of Record, including identification of the locations where it intends to build wireless macro sites and broadband passings, it must be provided to Commission staff to verify that the locations meet the terms of the settlement agreement.

[14] Exh. CforAT-06 at p. 2.
[15] Exh. CforAT-06 at p. 3.
[16] Exh. CforAT-06 at Exhibit 2. It should be noted that while the public version of the Cal Advocates settlement omits the entirety of that summary, the confidential version of the Cal Advocates settlement only marks as confidential specific numbers regarding Frontier's planned buildout. Accordingly, the Cal Advocates Settlement omits non-confidential information which the public is entitled to see. The Commission should require that Verizon and Cal Advocates refile their Joint Motion for Adoption of Settlement Agreement with a copy of Exhibit 2 compliant with the Commission's confidentiality rules.

b. Affordability.

The Cal Advocates Settlement includes commitments from Verizon to offer Verizon Forward, Verizon's low-income broadband program, to eligible customers.[17] However, the impact of this commitment is unclear. For example, the Settlement states that Verizon will "[s]pend at least $300,000 annually to make customers aware of Verizon Forward and state LifeLine and federal LifeLine in California,"[18] but it does not indicate how much Verizon is *currently* spending on promotional efforts. Similarly, Verizon commits to offering Verizon Forward to customers on the same terms and to maintain pricing for Frontier Fundamental Internet plans as of the closing date of the transaction. [19] This language leaves room for Verizon to act after Commission approval but before the close of the transaction to materially change the eligibility criteria and discount for Verizon Forward and/or the price of Frontier Fundamental Internet. The Commission should not consider the affordability agreements a benefit of the transaction because it cannot determine the level of affordability benefits would exist on the closing date of the transaction.

Verizon makes no actual commitments regarding LifeLine service, but only acknowledges that it will assume Frontier's responsibilities as an eligible telecommunications carrier (a legal requirement, not a voluntary act); specifically, Verizon does not commit to offering California LifeLine or participating in the federal Lifeline program.[20] If the combined company were to relinquish Frontier's ETC status or seek relief from its ETC obligations at the federal level, it would no longer be required to participate in federal Lifeline, potentially making telephone service unaffordable for some customers.

[17] Exh. CforAT-06 at pp. 7-10.
[18] Exh. CforAT-06 at p. 9.
[19] Exh. CforAT-06 at pp. 8-9.
[20] Exh. CforAT-06

It should be noted that as a condition of Verizon's previous acquisition of TracFone, Verizon is required to participate in the California LifeLine program until at least November 22, 2041.[21] CforAT understands this requirement to mandate that Verizon must offer LifeLine service to all eligible customers in its service territory. However, given Verizon's history of seeking compliance loopholes, (discussed further in sections 3(a) and 5, below), the combined company may attempt to creatively interpret the conditions in the Verizon/TracFone proceeding to argue that it is not required to offer LifeLine to former Frontier customers in areas where Frontier and TracFone's service areas do not overlap. While CforAT is confident that the Commission would not authorize this outcome, affordable service may not be available for some customers during the time necessary for the Commission to clarify and enforce Verizon's LifeLine obligations.

As the Application notes, the proposed transaction is at the "holding company level," and post-transaction, Frontier will remain a separate entity. If it approves the transaction, the Commission should ensure that former Frontier customers can still obtain the LifeLine services that they have come to depend on. The Commission should require that combined company continue to offer wireline LifeLine throughout Frontier's service territory. In D.21-11-030, the Commission required that Verizon offer LifeLine for a period of at least 20 years after the TracFone merger closed (until at least November 22, 2021). While CforAT would typically recommend that the Commission require that the combined company's Frontier affiliates offer LifeLine for at least 20 years, we acknowledge that this could cause customer confusion, because such a requirement would result in two different termination dates for the combined company's

[21] *See* D.21-11-030, OP 2, In the Matter of the Joint Application of TracFone Wireless, Inc. (U4321C), América Móvil, S.A.B. de C.V. and Verizon Communications, Inc. for Approval of Transfer of Control over Tracfone Wireless, Inc, A.20-11-001 (Nov. 5, 2020).

LifeLine obligations. Accordingly, CforAT respectfully suggests that if the Commission does not deny the Application, it should require that the combined company offer LifeLine through its Frontier affiliates until the expiration of its obligation in D.21-11-030.

c. Service Quality

The Cal Advocates Settlement states that Verizon will enact several service quality policies with widely varying metrics, such as bringing Frontier's former facilities up to "Verizon's standards,"[22] bringing Frontier's former facilities up to "the Commission's wireline service quality standards,"[23] maintaining and repairing the copper networks to a standard that is capable of consistently providing reliable voice service,"[24] and maintaining adequate personnel to ensure service "in compliance with all applicable service quality standards."[25] Similar to the buildout provisions, these commitments have the potential to benefit consumers, but there is insufficient record evidence interpret these standards or to *verify* that benefits will occur.

The record contains no evidence quantifying Verizon's "standards." While the Commission's service quality standards are referenced, the agreement does not address that the Commission's enforcement process requires that providers either meet certain benchmarks *or* pay a fine. Given Verizon's past compliance failures and statements that it does not feel that it should have to comply with commitments that are "too hard" or that it considers "unfair,"[26] there is a substantial risk that the combined company would choose to pay a fine rather than provide service that meets Commission's service quality standards. Finally, Verizon's commitment to maintain and repair copper networks to a level that provides "reliable voice service" not a

[22] Exh. CforAT-06 at p. 7.
[23] *Id.*
[24] *Id.*
[25] *Id.*
[26] Exh. CforAT-01A at p. 11:5-12.

transaction benefit, because the Commission's basic service elements require a "voice-grade connection."[27]

Overall, the Cal Advocates Settlement's multiple definitions of service and non-standard language, as well as Verizon's history of noncompliance with service quality requirements,[28] raise serious questions whether the agreement will result in improved service quality. The Commission should reject those conditions as unverifiable. If the Commission does not deny the Application outright, it should require that the combined company audit Frontier's network and service quality and take action to bring them into compliance with the Commission's service quality metrics no later than one year after the close of the transaction.

d. Bond

The Cal Advocates Settlement includes a commitment that Verizon will obtain $150 million in performance bonds.[29] As Verizon meets its buildout obligations, it may to request reduction of the bond.[30] For example, if Verizon meets 20 percent of its buildout commitments, it can seek a 20 percent reduction of the bond requirement.[31] While CforAT appreciates the intent behind this enforcement mechanism, it needs clarification.

First, the Cal Advocates Settlement assumes that Verizon will complete its cell site buildout and fiber passing buildouts on roughly the same schedule and does not address what happens if Verizon were to complete 50 percent of its cell cite buildouts but only ten percent of its fiber passing buildouts. Additionally, the settlement does not acknowledge that companies

[27] Cal. Pub. Util. Comm'n, Basic Service Definition, *available at* https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-mapping-program/broadband-public-feedback/basic-service-definition (last accessed Oct. 9, 2025).
[28] We discuss Verizon's history of failing to properly maintain copper networks in section B(3)(a), below.
[29] Exh. CforAT-06 at p.3.
[30] Exh. CforAT-06 at p.3.
[31] Exh. CforAT-06 at p.3.

generally complete easier buildouts first, and struggle to complete more difficult construction later. If the Commission approves the transaction, it should allow Verizon only to seek reduction of its bond based on its completion of the lower percentage of either its cell site or fiber passing buildouts. Additionally, the Commission should require Verizon to maintain at least $75 million in performance bonds until it has completely fulfilled its buildout obligations.

2. Verizon's Settlement with CWA will Provide Some Public Interest Benefits for Union Employees.

The CWA Settlement includes commitments by Verizon to hire at least 600 union employees over six years and to avoid any union employee layoffs for three years following the close of the transaction.[32] CforAT notes that these commitments provide benefits only for union employees. While we defer to CWA on the benefits for union employees, we address the public interest harms to non-union employees in section B(3)(d) below.[33]

3. Verizon's Settlement with CETF Provides Limited Public Interest Benefits.

The CETF Settlement provides CETF with $40 million from Verizon to fund for digital literacy programs.[34] Five million dollars are earmarked for grants to CBOs and schools, and it is unclear how the remaining $35 million are allocated. The CETF Settlement also provides one million dollars in funding for "outreach and awareness of Verizon's Small Business Accelerator and Small Business Digital Ready programs and conduct related outreach to participants."[35] As discussed in section B(7)(b)(4) below, those programs are Verizon's proposed alternative to DEI

[32] Exh. CforAT-04 at p. 4. We note that under those terms, Verizon could hire 300 union employees in years one-three, lay them off at the beginning of year four, and rehire those same employees to reach the 600-employees requirement.
[33] Additionally, the CWA settlement includes commitments regarding service quality that are substantially identical to the commitments in the Cal Advocates Settlement (as discussed above) and are similarly flawed. We will not repeat those arguments here.
[34] Exh. CforAT-04 at p. 5.
[35] Exh. CforAT-04 at p. 8.

requirements, which are not only likely to fail to mitigate harms to DEI, but are also likely to further *decrease* the diversity of Verizon's internal workforce and contractors. In other words, Verizon will pay CETF to lend false legitimacy to those programs.

CETF itself previously acknowledged that those programs will not mitigate diversity harms, stating that despite the existence of the Small Business Accelerator Program, Verizon's diversity results "will suffer absent any corporate goal, management pay incentives, and a supplier diversity employee group,"[36] and that "as commendable it is for Verizon to invest in the Small Business Supplier Accelerator, it is insufficient to achieve equal opportunity and nondiscrimination."[37] CETF's witness, Sunne McPeak, was given the opportunity to qualify or recant these statements after the execution of the CETF Settlement, and declined to do so.[38] The DEI commitments in the CETF Settlement are, according to CETF's own testimony, inadequate at best and quite likely meaningless.[39]

B. Scoping Questions

1. Does the proposed transaction satisfy the requirements of Pub. Util. Code Section 854(a)?

Under Public Utilities Code section 854(a), acquisitions of public utilities must be approved by the Commission.[40] "The Commission has broad discretion to determine if it is in the

[36] Exh. CforAT-05 at p. 22:14-15.
[37] Exh. CforAT -05 at p. 22:19-20. The full sentence in CETF's testimony is "However, as commendable it is for Verizon to invest in the Small Business Supplier Accelerator, it is insufficient to achieve equal opportunity and nondiscrimination, because it ignores how low-income residents in the Verizon territories can become prepared to start a small business in the first place."
[38] TR. Vol. 10 at p. 741:1-11.
[39] The remainder of the CETF Settlement consists primarily of restatements of various commitments made in the Cal Advocates and CWA settlements. The CETF settlement emphasizes that "the reiteration of those commitments here are not intended to create separate or additional commitments on Verizon but are included for illustrative purposes only." Exh. CforAT-05 at p. 12. Accordingly, those commitments do not confer any additional benefits for the Commission to consider.
[40] Decision Granting Conditional Approval of the Acquisition of PacificCorp by MidAmerican Energy Holdings Company, D.06-02-003, p. 23 (Feb. 16, 2006).

public interest to authorize a proposed transaction pursuant to Public Utilities Code section 854, subdivision (a)."[41] In addition, "where necessary and appropriate, the Commission may attach conditions to a transaction in order to protect and promote the public interest."[42] Joint Applicants bear the burden of demonstrating that the proposed transaction is in the public interest as required by Public Utilities Code section 854, subdivision (e).[43] This burden requires that Joint Applicants, by a preponderance of the evidence, demonstrate that the proposed transaction will result in a net benefit to the public interest, i.e. the public interest benefits of the proposed transaction outweigh the public interest harms.[44] The Commission's balancing test is not simply an exercise in counting the number of people who would benefit from the transaction and comparing it with the number of people who would be harmed by the transaction. For example, the proposed transaction could increase the availability of fiber service to some Frontier customers, but if that service is unaffordable to a significant number of those customers, the harms to low-income customers should outweigh the benefits to wealthier customers.

Overall, the public interest benefits of the proposed transaction do not outweigh the public interest harms. Additionally, the Commission may not be able to impose sufficient mitigation measures to prevent significant adverse consequences that may result from the proposed transaction. If the Commission is inclined to approve the transaction, it should impose multiple meaningful mitigation measures beyond the pending settlements and create a robust,

[41] *Id.*
[42] In re Joint Application of Citizens and GTE to Sell and Transfer Assets, Decision No. 01-06-007, 2001 Cal. PUC LEXIS 390, *15.
[43] D.10-10-017 (A.09-00-028, A.10-04-032) (Sierra Pacific) at p. 16; D.07-09-005 (A.06-09-013) (Yale Industrial) at pp. 2-3 (while the primary standard is whether the transaction will "adversely affect" the public interest, the Commission may also consider if the transaction will serve the public interest).
[44] Cal. Pub. Util. Code § 854(c).

and escape-proof, enforcement mechanism to ensure that the transaction does not harm the public interest. If the Commission cannot do so, it must deny the proposed transaction.

2. Does the proposed transaction satisfy the requirements of Pub. Util. Code Section 854(b)?

Frontier California Inc. has gross annual California revenues exceeding $500 million.[45] Accordingly, the Commission has a statutory duty to review the proposed transaction under Public Utilities Code Section 845(b).

a. Section 854(b)(1): Does the proposed transaction provide short-term and long-term economic benefits to ratepayers?

As discussed in sections 3(a) and 7(b)(2) below, it is not clear whether the proposed transaction would provide short- or long-term economic benefits to ratepayers, and any potential benefits would be limited. Additionally, Joint Applicants have failed to meet their burden of demonstrating that any benefits outweigh the proposed transaction's harms.

b. Section 854(b)(3): Does the proposed transaction adversely affect competition?

Joint Applicants have failed to prove that the proposed transaction will not adversely affect competition. Joint Applicants rely almost exclusively on a so-called "competition analysis" conducted by Verizon Witness Dr. Debra J. Aron.[46] However, Dr. Aron's analysis is deeply flawed. Dr. Aron claims that she performed an analysis of the impacts of the proposed transaction and determined that there is no risk of anticompetitive effects.[47] She states that she used "standard economic methods, highly granular, location-specific data, and conservative assumptions about market definitions [to] conclude that there are no meaningful concerns that the proposed Transaction would have adverse competitive effects on consumers or businesses in

[45] Application at p. 9.
[46] Dr. Aron's Opening Testimony is entered into the record as Exh. JA-8, and her Rebuttal Testimony is entered into the record as Exh. JA-10.
[47] Exh. JA-8 at pp. 57-58.

urban/suburban, rural, or tribal areas of California."[48] However, Dr. Aron's testimony disregards long-standing practices used to evaluate the competitive effects of mergers and acquisitions,[49] instead, resting on superficial analysis and two particularly faulty assumptions.

(1) Dr. Aron's Analysis Fails to Correctly Identify the Relevant Markets.

Dr. Aron neglects to include even the most basic analysis of relevant markets for the proposed transaction, and she fails to justify her conclusions regarding the relevant product market or markets in this proceeding. Defining a relevant market or markets is "always necessary at some point in [merger] analysis."[50] The relevant product market consists of all goods which are "reasonably interchangeable" with a product.[51] Products are "reasonably interchangeable" if consumers (1) view those products as substitutes for each other and (2) would switch among those products in response to a change in price.[52] In determining whether goods are reasonably interchangeable, courts consider the price, the use, and the qualities of the respective products.[53]

Dr. Aron states that because Verizon only offers wireless broadband and Frontier only offers wired broadband, Verizon and Frontier do not compete with each other in the provision of those services.[54] However, market definition is not a simple comparison of what exact services

[48] Exh. JA-8 at p. 9:16-19.
[49] Dr. Aron's analysis appears to be based on the U.S. Department of Justice and the Federal Trade Commission's 2023 Merger Guidelines. *See* Dept. of Justice and Fed. Trade Comm'n, Merger Guidelines (2023), *available at* https://www.ftc.gov/system/files/ftc_gov/pdf/2023_merger_guidelines_final_12.18.2023.pdf (last accessed Sept. 26, 2025) (Merger Guidelines).
[50] Merger Guidelines at pp. 39-40 (2023).
[51] United States v. E. I. Du Pont de Nemours & Co., 351 U.S. 377, 395 (U.S. 1956).
[52] *Apple v. Psystar*, 586 F. Supp. 2d 1190at 1196 (N.D. Cal. 2008).
[53] The Department of Justice (DOJ) and the Federal Trade Commission (FTC) developed the "hypothetical monopolist" test to help define product markets. Merger Guidelines at pp. 39-40 Under this test, the agencies assume the existence of a hypothetical firm that is the only seller of a relevant product and ask whether that firm could profitably impose a small but significant and nontransitory increase (SSNIP) in price on that product. *Id*. at p. 8. If buyers would shift to available alternatives because of the SSNIP, the other products to which the buyers would switch are part of the "product market." *Id*.
[54] Exh. JA-8 at p. 10:7-10, p. 19:4-9.

competitors offer, but rather, a study of what consumers would consider substitutes for a company's product. Customers who are unhappy with the quality of Verizon's wireless broadband service would likely consider switching to Frontier's wireline broadband service, and vice versa. While the Commission has concluded that wireless and wireline voice service are imperfect substitutes,[55] some consumers consider or decide to substitute wireless broadband for wireline broadband and vice versa. Accordingly, wired and wireless service can be considered, at least to some extent, substitutes and part of the same relevant market. Dr. Aron's assumption that wireless and wireline broadband are completely separate markets is incorrect.

(2) Dr. Aron's Analysis Fails to Properly Analyze the Proposed Transaction's Competitive Effects.

When Dr. Aron does treat wireless and wireline services as substitutes, she uses a flawed analysis to determine competitive effects. Dr. Aron argues that the proposed transaction will not harm competition because there are other providers in the combined company's service territory.[56] However, while the number of competitors in a market is a factor in calculating competitive effects, it is not sufficient to simply add up the number of competitors and declare, as Dr. Aron has done, that there are no competitive concerns. A proper analysis must examine the comparative size and market shares of those competitors.[57] In a market with two large competitors and one small competitor, the merger of the two larger competitors will have a much greater competitive impact than a merger of one of the larger competitors with the small competitor. Dr. Aron's simple claim that multiple competitors exist in parts of Frontier's service territory is insufficient to demonstrate that there will be no competitive harms if the Commission

[55] D.16-12-025 at p. 39, Order Instituting Investigation into the State of Competition Among Telecommunications Providers in California, and to Consider and Resolve Questions raised in the Limited Rehearing of Decision 08-09-042, I.15-11-007 (Nov. 5, 2015).
[56] Exh. JA-8 at p. 36, Table 4.
[57] Merger Guidelines at p. 5.

approves the transaction. Joint Applicants cannot rely on one witness' insufficient analysis to meet their burden. Joint Applicants have failed to prove that the proposed transaction will not maintain or improve competition.

c. Competitive Harms Will Result from Verizon's Capitulation to the FCC on Diversity.

As discussed in detail in section 7 below, Verizon has voluntarily entered into commitments that de facto eliminated its existing internal and external diversity programs in order to obtain approval of the proposed transaction from the FCC.[58] This includes:

- Eliminating internal teams and roles focused on diversity;
- Eliminating training on diversity;
- Eliminating corporate sponsorships or memberships;
- Eliminating its supplier diversity initiatives and programs;
- Eliminating representation hiring goals; and
- Eliminating hiring, training, leadership or development programs intended to increase participation by diverse communities.[59]

Companies without robust DEI programs attract fewer diverse employees and are less competitive.[60] The California Legislature has acknowledged the impact of diversity on competition in Public Utilities Code section 8281. In enacting section 8281, the Legislature intended to "[p]romote *competition* among regulated public utility suppliers in order to enhance economic efficiency in the procurement of electrical, gas, and telephone corporation contracts and contracts of their commission-regulated subsidiaries and affiliates."[61] The Legislature further

[58] Exh. JA-11, Exhibit 2, at pp. 1-3.
[59] Exh. JA-11 Exhibit 2, at pp. 1-2.
[60] Exh. CforAT-02 (Prepared Supplemental Testimony of Paul Goodman) at p. 11: 6-20.
[61] Cal. Pub. Util. §8281(b)(2)(B) (emphasis added).

finds that "procurement [from diverse suppliers] also benefits the public utilities and consumers of the state by encouraging the expansion of the number of suppliers for procurements, thereby *encouraging competition* among the suppliers and promoting economic efficiency in the process."[62] Verizon has made it clear that if it acquires Frontier, it will eliminate Frontier's DEI programs and initiatives.[63] There is a substantial risk that this will make the combined company a less effective competitor, therefore harming competition. Accordingly, the Commission should find that the proposed transaction will harm competition.

3. Does the proposed transaction satisfy the requirements of Pub. Util. Code Section 854(c)?

Frontier California Inc. has gross annual California revenues exceeding $500 million.[64] Accordingly, the Commission has a statutory duty to review the proposed transaction under Public Utilities Code Section 845(c).

a. Does the proposed transaction maintain or improve the financial condition of the resulting public utility doing business in the state?

Based on the record, it is unknown whether the proposed transaction will maintain or improve the financial condition of the combined company. Joint Applicants state that Frontier has twelve billion dollars in debt, which they allege "may place a significant strain on Frontier's additional investments in its network going forward."[65] Frontier further states that its "current debt level will make it harder for Frontier to keep investing in fiber at the level necessary to obtain additional debt or equity financing on favorable terms."[66]

Verizon states that in 2023, it had a market capitalization of approximately $164 billion,

[62] Cal. Pub. Util. §8281(b)(1)(F) (emphasis added).
[63] Exh. JA-11, Exhibit 2, at pp. 1-3.
[64] Application at p. 9.
[65] Exh. JA-1 (Alison Ellis Opening Testimony) at p. 9:13-20.
[66] Exh. JA-1 at p. 9:21-22.

revenues of approximately $134 billion, and free cash flow of $18.7 billion.[67] Verizon further claims that "[b]y leveraging its significant financial strength, capital resources, and unparalleled technology, tools, and training, Verizon will build on Frontier's post-bankruptcy efforts to deliver better service, increase value, and offer more choice to current Frontier customers."[68] While Joint Applicants have described the financial condition of their individual companies, they provide no analysis of the financial condition of the combined company.[69] The record does not appear to include any meaningful information about the combined company's market capitalization, resources, or financial strength, nor does it indicate whether, and to what extent, Verizon's assumption of Frontier's debt and any additional debt from financing the proposed transaction will affect the combined company's finances.

While it may be that the proposed transaction will maintain or improve the resulting company's financial condition, Joint Applicants have failed to prove that fact. Given the lack of record evidence regarding the financial condition of the combined company, the Commission should find that Joint Applicants have failed to demonstrate that the proposed transaction will maintain or improve the financial condition of the combined company. If the Commission does approve the condition, it should require that Verizon obtain performance bonds sufficient to ensure that the combined company will continue to provide service to customers in Frontier's service territory for at least five years following the close of the transaction.

b. Does the proposed transaction maintain or improve the quality of service to public utility ratepayers in the state?

[67] Exh. JA-6 at p. 8:18-20.
[68] Exh. JA-6 p. 8:21-23.
[69] They also fail to address the potential financial implications of their abandonment of diversity efforts, which are discussed below.

In opening testimony, Verizon claims that if the Commission approves the proposed transaction, Verizon will "use its innovative tools and technology to further improve Frontier's network reliability by deploying systems that aim to identify network problems on a prospective basis and resolve them rapidly if they occur."[70] Verizon then lists a number of tools and technologies that the company uses on its wireless network.[71] It is unclear whether those tools and technologies can monitor service quality on Frontier's wireline network, although based on Frontier's comments in the Commission's Service Quality Proceeding, that seems unlikely.[72]

Frontier's witness, Allison Ellis, explains that Frontier has experienced challenges meeting the Commission's service quality standards.[73] Ms. Ellis further testifies that "Verizon witnesses explain that Verizon has identified initiatives *that it will implement* to improve service quality."[74] However, Ms. Ellis' testimony is inaccurate. Verizon's testimony states that post-merger, Verizon will "conduct an in-depth audit of Frontier's fiber and copper networks" and will implement "some" (i.e., as few as one) or "all the measures described above, as needed, to align the networks with Verizon's standards." At best, Verizon has identified initiatives that it *might* implement. While the implication is that Verizon will take steps that will improve the service quality of Frontier's network, the record does not demonstrate that this is the case.

Once again, Joint Applicants fail to justify their conclusion with any real analysis, apparently hoping that the Commission will take their assertions at face value. There is no evidence in the record that Verizon's tools and technology are superior to the tools and

[70] Exh. JA-06 at p. 10:24-27.
[71] Exh. JA-06 at pp. 10:27-12:30.
[72] Frontier Comments on ALJ's June 27, 2024 Ruling Issuing Staff Proposal at pp. 4-5 (Sept.23, 2024), Order Instituting Rulemaking Proceeding to Consider Amendments to General Order 133, R.22-03-016 (Dec. 21, 2022) (Service Quality Proceeding).
[73] Exh. JA-1 at p. 19:12-23.
[74] Exh. JA-1 at pp. 19:23-20:1 (emphasis added).

technologies used by Frontier. Similarly, Verizon has only committed to implement "at least one" of those tools and technologies. Finally, there is no record evidence that Verizon's network standards are equivalent to the Commission's service quality standards. While it is possible that Verizon's audit of Frontier's network and subsequent actions may result in improved service quality, it is equally possible that they will not.

Prior to Verizon's sale of its wireless assets to Frontier in 2015 (the same facilities at issue in this proposed transaction), Verizon did not adequately maintain its wireline network.[75] Now that it seeks to reacquire the network facilities that it previously sold to Frontier, Verizon apparently expects the Commission to believe that its past inability or unwillingness to maintain its network will not be repeated, and that they will do better now. This is especially questionable because Verizon has not been responsible for wireline facilities for almost a decade.

Joint Applicants appear to acknowledge that repairing and maintaining Frontier's network cannot be done with only Frontier's existing technicians. Given Verizon's past record of maintenance of wireline networks (or the lack thereof), the Commission should be skeptical of claims that Verizon will be able to quickly audit and repair Frontier's network, with no additional information or analysis.

The Commission should find that Joint Applicants have failed to demonstrate that the proposed transaction will maintain or improve the quality of service to public utility ratepayers in the state. Additionally, if the Commission does not deny the Application outright, it should require that the combined company audit Frontier's network and service quality and take action to bring them into compliance with the Commission's service quality metrics no later than one year after the close of the transaction.

[75] Exh. CforAT-01A at pp. 7:7-21-1:1-18.

c. Does the proposed transaction maintain or improve the quality of management of the resulting public utility doing business in the state?

As explained above, Verizon has a history of poor maintenance and upkeep of wireline assets.[76] This includes failures to perform necessary maintenance and inaccurate record-keeping.[77] Verizon's historical focus on wealthier, more lucrative customers to the detriment of lower-income customers is disturbing for a number of reasons, including the fact that a disproportionate number of people with disabilities and people of color are low-income. Additionally, Verizon's past failure to properly maintain its wireline assets indicates that its management may be unwilling or unable to properly maintain Frontier's assets, particularly Frontier's copper assets.[78] Verizon's tepid commitments to service quality (discussed in section A(3)(c), above), do nothing to allay that concern. Rather, Verizon's past failures demonstrate risks that it will not correctly manage Frontier's infrastructure or provide adequate customer service.[79]

Similarly, Verizon's more recent failure to comply with prior merger commitments raises serious concerns about the quality of Verizon's management. Verizon has never fully complied with a merger condition (Ordering Paragraph 8) in D.21-11-030, approving Verizon's acquisition of TracFone, despite the fact that this condition was necessary to mitigate one of the "two most significant harms in the record."[80] OP 8 required Verizon to migrate TracFone customers with incompatible phones to Verizon's network, and authorized fines for any failure to do so.[81] In Resolution T-17849, the Commission eliminated the fines for noncompliance with OP 8, but left

[76] Exh. CforAT-01A at p. 7:7-21-8:1-18.
[77] Exh. CforAT-01A at p. 8:16-18.
[78] Exh. CforAT-01A at p. 11:23-24-12:1.
[79] Exh. CforAT-01A at p. 12:1-7.
[80] Exh. CforAT-01A at p. 9:11-14 (citing D.21-11-030),
[81] Exh. CforAT-01A, Attachment C.

the remainder of OP 8 in place.[82] Verizon has never fully migrated those customers.

Verizon voluntarily agreed to comply with OP 8 in order to obtain the Commission's approval of the Verizon/TracFone merger.[83] After obtaining that approval, Verizon did not comply with OP 8, instead complaining that the condition came late in the game, that compliance with OP 8 was impossible, and that Verizon did not feel it should have to comply with OP 8.[84] It is worth noting that Verizon continued to express these opinions *after* it filed its Application in this proceeding.[85] This behavior raises serious concerns about the combined company's future compliance with conditions in settlements or ordered by the Commission. Throughout this proceeding, CforAT's has taken the position that any potential settlement would need to prohibit parties to the settlement from changing the terms of the settlement or asking the Commission to modify the terms of the settlement without the written agreement of all parties to the settlement. CforAT has been unable to reach a settlement with Joint Applicants.

Finally, we note that in early October, Verizon abruptly replaced CEO Hans Vestberg with a new CEO, Dan Schulman.[86] Neither CforAT nor the Commission has had the opportunity to evaluate how Mr. Shulman's elevation to CEO will affect Verizon's quality of management. Accordingly, the Commission should consider this lack of information when conducting its public interest analysis.

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[82] Res. T-17849.
[83] Exh. CforAT-01A at p. 10:7-13.
[84] Exh. CforAT-01A at p. 11:5-12. We note that Verizon's witness Paul Vasington testified that CforAT's description of these statements misrepresented Mr. Roman's comments and Verizon's interpretation and position on OP 8. However, Mr. Vasington was not present at that meeting and, more importantly, Mr. Reyes, who is a Verizon witness in the proceeding, was. Accordingly, Mr. Vasington's statement is hearsay and the Commission should afford it no weight.
[85] *See* Exh. CforAT-01A at p. 11:5.
[86] This event was not announced until after evidentiary hearings and accordingly is not in the record. However, CforAT believes that this information is a fact of common knowledge that is beyond dispute, and that the Commission can take official notice of it.

The Commission should find that Joint Applicants have failed to demonstrate that the proposed transaction will maintain or improve the quality of management of the resulting public utility doing business in the state. If the Commission does approve the proposed transaction, it should include a robust compliance and enforcement mechanism similar to the one the Commission imposed in D.21-11-030. Additionally, the Commission should require that Verizon may only seek changes to any merger conditions through a petition for modification, and that it may not seek changes to settlement agreements at all.

d. Is the proposed transaction fair and reasonable to affected public utility employees, including both union and nonunion employees?

As discussed above in section A(4), CWA has entered into a settlement with Verizon focused on union employees. CforAT defers to CWA on whether the proposed transaction will be beneficial to union employees, but we have serious concerns about the proposed transaction's effects on non-union employees. Verizon commits to maintain wages and severance benefits plus some additional benefits for Frontier's non-union employees for one year, but it does not commit to offering retirement benefits. Essentially, Verizon is unwilling to guarantee Frontier employees the same benefits that Frontier provides for *as little as a single year*. It is impossible to consider a promise to provide a potentially reduced compensation package for only one year to be a benefit to employees. It is nothing more than a promise to maintain compensation that is less than the status quo for only one year, with no protection whatsoever after that. Additionally, Verizon does not commit to maintaining benefits plans and arrangements for each Frontier employee. Rather, it will provide plans and arrangements that are "no less favorable in the aggregate."[87] Verizon could increase its benefits for managers and executives while reducing or

[87] Joint Motion of Verizon and CWA for Adoption of Settlement Agreement at p. 10 (Sept. 4, 2025).

eliminating benefits for rank-and-file employees without running afoul of its commitment.

Finally, it is impossible to evaluate the benefits or harms of Verizon's commitments to Frontier employees without any insight into the compensation Verizon pays its own employees. It is entirely possible that Verizon offers higher compensation to its employees than Frontier offers to Frontier employees. If that is the case, then maintaining Frontier employees' existing wage could result in those employees being underpaid. Based on the record, the Commission should find that Joint Applicants have not demonstrated that the proposed transaction will be fair and reasonable to the combined company's employees.

CforAT's concerns about the impact on non-union employees are significant and provide ample reason for the Commission to deny the proposed transaction. If the Commission does approve the transaction, it should require that the combined company provide former Frontier employees with the same compensation they received from Frontier or the same compensation a Verizon employee receives for the same role, whichever is higher. The Commission should impose this requirement for a minimum of five years.

e. Is the proposed transaction fair and reasonable to the majority of all affected public utility shareholders?

CforAT has no response to this question.

f. Is the proposed transaction beneficial on an overall basis to state and local economies and the communities in the area served by the resulting public utility?

The proposed transaction will harm state and local economies and the communities in the area served by the resulting public utility, particularly people with disabilities, people of color, women, and LGBTQ+ individuals. We discuss this further in our response to Question 7, below.

g. Would the proposed transaction preserve the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit public utility operations in the state?

Verizon's past behavior indicates that Commission approval of the proposed transaction

could make it difficult to preserve the Commission's jurisdiction. Verizon consistently pushes back against Commission's jurisdiction over the services it provides. For example, in the Commission's Supplier Diversity proceeding,[88] Verizon repeatedly argued that the Commission did not have the authority to collect workforce diversity data, arguing that doing so was "legally impermissible."[89] Verizon continues to promote the false (and definitively rejected) argument that the Commission is preempted from regulating the terms and conditions of wireless services,[90] exercising its police power to ensure public safety, or even collecting data about wireless service quality.[91]

Verizon has even threatened to challenge the Commission's jurisdiction in this very proceeding, stating that "California should interpret Verizon's commitments in the Verizon Letter as being consistent with the California requirements. A broader view of the requirements of California's programs would raise potentially fatal concerns about the constitutionality and lawfulness of the GO 156 program."[92] This statement appears to be a threat to "engage in presumably protracted litigation about the constitutionality of California's supplier diversity program if the Commission does not swiftly approve the proposed transaction."[93] The Commission should not grant an application submitted by a party that threatens to seek elimination of the Commission's jurisdiction over supplier diversity.

[88] Order Instituting Rulemaking Regarding Staff Proposal to Revise General Order 156 for the Supplier Diversity Program, R.21-03-010 (Aug. 4, 2021) (Supplier Diversity Proceeding).
[89] Supplier Diversity Proceeding, Verizon Comments on Staff Proposal at pp. 2-3; Verizon Comments on PD at pp. 3-4; Verizon Reply Comments at pp. 1-2.
[90] Verizon Comments on ALJ Ruling Requesting Comments on Network Examination and ARMIS reporting at p. 6 (Dec. 6, 2022), Order Instituting Rulemaking Proceeding to Consider Amendments to General Order 133, R.22-03-016 (Dec. 21, 2022) (Service Quality Proceeding).
[91] Service Quality Proceeding, Verizon Opening Comments on September 7, 2023 Workshop Summary and Presentations (Oct. 5, 2023).
[92] Exh. JA-11 at p. 4:8-11.
[93] Exh. CforAT-02 at p. 17.

The Cal Advocates settlement also includes language indicating Verizon's lack of commitment to recognizing the Commission's jurisdiction, stating that Verizon will maintain and repair Frontier's copper networks "[f]or as long as those facilities are used to provide *Commission-regulated service* to customers in the Frontier territory.[94] While the intent of this statement is unclear, a reasonable interpretation is that Verizon believes that it can eliminate some of Frontier's currently regulated services and escape Commission regulation entirely. While CforAT believes that doing so is easier said than done, the Commission should be troubled by the implication that Verizon plans to seek to evade the Commission's jurisdiction over some, or al,l of the Frontier network.

If the Commission approves the proposed transaction, the combined company will likely continue Verizon's practice of attempting to relitigate the Commission's jurisdiction at every opportunity. Unfortunately, CforAT is unable to craft a proposed mitigation measure that would prevent Verizon from incorrectly, and repeatedly, arguing that the Commission has limited or no jurisdiction over the combined company. Accordingly, this factor weighs in favor of the Commission's denying the proposed transaction.

h. Does the proposed transaction provide mitigation measures to prevent significant adverse consequences that may result?

As discussed in sections A above, while Joint Applicants offer some mitigation commitments, and the settlements include others, these measures are insufficient to prevent the significant public interest harms that would occur if the Commission approves the transaction. Accordingly, the Commission should deny the proposed transaction. If the Commission approves the transaction, it should add further meaningful mitigation measures and an enforcement

[94] Exh. CforAT-06 at p. 7.

mechanism that holds Verizon strictly accountable for any failure to comply with those measures. A summary of CforAT's recommended measures (including various measures identified above) is in Appendix A.

4. What impacts would the proposed transaction have on environmental and social justice communities? Would approval of the transaction affect the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

We address the proposed transaction's impact on ESJ communities in section 7(b), below.

5. How will Frontier maintain its obligations pursuant to prior Commission decisions if the proposed transaction is approved? How should the Commission ensure that these obligations are met? Examples include:

CforAT interprets this question as asking how the combined company will comply with Frontier's existing regulatory obligations. As discussed above in section 3(c), Verizon has a poor track record of compliance with regulatory obligations, and rather than complying with those obligations, it seeks to modify or escape them. There is no reason to believe that Verizon will not continue this behavior. Accordingly, the Commission should find that there is a significant risk that post-transaction, the combined company will not maintain Frontier's current obligations.[95] As discussed above, the Commission does approve the proposed transaction, it should include a robust compliance and enforcement mechanism similar to the one the Commission imposed in D.21-11-030.

6. What commitments have the Applicants made, including investments in California, as part of this Application?

[95] This is in addition to the express assertion by Verizon that it will eliminate existing DEI programs and activities at Frontier if the acquisition is authorized.

We address this issue in section A above. The Commission should not only ask whether the Applicants have made any commitments, but also whether they will meaningfully comply with those commitments. We address this issue in sections B(3)(c) and (B)5, above.

On October 9, Verizon's counsel sent a procedural email to the service list indicating that Verizon was planning to address new commitments (i.e., commitments that are not in the record and which intervenors have not had the opportunity to review) in its opening brief.[96] In an email exchange with CforAT, Verizon confirmed that the opening brief will include discussion of new commitments. Introducing new commitments during briefing is improper, and the Commission has previously made clear that it will accord no weight to such materials in reaching a decision, noting that post-hearing briefs are "*not a forum for producing new evidence, whether or not it is relevant and authentic,*" that the Commission may decline to take official notice of these documents and accord them no weight.[97]

The Commission has repeatedly ordered Joint Applicants to provide testimony,[98] and Joint Applicants have had ample opportunities to provide information or submit additional commitments for the Commission's consideration. Consistent with the Commission's ruling in D.88-09-916, the Commission should give no weight to any new commitments that Joint Applicants make within their brief. Additionally, the Commission should not issue a proposed

[96] Email From Kristin Jacobson Re: A.24-10-006 Procedural Communication: Clarification Regarding Page Limit for Briefs (Procedural Communication), sent to ALJ Fox and ALJ Miles and A.24-10-006 service list on October 9, 2025. This email requested confirmation from the ALJs that appendices do not count against the page limit, which was subsequently provided by ALJ Fox.

[97] Administrative Law Judge's Ruling Granting Motion to Strike at p. 6 (April 18, 2003), Order Instituting Rulemaking Regarding the Implementation of the Suspension of Direct Access Pursuant to Assembly Bill 1X and Decision 01-09-060, R.02-01-001 (Jan. 9, 2002), citing D.88-09-061 (emphasis in original).

[98] Administrative Law Judge's Ruling Requiring Additional Information, issued March 26, 2025, at pp. 1-6; Assigned Commissioner's Amended Scoping Memo and Ruling (Amended Scoping Memo), issued on May 29, 2025, at pp. 1-7; Assigned Commissioner's Ruling Requiring Additional Testimony (the ACR), issued July 23, 2025, at pp. 1-6.

decision in this proceeding without first giving intervenors a reasonable opportunity to file a motion to strike improper material in opening briefs.

a. What methods should the Commission use to determine whether the Applicants have met those commitments?

We address this issue in sections (B)(3)(c) and B(5), above.

b. How are these commitments in the public interest?

We address this issue in sections (B)(3)(c) and B(5), above.

7. The Verizon Letter details broad changes that Verizon will make to its DEI practices.

On May 15, 2025, Verizon provided the Federal Communications Commission (FCC) with a letter (the FCC Letter) stating that Verizon was ending all of its diversity, equity, and inclusion (DEI) policies "not just in name or the way they are described, but in substance."[99] On May 16, 2025, the FCC approved Verizon's acquisition of Frontier. Verizon claims that if it had not agreed to eliminate every single one of its DEI programs, initiatives, and training, the FCC would not have approved the proposed transaction.[100]

Verizon has refused to acknowledge the consequences of its actions or acknowledge any responsibility for the harms those actions will cause. Verizon either does not understand DEI, is uninterested in DEI, or is actively hostile to DEI. The Commission should keep this in mind as it reviews the transaction, and should make the following factual findings:

- Verizon voluntarily agreed to eliminate its diversity, equity, and inclusion (DEI) programs and initiatives to obtain FCC approval of the proposed transaction.
- Verizon could have refused to enter into the FCC commitments but intentionally chose instead to accept them.

[99] Exh. JA-11 (Rudolph Reyes Second Supplemental Testimony)at Exhibit A.

[100] Joint Applicants incorrectly describe changes to their DEI programs as inevitable in the face of pressure from the FCC, with Verizon claiming that "companies like Verizon have had to carefully reassess their DEI-related policies and practices to ensure ongoing compliance with both the letter and the spirit of the law." Exh. JA-12 at p. 11:26-28. However, Verizon had other options available.

- Verizon has not acknowledged that its elimination of its DEI programs and initiatives will cause cognizable harm to diverse communities.

a. Are the commitments detailed in the Verizon Letter consistent with the requirements of Pub. Util. Code Sections 8281-8290.2, with GO 156, and with any other relevant provisions of California law?

Verizon argues that it can comply with California's statutory requirements and the Commission's regulations going forward[101] notwithstanding its commitments to the FCC to eliminate its supplier diversity initiatives and no longer set supplier diversity goals.[102] This claim is plainly incorrect. Public Utilities Code section 8283 directs the Commission to require wireless telecommunications providers to submit "a detailed and verifiable plan for increasing procurement" from diverse business enterprises,[103] including "short- and long-term goals and timetables."[104] Similarly, General Order 156 requires utilities to set substantial and verifiable short-term, mid-term, and long-term goals for each major product and service category.[105]

Verizon cannot meet the requirements of section 8283 and General Order 156 if it does not set quantitative goals for diverse spending. Verizon does not get selectively comply with the required elements of GO 156, and its claim that it will use the Commission's supplier diversity benchmarks as Verizon's goals, while somehow not setting goals,[106] is nonsensical. Under

[101] Exh. JA-11 at p. 17:17.
[102] Exh. JA-11, Exhibit 2, at p. 1.
[103] Cal. Pub. Util. Code § 8283(a).
[104] Cal. Pub. Util. Code § 8283(b).
[105] General Order 156, §8.
[106] Joint Applicants have attempted to frame party concerns about the harms caused by Verizon's capitulation to the FCC as a mere issue of compliance with GO 156 reporting requirements. Exh. CforAT-02 at p. 14:8-13. The Commission should ignore this attempted distraction. While compliance with GO 156 is necessary to track a utility's diversity metrics, it is in no way sufficient to counteract the significant public interest harms of the FCC commitments. "The risk that the combined company will not comply with its obligations under GO 156 is only a small portion of the cognizable overall harm that the proposed transaction will cause to diverse communities." Exh. CforAT-03 at p. 8:7-9. CETF shares this position, noting that "[w]ithout internal corporate goals, which are entirely different than preferential treatment in hiring or procurement through arbitrary criteria, then there is no commitment. The Commission is left with only Verizon superficial compliance in reporting." Exh. CETF-16 at p. 18:4-8. CETF has maintained this position even after settling with Verizon. TR Vol. 10 at p. 741:1-9.

section 8283, the Commission has a statutory duty to require Verizon to set diversity goals. Even if the Commission wanted to relieve Verizon of this obligation, it is not authorized to do so. Accordingly, if the Commission approves the transaction, it should do so conditioned on Verizon's compliance with General Order 156, including the requirement that Verizon set quantitative goals for diverse spending.[107]

b. How should the Verizon Letter commitments impact the Commission's review of this transaction pursuant to Pub. Util. Code Section 854, including consideration of whether the transaction is in the public interest under Pub. Util. Code Section 854(c)?

Given the California Legislature's statutory goals and directives discussed in section B(2)(c) and the Commission's long-standing programs and policies promoting DEI and ongoing focus on Environmental and Social Justice (ESJ) communities, the Commission should determine that the combined company's elimination of all DEI efforts will harm the public interest. Joint Applicants have not identified any changes to federal law or FCC regulations that *require* the companies to review or change their DEI efforts. Neither company believes that its DEI programs in place prior to adoption of the FCC Commitments were in violation of federal law.[108] Additionally, it appears that the FCC has not opened any investigation into Frontier's DEI practices.[109] As Verizon acknowledges, it entered into the FCC Commitments because it was afraid that the FCC would designate the Joint Application for FCC approval of the proposed transaction for hearing, effectively denying the merger,[110] not because of any legal obligation.

[107] Verizon may argue that it is impossible to comply with both the Verizon Letter and the requirements of General Order 156, and that the Commission cannot direct Verizon to take actions that violate federal law. However, as set forth below, Joint Applicants have failed to identify any changes to federal law or FCC regulations that *require* the company to review or change its DEI efforts. For this reason, any claim that the Commission is preempted from requiring compliance with GO 156 is unsubstantiated.
[108] Exh. JA-5 at p. 4:21-27; Exh. JA-12 at p. 12:9-13.
[109] *See* Exh. JA-5 at p. 5:6-24.
[110] Exh. JA-12.

As discussed in further detail below, there is overwhelming evidence that the creation of a combined company that refuses to engage in *any* activity[111] that could be interpreted as DEI will cause serious harms to the public interest, including harms to diverse communities, the combined company's diverse employees, and the combined company's customers. Additionally, Joint Applicants' proposed mitigation measures in this proceeding will not slow or stop these harms and instead are likely to accelerate the rate at which the combined company abandons diverse communities. Given the substantial public harms that the proposed transaction will cause to communities that have already faced centuries of discrimination that deprived them of economic opportunity, the Commission should deny the transaction.

(1) The Commission Should Reject Verizon's Claim that It is Bound by The FCC Letter.

Verizon has repeatedly stated that it supports diversity, equity, and inclusion, but that the FCC required that Verizon no longer communicate about DEI to its employees and contractors as a condition of merger approval.[112] Accordingly, those conditions restrict Verizon's ability to express its viewpoints to its employees, contractors, and customers.

Government efforts to enforce "neutrality" among viewpoints are inherently content-based, because they interfere with private editorial choices about which views to convey.[113] Content-based restraints on speech are presumptively unconstitutional and subject to strict scrutiny.[114] Such conditions cannot survive strict scrutiny because they do not serve a compelling government interest. Additionally, the unconstitutional conditions doctrine prohibits government from conditioning regulatory approval on the waiver of constitutional rights. As the Supreme

[111] Exh. CforAT-5 at p. 11.
[112] Exh. JA-11, Exhibit 2, pp. 1-2.
[113] *Moody v. NetChoice, LLC*, 144 S. Ct. 2383, 2405 (2024) (explaining that compelled neutrality alters platforms' "choices about the views they will, and will not, convey").
[114] *Reed v. Town of Gilbert*, 576 U.S. 155, 163 (2015).

Court has explained, *"*[Government] may not deny a benefit to a person on a basis that infringes his constitutionally protected interests—especially his interest in freedom of speech."[115] Conditioning merger approval on ideological neutrality or on the abandonment of expressive discretion would be unconstitutional.

While Joint Applicants state that they will not do anything to violate their commitments to the FCC, they are absolutely entitled to do so. Unconstitutional conditions are unenforceable even if accepted by the parties. The fact that the government chooses to cloak its condition in the form of regulatory approval does not exempt it from First Amendment scrutiny. The Supreme Court has explained, "Congress cannot recast a condition on funding as a mere definition of its program" in an attempt to sidestep First Amendment limits.[116] Likewise, agencies may not reframe compelled ideological commitments as "voluntary" merger conditions to evade the same constitutional restraints, nor may agencies retaliate against parties for refusing to comply with unlawful obligations, as such retaliation would be violate the First Amendment.[117]

Joint Applicants' claims that they are irrevocably bound to the letter and the spirit of the FCC Commitments are faulty. It is especially noteworthy that Applicants insist that there is nothing to be done about the FCC's illegal actions, while regularly challenging the Commission's jurisdiction,[118] the appropriateness of merger conditions,[119] and even purported

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[115] *Perry v. Sindermann*, 408 U.S. 593, 597 (1972). Similarly, in *Agency for Int'l Dev. v. Alliance for Open Society Int'l, Inc.*, 570 U.S. 205, 218 (2013), the Court struck down compelled ideological pledges as conditions of program participation, holding that government may not require recipients to "pledge allegiance" to its policy views.

[116] *Legal Services Corp. v. Velazquez*, 531 U.S. 533, 547 (2001).

[117] *Hartman v. Moore*, 547 U.S. 250, 256 (2006).

[118] Verizon Comments on ALJ Ruling Requesting Comments on Network Examination and ARMIS reporting at p. 6 (Dec. 6, 2022), Order Instituting Rulemaking Proceeding to Consider Amendments to General Order 133, R.22-03-016 (Dec. 21, 2022) (Service Quality Proceeding).

[119] Verizon Comments on PD at p. 1 (Nov. 4, 2021), In the Matter of the Joint Application of TracFone Wireless, Inc. (U4321C), América Móvil, S.A.B. de C.V. and Verizon Communications, Inc. for Approval of Transfer of Control over Tracfone Wireless, Inc., A.20-11-001 (Nov. 5, 2020).

infringements of Verizon's First Amendment rights.[120] Joint Applicants inexplicably assert absolute fealty to the FCC Commitments yet argue that compliance with the CPUC's diversity requirements is optional or negotiable. The Commission should reject arguments that Joint Applicants are irrevocably bound to the commitments in the FCC Letter.

(2) If the Commission Approves the Transaction, the Combined Company Will Eliminate Frontier's Diversity Programs and Initiatives, Harming the Public Interest.

Verizon has already eliminated its DEI programs and goals; if the Commission approves the merger, the combined company will do the same,[121] resulting in the elimination of a company that has *not* made anti-diversity commitments to the FCC. The resulting combined company will force more members of the California workforce into an environment that does not support diversity activity, and will harm diverse communities, current customers of Frontier, and the combined company's employees and contractors.

(a) Verizon's Abandonment of its DEI Initiatives Will Cause Cognizable Harm to Diverse Communities.

If the Commission approves the transaction, the combined company will hire fewer employees and work with fewer contractors from diverse communities.[122] While Verizon claims that the combined company will continue to engage in outreach to different communities and suppliers, those efforts will be *general*, not targeted specific communities, organizations, or demographics.[123] There is overwhelming evidence that outreach and recruitment efforts that do not intentionally plan to attract diverse applicants and contractors result in less diversity.[124]

[120] Service Quality Proceeding, Verizon Comments on ALJ Ruling Issuing Staff Proposal at p. 33 (Sept. 3, 2024).
[121] Exh. JA-11, Exhibit 2, at pp. 1-3.
[122] Exh. CforAT-02 at p. 11:9-11.
[123] Exh. JA-12 at p. 18.
[124] Exh. CforAT-03 at p. 11: 17-19; Exh. CforAT-02 at p. 17:5-6.

Verizon's abandonment of its DEI efforts will result in a less diverse company and a less diverse pool of contractors, and as diversity at the combined company decreases, the company will further fail to attract, hire, and retain diverse employees and contractors.[125] With reduced economic opportunities for diverse job applicants and contractors, the combined company will extract money from diverse communities in the form of payment for Verizon's services, but it will not return money to those diverse communities in the form of jobs and contracting opportunities.[126] In other words, Verizon's disinvestment in diversity will harm not only diverse job applicants and contractors, but also their families, neighborhoods, and communities. As CETF notes, "[w]hen the Commission assess the public benefits of the transaction, the commitments in Verizon FCC Letter should be seen as a definite detriment to state and local economies and the communities in their service areas."[127]

Similarly, Verizon's commitments to the FCC include a commitment to end corporate sponsorships and memberships that could be seen as promoting DEI.[128] This commitment will presumably eliminate Verizon's support of organizations representing diverse communities, which will also harm these communities.

(b) Verizon's Abandonment of its DEI Initiatives Will Cause Cognizable Harm to Verizon Customers.

Just as diversity practices bring cognizable and verifiable benefits to the companies that implement them,[129] lack of such practices results in harm. Less diverse companies are less innovative, slower and less effective at decision-making, less productive, and have less engaged

[125] Exh. CforAT-02 at p. 11:13-17.
[126] Exh. CforAT-02 at p. 5:1-20.
[127] Exh. CETF-16 at pp. 12:21-22-13:1-9.
[128] Exh. JA-11, Exhibit A at p. 2.
[129] Exh. CforAT-02 at p. 8:5-8.

staff than more diverse companies, [130] and have worse corporate culture and employee retention making them less likely to attract top talent.[131] The less diverse a company is, the more likely that it will not notice its lack of diversity or take steps to increase diversity.[132] A less diverse company has fewer opportunities to learn about the needs of customers they serve, leading to less profitability.[133] Finally, less diverse companies can be as much as 28 percent *less profitable* than more diverse companies.[134]

There is a substantial risk that Verizon's abandonment of its DEI efforts will result in a company that is less innovative, less profitable (and therefore less able to invest in new technologies or services) and less responsive to customers. As a result, customers of a combined company could find themselves served by a company that is worse than Verizon would have been had it not capitulated to the FCC. These consumer harms could offset any consumer benefits (if they exist) to former Frontier customers.[135]

(c) Verizon's Abandonment of its DEI Initiatives Will Cause Cognizable Harms to Verizon Employees and Contractors.

In addition to the economic harms described above, Verizon's broad elimination of diversity efforts sends a strong message to diverse employees and contractors that the combined company will not value them. This message imposes a strong social stigma on diverse employees and contractors and also indicates to non-diverse employees that the combined company does not take discrimination against diverse employees seriously. This creates an increased risk of legal

[130] Exh. CforAT-02 at p. 8:8-10.
[131] Exh. CforAT-02 at p. 8:10-11.
[132] Exh. CforAT-02 at p. 10:19-20.
[133] Exh. CforAT-02 at p. 11.
[134] *See* Exh. CforAT-02 at p. 8:12-13.
[135] Notably, if the Commission denies the proposed transaction, the result may make Frontier a stronger competitor. Verizon's elimination of its diversity initiatives will make it a weaker competitor, as well as one that faces a strong risk of consumer backlash. If Verizon customers change their service in response to Verizon's actions, some may switch to Frontier, providing Frontier with additional revenue. Accordingly, denying the merger may create competitive benefits.

claims alleging discrimination against diverse employees.[136] The Commission should consider the potential impact of these outcomes on the combined company's employees, including those employees who currently work at a company that has not disavowed its DEI activity.

c. Verizon's Proposed Alternatives to its Former DEI Initiatives are Performative and Will Not Reduce the Public Interest Harms of the Transaction.

Having voluntarily and intentionally abandoned its DEI tools, which have been proven to be effective at increasing diversity when used properly, Verizon offers to replace them with generalized outreach to small businesses, including a new, apparently untested, and ill-defined "Small Business Accelerator Program."[137] However, outreach and recruitment efforts that do not intentionally plan to attract diverse applicants and contractors result in less diversity.[138] Verizon provides no evidence that its "trickle down" recruiting of small businesses generally will result in the combined company's workforce and suppliers reflecting the diversity of California.

The only evidence Verizon presents is data broadly showing the diversity of all small businesses in California.[139] That data is flawed because it includes small businesses that offer goods or services that Verizon does not purchase and does not address the demographics of different types of small businesses.[140] Verizon has failed to demonstrate a sufficient nexus between the general recruitment of all small businesses in California and contracts with diverse suppliers, because it does not review the data regarding small businesses that are relevant to Verizon's contracting focus.

[136] Exh. CforAT-03 at p. 17:5-6.
[137] Exh. JA-12 at p. 18.
[138] Exh. CforAT-02 at p. 17:5-6.
[139] Exh. JA-11 at p. 7:2-8.
[140] Exh. CforAT-03 at p. 12:12-14.

Flaws in Verizon's methodology aside, its proposed focus on small business suppliers will be subject to the risks of implicit bias[141] on a corporate level. For example, if the combined company were to seek a supplier to provide legal services, any attorney that met the company's requirements could apply, and potentially be hired. On its face, the hiring process may appear to be fair, and may not appear to advantage any one demographic over another. However, a facially neutral hiring process fails to address implicit bias, leading people to favor, prefer, and associate positive characteristics with, the group to which they belong.[142] Implicit bias can cause employers to subconsciously prefer a candidate with whom they identify, even if the other candidate is equally or better qualified. Additionally, an "all applicants matter" process ignores historical disparities in hiring, education, family wealth, and economic opportunity.[143] By removing consideration of DEI, an employer is more likely to focus on signifiers that reflect societal privilege such as elite schools or personal connections to the person doing the hiring.[144] This can be expected to result in fewer qualified applicants and suppliers from diverse communities.[145] Accordingly, Verizon's proposed "colorblind" outreach efforts will be insufficient to mitigate the harms of Verizon's abandonment of DEI efforts and values.

d. If the Commission Does Not Deny the Proposed Transaction, It Should Impose Mitigation Measures.

[141] "Implicit bias" refers to unconscious attitudes or stereotypes that impact decisions and action, and is the result of the human tendency into groups based on characteristics such as age, gender, race, sexual orientation, disability, and religion. Exh. CforAT-02 at p. 6:15-18.
[142] Exh. CforAT-02 at p. 6:15-21
[143] Exh. CforAT-03 at p. 13:5-13.
[144] Exh. CforAT-03 at pp. 13:14-15-14:1. "Equity, on the other hand, requires acknowledging historical biases and taking steps to counteract historical injustices. This requires examining implicit bias and reviewing requirements or prerequisites to ensure that those requirements or prerequisites do not inadvertently omit otherwise-qualified candidates from consideration. Additionally, identifying qualified candidates from communities subject to historical discrimination requires *intentional and targeted* outreach and recruitment." Exh. CforAT-03 at p. 14:4-9.
[145] Exh. CforAT-03 at p. 14:9-11.

Verizon has amply demonstrated that if the Commission approves the proposed transaction, it will attempt to whitewash its elimination of DEI efforts with a program that will not maintain or increase diversity at the combined company. Additionally, Verizon insists that it is unwilling to take any actions that might be perceived as DEI. Based on these facts alone, the Commission should deny the proposed transaction. If the FCC can indicate that it will deny a transaction based on the existence of DEI efforts, then the Commission should be empowered to deny the proposed transaction based on Verizon's abandonment of its DEI efforts. If the Commission does approve the transaction, the Commission should impose mitigation measures to ensure that Verizon seeks eligible candidates for employment and contracting opportunities from every community in California. CforAT has previously provided a list of proposed mitigation measures,[146] and we include them here in Appendix A. We wish to emphasize that those mitigation measures will likely not prevent the harms described above: they will only slow the bleeding. Given the Commission's limited ability to craft more robust mitigation measures around DEI, and the fact that CforAT and Verizon have not reached a settlement, these mitigation measures are the best we could hope for.

III. THE COMMISSION SHOULD DENY THE PROPOSED TRANSACTION.

The proposed transaction threatens serious harms to diverse communities, service quality, the combined company's employees, and the Commission's jurisdiction. Additionally, Verizon has repeatedly demonstrated that its management is willing to defy or challenge the Commission's directives. While the settlement agreements contain some mitigation measures that could offset some of the public interest harms of the proposed transaction, they are simply insufficient to offset all of the harms. Accordingly, the Commission should deny the Application.

[146] Exh. CforAT-03 at pp. 19:22-23-27:1-4.

IV. CONCLUSION

While Verizon may think it is appropriate to sacrifice its long-claimed commitment to diversity, equity, and inclusion on the altar of profit, California law, the Commission's policies, and the public interest do not allow Verizon to do so. If the Commission approves the transaction, it will not only indicate its tolerance of Verizon's abandonment of DEI but also send a clear signal to other utilities that they can also abandon their DEI programs without consequence. It is virtually unimaginable that five years after the Supreme Court ruled that civil rights protections extended to LGBTQ+ individuals, thirty-five years after the signing of the Americans with Disabilities Act, and sixty-one years after the signing of the Civil Rights Act, the Commission would approve of a transaction that will reverse California's progress on diversity, equity, and inclusion, and perpetuate discrimination against diverse communities. Given the clear and significant harms that approval of the proposed transaction would create to California's priorities, the Commission's programs, and most importantly, the disability community, communities of color, the LGBTQ+ community, and other diverse communities, the Commission must deny the proposed transaction.

Respectfully submitted,
October 10, 2025

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Appendix A
Proposed Mitigation Measures

1. **Broadband Commitments**

   When Verizon completes its 2026 final Plan of Record, including identification of the locations where it intends to build wireless macro sites and broadband passings, it must provide the plan to Commission Staff who will review it and verify that the locations meet the terms of the settlement agreement.

2. **Lifeline**

   The Commission should ensure that former Frontier customers can still obtain the LifeLine services by requiring that combined company continue to offer wireline LifeLine throughout Frontier's service territory until at least November 22, 2041 (the same period set in the Verizon/TracFone merger).

3. **Service Quality**

   The Commission should require that the combined company audit Frontier's network and service quality and take action to bring them into compliance with the Commission's service quality metrics no later than one year after the close of the transaction.

4. **Bond**

   Version may only seek reduction of its bond based on its completion of the lower percentage of either its cell site or fiber passing buildouts. Notwithstanding the level of buildout completion, the Commission should require Verizon to maintain at least $75 million in performance bonds until it has completely fulfilled its buildout obligations.

5. **Financial Condition**

   The Commission should require Verizon to obtain performance bonds sufficient to ensure that the combined company will continue to provide service to customers in Frontier's service territory for at least five years following the close of the transaction.

6. Service Quality

The Commission should require that the combined company audit Frontier's network and service quality and take action to bring them into compliance with the Commission's service quality metrics no later than one year after the close of the transaction

7. Compliance

The Commission should establish a robust compliance and enforcement mechanism similar to the one the Commission imposed in D.21-11-030. Additionally, the Commission should require that Verizon may only seek changes to any merger conditions through a petition for modification, and that it may not seek changes to settlement agreements at all.

8. Protections for non-union employees

The Commission should require the combined company to provide former Frontier employees with the same compensation they received from Frontier or the same compensation a Verizon employee receives for the same role, whichever is higher. The Commission should impose this requirement for a minimum of five years.

9. GO 156

The Commission should condition any approval of the transaction on Verizon's compliance with General Order 156, including the requirement that Verizon set quantitative goals for diverse spending.

10. External Monitoring

To determine whether Verizon's efforts are actually resulting in diverse hiring and contracting, the Commission should increase oversight of Verizon's efforts by requiring that Verizon regularly provide data to the Commission, parties to this proceeding, and the public, including:

- California-Specific Data: Verizon's testimony repeatedly references national commitments or national spending. For example, in his Second Supplemental Testimony, Mr. Reyes provided four examples of Verizon's attendance at community partnership events, but only one of those events took place in California.[147] The Commission should require the combined company to provide, on a quarterly basis, California-specific data, disaggregated by GO 156 categories and broken down into smaller areas (e.g., counties or census tracts) as necessary.

- Internal Diversity: The Commission should require that the combined company provide, on a quarterly basis, public employee diversity metrics disaggregated by GO 156 characteristics. These metrics should include average length of employment, job title, and pay grade. Additionally, the Commission should require 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 the resolution of those complaints.

- Small Business Contracting: To determine whether Verizon's focus on small business organizations, including its Small Business Accelerator Program, is resulting in equitable opportunities for diverse contractors, the combined company should provide, on a quarterly basis, data disaggregated by GO 156 characteristics about the number, business location (i.e., where the contractor is located), work location (i.e., where the contractor performs the work), and payment amount of:

    - Small businesses that communicated with Verizon about contracting;

    - Small businesses that Verizon identified as good candidates; and

    - Small businesses that Verizon ultimately contracted with.

- Small Business Subcontractors: To determine whether Verizon's focus on small business organizations, including its Small Business Accelerator Program, is resulting in equitable opportunities for diverse subcontractors, the combined company should provide, on a quarterly basis, data disaggregated by GO 156 characteristics about:

    - The number, business location (i.e., where the subcontractor is located), work location (i.e., where the subcontractor performs the work), and payment amount of:

        - Subcontractors that communicated with a Verizon contractor about contracting;

        - Subcontractors that the Verizon contractor identified as good candidates; and

        - Subcontractors that the Verizon contractor ultimately contracted with.

[147] Reyes Second Supplemental Testimony at p. 8:1-6.

- Recipients of any private or public recognition and/or awards to prime suppliers for leadership or success for working with small business suppliers;
- The number of Small Business Supplier Accelerator Participants;
- The number of Small Business Supplier Accelerator Participants invited participate in matchmaking opportunities;
- The number of Small Business Supplier Accelerator Participants that participate in matchmaking opportunities;
- The number of Small Business Supplier Accelerator Participants invited to participate in mentoring opportunities;
- The number of Small Business Supplier Accelerator Participants that participate in mentoring opportunities;

- Outreach to Small Businesses: To determine whether Verizon's focus on small business organizations, including its Small Business Accelerator Program, is resulting in equitable opportunities for diverse contractors, the combined company should provide, on a quarterly basis, data disaggregated by GO 156 characteristics about the combined company's:
  - Tailored offerings directed to small businesses (online training and webinars, mentorship and peer coaching, and opportunity matchmaking) based on their existing capabilities;
  - Tracking of small business participants' progress through each stage of the program to support successful completion;
  - Highlighting of partnership opportunities for small businesses based on business needs;
  - Connecting small businesses with larger businesses in the company's supply chain and providing feedback on go to market strategies;
  - Monitoring whether participants are matching with potential opportunities;
  - Monitoring whether participants are being invited to participate in contracting and subcontracting bids; and
  - Monitoring whether participants ultimately become Verizon contractors.

- Community Outreach: to ensure that the combined company's outreach to community-based organizations, the Commission should require that the company report, on an annual basis:
  - The number, location, and community served of any community partners; and

- The number, location, and community composition, and methods of communication (including languages used) of any community events;

11. Compliance

It appears that Verizon will refuse to take steps to support internal policies and practices that ensure that its recruitment and outreach efforts reach all qualified candidates or suppliers. Accordingly, the Commission should appoint an independent third-party monitor. That monitor should be responsible for reviewing the combined company's recruiting and outreach, including communications, events, and practices. If the monitor finds that the combined company's efforts are insufficient to reach diverse communities, it should have the power to direct the combined company to comply with reasonable requirements regarding:

- Adopting best practices for workforce and supplier recruitment;
- Additional stakeholder engagement and outreach;
- Additional local or regional recruitment events;
- Additional matchmaking and mentorship opportunities; and
- Meetings with intervenors in this proceeding and other stakeholders.

The Commission should define various terms as follows:

- "Reasonable best practices" includes best practices including activities, locations, or stakeholders identified by Verizon in its past GO 156 reports;
- "Reasonable stakeholder engagement" includes any engagement with entities located, or doing business in, the combined company's service territory;
- "Reasonable local or regional events" includes any event located within the combined company's service territory;
- "Reasonable matchmaking and mentorship opportunities" includes any matchmaking or mentorship opportunity involving entities located in, or doing

business in, the combined company's service territory

The Commission should also consider giving the compliance monitor the ability to address any disparities in compensation among Verizon employees and refer those disparities to the appropriate agencies as necessary.

Enforcement

Verizon has a history of failing to comply with merger mitigation measures, including mitigation measures that the Commission found were critical to protect the public interest. Accordingly, the Commission should include a robust mechanism for ensuring Verizon's compliance. This mechanism should include:

- A requirement that the combined company adhere to all mitigation measures without exception.
- Verizon's payment of a bond, five percent of which will be returned to the combined company each year that it fully complies with all mitigation measures. If at any point the combined company fails to fully comply with all mitigation measures, the remainder of the bond should be forfeit.
- A requirement that if a party seeks the modification, elimination, or waiver of any of the mitigation measures, it may only do so by filing a petition for modification in this proceeding;
- A requirement that if the combined company, or any of its affiliates, seek approval of a subsequent merger or acquisition, its application must report on the combined company's compliance with the mitigation measures in this proceeding.

12. The Commission Should Not Give Much Weight to Mitigation Measures that have been Unsuccessful in the Past.

- Requirements that a combined company meet regularly with stakeholders or an advisory committee have generally had a negligible impact on DEI, because the stakeholders and/or committee lack the authority to bind the combined company to an agreement.
- Mitigation measures that include qualifiers such as "reasonable efforts" or "appropriately sized," or that require the combined company to "seriously consider" feedback from stakeholders have been unsuccessful because they allow the combined company to use its own discretion as to what constitutes actions that are reasonable, appropriate, or serious.

- Mitigation measures that require the combined company to participate in specific events (e.g., the Supplier Diversity En Banc) or proceedings are generally unsuccessful because companies can comply with those measures simply by showing up, and the commitment to participate does not bind the companies to any particular action or support for DEI. Moreover, they are often commitments to participate in events that they would be required to attend even without a requirement in a merger order or settlement.

While meaningful compliance with the above-listed mitigation measures could be seen as a sign of a company's good-faith commitment to DEI, they are far too easily treated as a "check the box" exercise that does not lead to meaningful DEI efforts. Accordingly, the Commission should consider those types of mitigation measures to be of limited value.