STATE OF CALIFORNIA GAVIN NEWSOM, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

December 16, 2025

Agenda ID #23923
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 24-10-006:

This is the proposed decision of Administrative Law Judge Elizabeth Fox. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's January 15, 2026, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE
Michelle Cooke
Chief Administrative Law Judge

MLC:asf
Attachment

Decision **PROPOSED DECISION OF ALJ FOX (Mailed 12/16/2025)**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Verizon Communications Inc., Frontier Communications Parent, Inc., Frontier California Inc., Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., Frontier Communications Online and Long Distance Inc., and Frontier Communications of America, Inc. for Approval of the Transfer of Control of Frontier California Inc. (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

GRANTING TRANSFER OF CONTROL SUBJECT TO CONDITIONS

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**GRANTING TRANSFER OF CONTROL
SUBJECT TO CONDITIONS**

Summary

This decision authorizes the transfer of control of Frontier Communications Parent, Inc. and its California subsidiaries to Verizon Communications, Inc., pursuant to Public Utilities Code Section 854 and adopts three settlement agreements. This authorization is subject to additional conditions, including ongoing monitoring and enforcement.

This proceeding is closed.

1. Background

1.1. Proposed Transaction

Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc., Frontier California Inc. (Frontier California), Citizens Telecommunications Company of California Inc. (CTC California), Frontier Communications of the Southwest Inc. (Frontier Southwest), Frontier Communications Online and Long Distance Inc. (Frontier LD), and Frontier Communications of America, Inc (Frontier America)—collectively, Frontier—filed the instant Application. We refer to Verizon and Frontier collectively as the Joint Applicants.

The Joint Applicants requested approval of a proposed parent-level transaction in which Verizon would acquire 100 percent of Frontier and its California subsidiaries. In California, the entities to be transferred include Frontier's California incumbent local exchange carriers (ILEC)[1] and long-distance or interexchange (IXC) subsidiaries. Frontier's ILEC subsidiaries include

1 An ILEC is an operating company that provided local, intrastate service when the Telecommunications Act of 1996 took effect.

Frontier California,[2] CTC California,[3] and Frontier Southwest (collectively, Frontier ILECs). Frontier's long-distance or IXC subsidiaries are Frontier LD and Frontier America.

The Joint Applicants requested review of this transaction under Public Utilities Code (Pub. Util. Code) Section 854. At least one Frontier California Operating Subsidiary—Frontier California—has gross annual California revenues exceeding $500 million.[4] As a result, the transaction is subject to the requirements of Section 854(a), (b) and (c).

Under the Agreement and Plan of Merger between Verizon and Frontier, dated September 4, 2024, a wholly owned subsidiary of Verizon that was created for the purpose of the Transaction would merge with Frontier Communications Parent, Inc. (Frontier Parent). Frontier Parent would therefore become a wholly owned, direct subsidiary of Verizon, and the California subsidiaries would become indirect, wholly owned subsidiaries of Verizon.

Verizon seeks to indirectly acquire the California operating subsidiaries' various authorities to offer incumbent and competitive local exchange and interexchange services, ETC designations, and all other regulatory certifications. According to the Joint Applicants, the California operating subsidiaries would retain their respective certifications following the proposed transaction.

The Joint Applicants argue that the certifications are not being "transferred" within the meaning of D.13-05-035.[5] Nonetheless, they provided

[2] Frontier California service territory is distributed throughout the state and has 11 area code defined service areas.

[3] CTC California service territory is also distributed throughout the state.

[4] Application at 9.

[5] Application at 33.

various certifications and other documents including Verizon and Frontier's Certificate of Incorporation and articles of incorporation.[6]

1.2. Additional Background

1.2.1. Frontier Customer Connections and Trends

Frontier California is the fifth largest fixed broadband service provider in California as of June 2024.[7] Frontier California's service territories include urban and suburban areas in southern California, as well as suburban and rural areas in central and northern California.[8] CTC California serves suburban and rural areas in northern California, including Elk Grove and Susanville.[9] Frontier Southwest serves mostly rural areas in southern and eastern California.[10] See Figure 1 for a map of Frontier service territory.[11]

6 Application, Exhibit C.

7 See Carrier of Last Resort (COLR) Rulemaking, available at: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/carrier-of-last-resort-rulemaking.

8 Application at 6.

9 Application at 6.

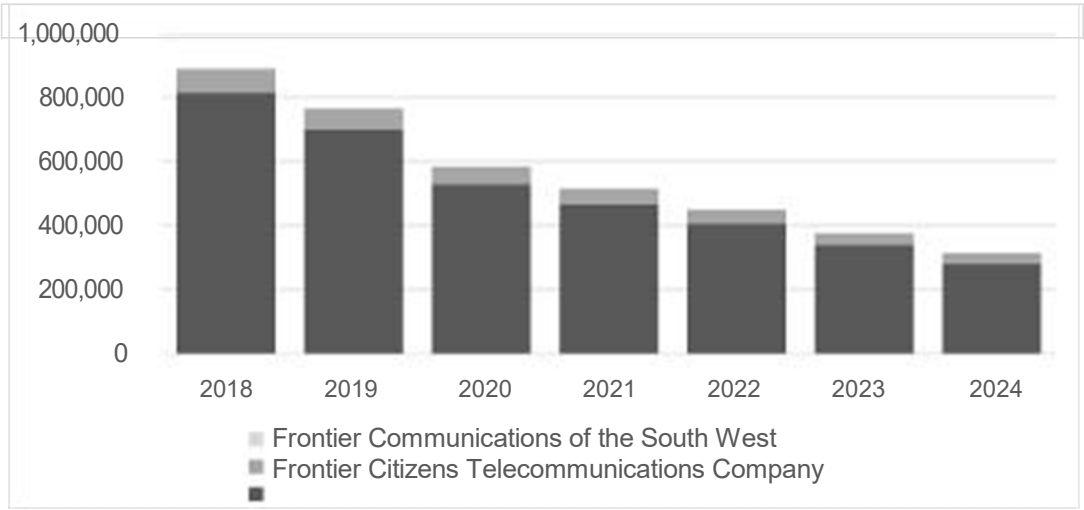
10 Application at 6.

11 Application at 5. According to the Joint Applicants, this map "reflects the Frontier ILEC service territories in California, with the exchange boundaries shown."

Figure 1: Frontier Service Territory

As of 2024, Frontier reported to the Commission that it had a total of approximately 314,000 working lines for traditional telephone service companies. The number of working lines has declined from about 1,558,456 in 2016 (See Figure 2).

Figure 2: Frontier ILEC Traditional Telephone Service Lines[12]



Although the number of Frontier's traditional telephone service customers is relatively small compared to the total customer base of Frontier, various public participants in this proceeding noted the importance of this traditional telephone service for reliability and safety.[13]

1.2.2. Carrier of Last Resort (COLR)

A Carrier of Last Resort (COLR) is a telecommunications company that is required to offer basic telephone service to anyone who asks for it in a certain area — no matter where they live or what their income is. This ensures that all Californians have access to essential, reliable, and affordable telecommunications service.

12 CPUC Communications Division, Total Number of Working Lines (traditional telephone service) from 25 Carriers Reporting Under General Order 133-D in California.

13 See PPH Transcripts and public comments on the docket card for this proceeding. *For example, several public comments stated opinions like those of Annemarie Weibel in Albion, who noted on ~~July 19, 2025 that "Many senior~~s and others depend on landlines as a main source of communication particularly in areas where cell phones do not work. I live in such an area. Also if there are wildfires, earthquakes, tsunamis, or other devastating circumstances cell phones will not work."*

As of June 2025, Frontier is the second-largest COLR in California, accounting for 9.34 percent of 2,430,233 working lines.[14]

1.2.3. General Order (GO) 133

General Order (GO) 133, established minimum service quality standards for telephone corporations.[15] D.25-09-031 in open rulemaking (R.) 22-03-016 adopted GO 133-E, revised service quality standards to extend to voice over internet protocol (VoIP) customers. The Commission is also considering new service quality standards for wireless service in Phase 2 of R.22-03-016.

1.2.4. Public Purpose/Universal Service Programs

Telecommunications providers in California participate in various public purpose or universal service programs, as described below.

1.2.4.1. BEAD

Broadband Equity Access and Deployment Program (BEAD) is a federal grant program that aims to connect every American to high-speed internet by funding partnerships to build infrastructure.[16] California was awarded

14 *See* Working Lines of Traditional Wireline Telephone Corporations, Pursuant to General Order 133-D - June 2025. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/service-quality/working-lines-of-traditional-wireline-telephone-corporations-pursuant-to-go-133d--june-2025.pdf.

15 *See* General Order 133-D, Public Utilities Commission of the State of California, Rules Governing Telecommunications Services. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/files/uploadedfiles/cpuc_public_website/content/proceedings/proceedings_rules/g o133d.pdf.

16 *See* Broadband Equity Access and Deployment Program Overview, available at https://broadbandusa.ntia.gov/funding-programs/broadband-equity-access-and-deployment-bead-program.

approximately $1.86 billion for BEAD for this purpose. In 2025, the Commission carried out the review of proposed BEAD project applications.[17]

1.2.4.2. California High-Cost Fund-B

The California High-Cost Fund-B (CHCF-B) program[18] provides subsidies to COLRs for providing basic local telephone service to residential customers in high-cost areas.[19] The purpose of the CHCF-B program is to keep basic telephone service affordable in areas with low population density. CHCF-B is funded by a surcharge billed to all customers and collected by telecommunications carriers.

Frontier California, Inc., Frontier Communications of the Southwest, and CTC California are among the providers that receive CHCF-B support.

1.2.4.3. California Advanced Services Fund

The California Advanced Services Fund (CASF) is a broadband grant program with four active accounts:

- The Broadband Infrastructure Grant Account, which provides grants to deploy broadband infrastructure to enable service to unserved households;
- The Adoption Account, which provides grants to increase publicly available or after-school broadband access and digital inclusion, such as digital literacy training programs.
- The Rural and Urban Regional Broadband Consortia Account, which provides grants to regional consortia — typically a group of several

17 *See* California Broadband Equity, Access, and Deployment (BEAD) Subgrantee Selection Process, available at: https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/bead-program/bead-subgrantee-selection.

18 *See* Pub. Util. Code Section 276.5, D.96-10-066, and California High Cost Fund-B overview, ~~available at~~ https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-b.

19 High cost areas of California are those in which the cost to the COLR to provide service is $36 or more per telephone line.

contiguous counties — to facilitate the deployment of broadband infrastructure by assisting infrastructure grant applicants in the project development or grant application process.

- The Public Housing Account, which provides grants dedicated to broadband connectivity and adoption in publicly supported housing communities.

According to the Joint Applicants, Frontier has received 23 CASF grants.[20] In the last five years, Frontier has completed six CASF grant projects and has one CASF grant project pending completion for Northeast Phase 1.[21] In 2023, Frontier applied for 12 new CASF grants.[22]

1.2.4.4. The Federal Funding Account

The Federal Funding Account (FFA) is a $2 billion grant program for last-mile broadband infrastructure projects to connect unserved Californians, in accordance with Senate Bill 156 (Chapter 112, Statutes of 2021).

In 2025, the Commission awarded over $1 billion in broadband grants for 113 last-mile projects across 52 counties in the first round of FFA funding. In that first round, Frontier was awarded over $26 million for four projects in Riverside, San Bernardino, and Ventura counties.[23] A second funding round opened later in 2025 for the six counties that did not receive FFA awards in the first round.

20 Application at 26.

21 Application at 26.

22 Application at 26.

23 See Federal Funding Account Awards Dashboard at https://public.tableau.com/app/profile/cpuc.broadbandsupport/viz/FederalFundingAccountAwardsDashboard/FFADashboardOriginal.

The Joint Applicants noted that in 2023, Frontier applied for FFA grants and was awarded one FFA grant in Riverside County and two FFA grants in San Bernardino County in August 2024.[24]

1.2.4.5. LifeLine

The Lifeline program provides discounts on basic landline and wireless phone service to qualifying low-income residents to help them stay connected.[25] Eligibility can be established either by meeting household income requirements or by meeting eligibility requirements for other programs.[26] Each program participant receives up to a $19 discount from California LifeLine in addition to up to a $9.25 discount from Federal Lifeline.[27] Each household must choose to get a discount on service for either a home phone or a cell phone.[28] In August 2025, the Commission approved a home broadband pilot through California LifeLine that offers both standalone broadband and bundled voice services.[29]

[24] Application at 26.

[25] See Pub Util. Code Section 871 et. seq.

[26] Customers can be eligible for Lifeline if already enrolled in Medicaid/Medi-Cal, Low Income Home Energy Assistance Program (LIHEAP), Supplemental Security Income (SSI), Federal ~~Public Housing Assistance or~~ Section 8, CalFresh, Food Stamps or Supplemental Nutrition Assistance Program (SNAP), Women, Infants and Children Program (WIC), National School Lunch Program (NSLP), Temporary Assistance for Needy Families (TANF), Tribal TANF, Bureau of Indian Affairs General Assistance, Head Start Income Eligible (Tribal Only), Food Distribution Program on Indian Reservations, or Federal Veterans and Survivors Pension Benefit Program.

[27] California Lifeline program fact sheet, available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/communications-division/documents/lifeline/fact-sheets/ca-lifeline-fact-sheet-fy-23-24.pdf.

[28] California Lifeline program fact sheet.

[29] CPUC Launches Pilot to Improve Broadband for Low-Income Households Through California LifeLine, August 28, 2025. Available at: https://www.cpuc.ca.gov/news-and-updates/all-news/cpuc-launches-pilot-to-improve-broadband-for-low-income-households-through-california-lifeline.

Frontier offers federal and state Lifeline broadband service discounts in addition to landline (voice only) LifeLine, and Verizon offers LifeLine through TracFone.[30]

1.2.4.6. Loan Loss Reserve Fund

The Broadband Loan Loss Reserve Fund is a $50 million fund that provides a credit enhancement related to financing local broadband infrastructure development. The reserve fund expands the ability of local governments, tribes, and non-profits to secure financing for building last-mile projects, with an emphasis on public broadband networks. The Loan Loss Reserve Fund provides collateral to local governments to enable more favorable borrowing rates and terms for bonds issued to deploy broadband infrastructure.

The Loan Loss Reserve Fund was established in 2021 as a part of Senate Bill 156, codified in Pub. Util. Code Section 281.2.

1.2.5. Verizon-FCC Letter

On May 16, 2025, the Federal Communications Commission (FCC) approved the Joint Applicants' transaction at the federal level.[31] In a news release at the time of the approval, FCC Chairman Brendan Carr noted that Verizon had "committed to ending [diversity, equity, and inclusion (DEI)]-related practices."[32] A May 15, 2025, letter from Verizon Executive Vice President & Chief Legal Officer Vandana Venkatesh to Chairman Carr (Verizon-FCC

30 Application at 10, footnote 22.

31 See FCC Docket WC Docket No. 24-445, available at: https://www.fcc.gov/transactions/verizon-frontier. Following the federal approval of the transaction, additional state approvals are needed, including the approval in the instant application.

32 *See* FCC Approves Verizon-Frontier Merger, available at: https://www.fcc.gov/document/fcc-approves-verizon-frontier-merger.

Letter) detailed the specific changes that it would make to DEI practices.[33] Among these changes were modified approaches to supplier diversity, employee diversity and workforce reporting requirements.

On May 29, 2025, in response to the Verizon-FCC Letter, the assigned commissioner issued an Amended Scoping Memo that added a seventh issue to the scope of this proceeding, as detailed in Section 3 herein.

1.3. Related Proceedings

Verizon and Frontier have participated in various proceedings that are relevant to the resolution of this Application.

Decision (D.) 09-10-056 granted the joint application of Verizon and Frontier to transfer 13 telephone exchanges from Verizon to Frontier.[34]

D.15-12-005 approved of the sale of Verizon's California land line businesses to Frontier, subject to certain conditions.[35] Included in this sale was Verizon California (U-1002-C), which became Frontier California after the transaction closed.[36] D.15-12-005 was subsequently modified in a 2019 settlement.[37]

In Investigation (I.) 19-12-009, the Commission imposed a penalty of $1,454,000 for outages and service interruptions that occurred when Verizon transferred its California voice, internet, and video services to Frontier.[38]

33 Verizon-FCC Letter, available at: https://www.fcc.gov/ecfs/document/105150776713979/1.

34 Application (A.) 09-06-005.

35 A.15-03-005.

36 A.15-03-005.

37 D.19-03-017.

38 D.22-04-059.

Separately, Frontier had paid almost $1,000,000 in customer credits related to the service outages.[39]

In D.21-04-008, the Commission approved, with conditions, the corporate restructuring of Frontier following bankruptcy.[40]

D.21-11-030 approved, with conditions, the transfer of control of TracFone Wireless, Inc. to Verizon.[41]

1.4. Procedural Background

October 18, 2024, the Joint Applicants filed this application for transfer of control of Frontier and its affiliates to Verizon. On February 4, 2025, Public Advocates Office at the Commission (Cal Advocates), The Utility Reform Network (TURN), and Center for Accessible Technology (CforAT) filed a joint motion to amend the scoping memo and ruling. Verizon and Frontier opposed this joint motion and California Emerging Technology Fund (CETF) responded to it in respective February 19, 2025 filings. The Assigned Commissioner denied this motion on April 16, 2025.

The Joint Applicants served direct testimony on January 24, 2025 and supplemental testimony in response to a March 26, 2025 Administrative Law Judge (ALJ) Ruling on April 25, 2025.

On March 28, 2025, the assigned ALJs filed notice of public participation hearings. Those public participation hearings took place on May 29, June 11, June 16, June 18, June 24, June 30, July 7, and July 15, 2025, with two sessions on

39 D.22-04-059 at 21; Joint Motion of Frontier Communications Corporation, Frontier Communications of America, Inc., Frontier California, Inc. and the Consumer Protection and Enforcement Division of the California Public Utilities Commission for Adoption of Settlement Agreement, November 4, 2021, Exhibit 1 at 13.

40 A.20-05-010.

41 A.20-11-001.

each day. Twelve of the sessions were held in person in locations throughout the state and four were conducted virtually.

Cal Advocates, CETF, CforAT, and TURN served opening testimony on May 1, 2025. Verizon, Frontier, Cal Advocates, and TURN served rebuttal testimony on May 15, 2025.

On May 29, 2025, the Assigned Commissioner issued an Amended Scoping Memo and Ruling (Amended Scoping Memo). In response to questions in the Amended Scoping Memo and Ruling, the Joint Applicants served Second Supplemental Testimony on June 18, 2025. Following submission of Second Supplemental Testimony, the Assigned Commissioner issued a ruling on July 23, 2025 that required the Joint Applicants to serve additional testimony. The Joint Applicants responded with Third Supplemental Testimony on July 30, 2025.

On May 30, 2025, the Joint Applicants filed a motion to strike portions of testimony from Cal Advocates' testimony. CforAT and Cal Advocates responded to the motion on June 16, 2025 and the Joint Applicants replied to the responses on June 26, 2025. An assigned ALJ granted the motion, in part, on July 21, 2025.

On July 3, 2025, the Joint Applicants filed notice of a tribal information session.

On July 23, 2025, the assigned Commissioner issued a ruling requiring additional testimony from the Joint Parties, due July 20, 2025 and referred to as Third Supplemental Testimony. Also on July 23, 2025, the assigned ALJ issued a ruling modifying the procedural schedule.

On August 1, 2025, CforAT filed a motion requesting stay of the proceeding to conduct additional discovery and submit rebuttal testimony. The

Joint Applicants responded to this motion on August 5, 2025. The assigned ALJ granted this motion, in part, on August 12, 2025.

On August 6, 2025, Communication Workers of America District 9 (CWA) filed a motion to become a party. Verizon responded to this motion on August 11, 2025 and on August 13, 2025, the assigned ALJ authorized CWA to respond to Verizon. CforAT and TURN jointly responded to the CWA motion, and CWA responded to Verizon, on August 14, 2025. On August 15, 2025, the assigned ALJ granted CWA's motion for party status.

On August 12, 2025, parties submitted a Joint Case Management Statement.

On August 21, 2025, the Santa Ynez Band of Chumash Indians (Chumash Tribe) filed a motion to become a party to the proceeding. The assigned ALJ granted this motion on September 2, 2025.

On September 4, 2025, the Joint Applicants submitted three joint motions for adoption of settlement agreement with counterparties, covering agreements with: (1) Cal Advocates, (2) CETF, and (3) CWA. These settlement agreements are reproduced here as Exhibits A, B, and C, respectively.

On September 4, 2025, the assigned ALJ issued a ruling setting the hearing schedule. Parties submitted a second Joint Case Management Statement on September 5, 2025.[42] Evidentiary Hearings were held September 9-10, 2025.

On September 5, 2025, the Joint Applicants filed a motion to modify the procedural schedule. CforAT and TURN responded to this motion on September 10, 2025. The assigned ALJ granted Frontier's September 11, 2025 request to respond to CforAT and TURN on September 11, 2025, and granted CETF's request for party responses to CforAT and TURN on September 12, 2025. On September 12, 2025 the Joint Applicants and CETF responded to the motion. The assigned ALJ granted the motion to modify the procedural schedule, in part, on September 18, 2025.

[42] CETF, CforAT, CWA, Cal Advocates, TURN, and the Joint Applicants.

On October 9, 2025, CforAT filed a motion for oral argument. The Joint Applicants responded to this motion on October 23, 2025.

On October 10, 2025, the Joint Applicants, Cal Advocates, CETF, ~~CforAT, CWA, and TURN~~ served Opening Briefs and responses to motions to approve settlement. The Joint Applicants' Opening Brief contained additional commitments beyond the commitments made in the settlement agreements.[43]

The Chumash Tribe filed an opening brief on October 13, 2025. On October 17, 2025, the Chumash Tribe filed a motion to accept late filing of its opening brief. An ALJ ruling on October 30, 2025 required the Chumash Tribe to resubmit its opening brief as a settlement agreement by written motion. The Chumash Tribe re-submitted its opening brief through a motion pursuant to Rule 11.1 and Rule 12.1 on October 31, 2025.

The Joint Applicants, Cal Advocates, CETF, CforAT, and TURN served Reply Briefs on October 31, 2025.

On January 12, 2026, oral arguments were held.

The assigned ALJ ruling granted two motions by TURN by e-mail on January 13, 2026.

1.5. Submission Date

This matter was submitted on ~~October 31, 2025 upon filing of reply briefs~~January 13, 2026 upon the ALJ e-mail ruling granting motions.

[43] Joint Applicants Opening Brief at Appendix B.

2. Jurisdiction

The Commission has authority to review transfer of control for telephone corporations pursuant to Pub. Util. Code Section 854.

[43] Joint Applicants Opening Brief at Appendix B.

Frontier is a telephone corporation and its affiliates hold various registrations with the Commission. Frontier California (U1002C), CTC California (U1024C), and Frontier Southwest (U1026C) are wholly owned subsidiaries of Frontier.[44] Each serves as an ILEC in California and is an Eligible Telecommunications Carrier (ETC) in California. Frontier America and Frontier LD are also wholly owned subsidiaries of Frontier. These companies operate as IXCs in California. Frontier America is also a competitive local exchange carrier (CLEC) and holds a VoIP registration pursuant to Section 285.[45]

Verizon Communications, Inc. (Verizon) is a publicly traded Delaware corporation headquartered in New York, New York. Verizon is a holding company whose operating subsidiaries offer voice, data, and video services in California and elsewhere.[46]

Since Frontier is a telephone corporation subject to the Commission's jurisdiction,[47] the Commission has jurisdiction to review Frontier's request for transfer of control to Verizon pursuant to Pub. Util. Code Section 854.

3. Issues Before the Commission

The issues considered with respect to the proposed transaction are:

~~1. Does the proposed transaction satisfy the requirements of Section 854(a)?~~

~~2. Does the proposed transaction satisfy the requirements of Section 854(b)?~~

44 Application at 6.

45 Application at 6.

46 D.21-11-030 at 3. *See* D.90-08-020/D.90-01-020 (Alltel Corporation dba Verizon Wireless); D.95-08-028 and D.99-05-035 (Verizon Select Services, Inc.); and D.97-02-011 (Verizon Long Distance LLC).

47 *See* D.94-11-070 (Frontier Communications of America, Inc) and D.09-10-056 (Frontier Communications Online & LD).

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

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

   a. Does the proposed transaction provide short-term and long-term economic benefits to ratepayers?

   b. Does the proposed transaction adversely affect competition?

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

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

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

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

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

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

   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?

   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?

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

4. What impacts would the proposed transaction have on environmental and social justice (ESJ) 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 (ESJ Action Plan)?

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?

6. What commitments have the Applicants made, including additional investments in California, as part of this Application? What methods should the Commission use to determine whether the Applicants have met those commitments? How are these commitments in the public interest?

7. The May 15, 2025 Verizon-FCC Letter[48] details broad changes that Verizon will make to its Diversity, Equity, and Inclusion (DEI) practices.

   a. Are the commitments detailed in the Verizon-FCC Letter consistent with the requirements of Sections 8281-8290.2, with General Order (GO) 156, and with any other relevant provisions of California law?

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

4. Issue 1: Section 854(a)

We have reviewed the proposed transaction and find that the Joint Applicants meet the requirements of Section 854(a)

[48] Available at https://www.fcc.gov/ecfs/document/105150776713979/1.

4.1. Background

Section 854(a) states that:

> A person or corporation, whether or not organized under the laws of this state, shall not directly or indirectly merge, acquire, or control ... any public utility organized and doing business in this state without

[48] Available at https://www.fcc.gov/ecfs/document/105150776713979/1.

> first securing authorization to do so from the commission. The commission may establish, by order or rule, the definitions of what constitutes a merger, acquisition, or control activity that is subject to this section. Any merger, acquisition, or control without that prior authorization is void. A public utility organized and doing business under the laws of this state, and a subsidiary or affiliate of, or corporation holding a controlling interest in, a public utility, shall not aid or abet any violation of this section.

The purpose of this and related code sections is to enable the Commission, before any transfer of public utility authority is consummated, to review the proposal and to take such action, as a condition of the transfer, as the public interest may require.[49] The Commission has broad discretion under Pub Util. Section 854 to approve or reject a proposed transaction.

According to the Joint Applicants, the proposed transaction would occur through the merger of Frontier Parent with a new direct wholly owned subsidiary of Verizon, France Merger Sub Inc., created for purposes of the transaction. France Merger Sub Inc. is a Delaware corporation.[50] Following the proposed transaction, Frontier Parent would be the surviving entity[51] and will become a wholly owned, direct subsidiary of Verizon, and Frontier's subsidiaries

~~would become indirect, wholly owned subsidiaries of Verizon.[52] According to the Joint Applicants, as "this Transaction is occurring at the holding company~~

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49 See San Jose Water Co. (1916) 10 CRC 56.

50 Frontier Communications Parent, Inc. 8-K, September 4, 2024.

51 Agreement and Plan of Merger by and among Verizon Communications Inc., France Merger Sub Inc. and Frontier Communications Parent, Inc., September 4, 2024. Available at: https://www.sec.gov/Archives/edgar/data/20520/000114036124040148/ef20035469_ex2-1.htm .

~~52 Application at 7-8.~~

would become indirect, wholly owned subsidiaries of Verizon.[52] According to the Joint Applicants, as "this Transaction is occurring at the holding company level, there is no "merger" or "transfer" of any public utility operations or assets."[53]

In their application, the Joint Applicants provided charts that illustrated proposed pre- and post-closing ownership structures.[54] In addition, the Joint Applicants provided organizational documents for each of the applicants and evidence of the California operating subsidiaries' qualifications to do business in California.[55]

Pursuant to Rule 3.6(e), which requires the submission of a financial statement in connection with "merger proceedings" and "other transfer proceedings," the Joint Applicants provided financial statements.[56] The Joint Applicants stated that this transaction is best characterized as an "other transfer proceeding" under Rule 3.6(e), since the transfer of control will be effectuated through a "holding company" merger of Verizon and Frontier at the parent company level.[57] According to the Joint Applicants, the California operating subsidiaries will not be merged and will instead continue in their current corporate and operational forms after the holding company merger.

52 Application at 7-8.

~~4.2. Joint Applicants' Position~~

~~The Joint Applicants noted various prior Commission decisions that have addressed compliance with Section 854(a)[58] and proposed methods for the~~

53 Application at 8.

~~54 Application, Exhibit A.~~

55 Application, Exhibit C.

56 Application, Exhibits D and E; Verizon Form 10-K; Frontier Form 10-K.

57 Application at 31-32.

4.2. Joint Applicants' Position

~~58 For example, see:~~

~~*Footnote continued on next page.*~~

The Joint Applicants noted various prior Commission decisions that have addressed compliance with Section 854(a)[58] and proposed methods for the Commission to evaluate compliance with this statute. In their Application the Joint Parties noted that, in D.15-12-005, the Commission found the transaction between Verizon and Frontier in the public interest and stated that "the interest requirement of [Section] 854(a) is satisfied if the public, including the customers of Verizon and Frontier, is no worse off after the Transaction than it was before it."[59]

4.3. Party Positions

4.3.1. CETF

CETF noted that the Joint Applicants properly applied for preapproval by the Commission for the proposed acquisition of Frontier by Verizon per Section 854(a).[60] CETF stated that the record of this proceeding, developed over a more than a year, is thorough – and includes data requests and responses, ten witnesses, three rounds of testimony, two days of hearing, and numerous public participation hearings.[61] CETF also stated that the settlement agreements ~~between "have brought substantial and broad voluntary commitments from Verizon."~~[62]

58 For example, see:

D.24-08-006, which concluded that the "standard to determine if a transfer of control should be granted under Pub. Util. Code Section 854(a) is whether the transaction would be adverse to the public interest."

D.24-09-037, which approved transfer of control of two California operating companies pursuant to the "not adverse to the public interest" standard.

D.24-09-037, which stated that "Ultimately, the key question that the Commission must decide in a transfer of control proceeding under Pub. Util. Code Section 854(a) is whether the transaction will be 'adverse to the public interest.'"

59 Application at 9, citing D.15-12-005.

60 CETF Opening Brief at 16-19.

61 CETF Opening Brief at 16.

~~62 CETF Opening Brief at 16.~~

between "have brought substantial and broad voluntary commitments from Verizon."[62]

4.3.2. CforAT

CforAT noted that "where necessary and appropriate, the Commission may attach conditions to a transaction in order to protect and promote the public interest."[63] CforAT noted that the 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).[64] According to CforAT, 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.[65] CforAT stated that "[o]verall, the public interest benefits of the proposed transaction do not outweigh the public interest harms" and noted that the Commission may not be able to impose sufficient mitigation measures to prevent significant adverse consequences that may result from the proposed transaction.[66] CforAT stated that, if the Commission approves the transaction, it should impose "multiple meaningful mitigation measures beyond the pending settlements and create a robust, 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."[67]

62 CETF Opening Brief at 16.

63 CforAT Opening Brief at 12, citing D.01-06-007.

64 CforAT Opening Brief at 12, citing D.10-10-017.

65 CforAT Opening Brief at 12, citing Pub. Util. Code Section 854(c).

66 CforAT Opening Brief at 12.

67 CforAT Opening Brief at 12-13.

interest. If the Commission cannot do so, it must deny the proposed transaction."[67]

4.3.3. TURN

TURN recommended that the Commission adopt mitigation measures if it approves Verizon's acquisition of Frontier.[68] TURN stated that, as proposed, the transaction is not in the public interest and does not satisfy the requirements of Section 854(a).[69]

4.4. Discussion

No party has argued that the Joint Applicants have undertaken the proposed transaction without prior authorization, and we agree with this assessment. Verizon operates as a licensed carrier in California, as do the Frontier subsidiaries. We identify no specific harms regarding the structure of the proposed transaction. We therefore find that the proposed transaction meets the requirements of Section 854(a).

Nonetheless, we agree with TURN and CforAT that robust mitigation measures and enforcement mechanisms are needed to ensure that this transaction is in the public interest, and adopt such mitigation and enforcement measures herein, these mitigation measures are more appropriate to consider in review under Section 854(c)(8).

5. Issue 2: Section 854(b)

Section 854(b) states, in relevant part, that:

> Before authorizing the merger, acquisition, or control of any electrical, gas, or telephone corporation organized and doing business in this state, if any utility that is a party to the proposed transaction has gross annual

67 CforAT Opening Brief at 12-13.

68 TURN Opening Brief at 15.

69 TURN Opening Brief at 15.

California revenues exceeding $500 million, the commission shall find that the proposal does all of the following:

[68] TURN Opening Brief at 15.
[69] TURN Opening Brief at 15.

a. Provide short-term and long-term economic benefits to ratepayers.

(3) Not adversely affect competition. In making this finding, the commission shall request an advisory opinion from the Attorney General regarding whether competition will be adversely affected and what mitigation measures could be adopted to avoid this result.

Verizon is a telephone corporation organized and doing business in California and has gross annual California revenues exceeding $500 million. Therefore, Verizon is subject to the requirements under Section 854(b).

In the following sub-sections, we evaluate whether the Joint Applicants have met the requirements of subsections (1) and (3) of Section 854(b).[70] We find that the proposed transaction can meet these requirements if certain conditions are met.

5.1. Ratepayer Benefits

5.1.1. Background

Under Section 854(b)(1), we evaluated whether the proposed transaction would provide short-term and long-term economic benefits to ratepayers. We find that the proposed transaction will provide short-term and long-term economic benefits to ratepayers if additional conditions are met.

5.1.2. Joint Applicants' Position

In its testimony, Verizon stated that the transaction will generate significant short-term and long-term economic benefits for California ratepayers. Verizon said that, following the close of the transaction, it will offer its service plans to many current Frontier customers, including a national low-income ~~broadband plan and bundled service options not offered Frontier today. In~~

[70] The Scoping Memo and Amended Scoping Memo did not include Section 854(b)(2) in scope and Section 854(b)(4) does not apply to this transaction.

broadband plan and bundled service options not offered Frontier today. In addition, "consumers in the Frontier territories will have access to the full range of Verizon service plans for which they are eligible ... [with] a variety of speed and pricing choices for next-generation services."[71]

As examples, Verizon cited the following:[72]

- Its $20/month "voluntary, nationwide low-income pricing broadband option," Verizon Forward.
- Its myHome program, which allows customers to select plans that match their requirements based on service and price and offers discount subscription offerings.
- An expanded menu of services.
- "Consistent pricing." Verizon stated that it does not engage in extensive promotional pricing and customers pay the same rates whether they are new or existing customers.
- Its offering of discounted, bundled services that include mobile wireless, which Frontier does not provide.
- "[A]dded amenities and expanded choices" including certain forms of free Wi-Fi and third-party protection services, such as Cloud and Verizon Home Device Protect, and additional streaming content choices.

In addition, Verizon said that since no customer migration would be needed, the transaction would be seamless to Frontier customers.

Under the proposed settlement agreements, Verizon also agreed to additional measures to provide short-term and long-term economic benefits to ratepayers as detailed in Section 9.

71 Exhibit JA-02 at 30-33.
72 Exhibit JA-02 at 31.

5.1.3. Party Positions

5.1.3.1. CETF

CETF recommended that the Commission answer the question of whether the proposed transaction would provide short-term and long-term economic benefits to ratepayers "with a resounding yes."[73] CETF cited various short-term economic benefits to consumers included in its own settlement agreement with the Joint Applicants.

CETF urged a finding of substantial short-term and long-term economic benefits to Frontier landline consumers and California Verizon wireless consumers. According to CETF, Verizon's commitments are "appropriate, comparable and fair" when compared to past telecommunications transactions.[74]

5.1.3.2. CforAT

CforAT stated that "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."[75] CforAT also stated that the Joint Applicants "have failed to meet their burden of demonstrating that any benefits outweigh the proposed transaction's harms."[76]

5.1.3.3. TURN

TURN argued that the proposed transaction does not satisfy the requirements of Section 854(b) unless the Commission adopts certain mitigation measures as detailed in Section 6.9.[77]

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[73] CETF Opening Brief at 19.

[74] CETF Opening Brief at 20.

[75] CforAT Opening Brief at 13.

[76] CforAT Opening Brief at 13.

[77] TURN Opening Brief at 15, 25-29.

5.1.3.3.1. Infrastructure Deployment

TURN argued that the proposed transaction has negative short-term and long-term economic consequences for communities and households, particularly if Verizon discontinues or significantly slows the pace of Frontier's fiber deployment, or if low-income households have less access to affordable voice and broadband services. TURN noted that broadband services are no longer a luxury but necessary for daily living.[78] Therefore, TURN argued that the Commission should "consider whether any households in Frontier's service territory may receive the status quo or worse access to ... voice and broadband services as a result of the transaction, because that access has economic and health implications."[79]

TURN argued the Joint Applicants make "only nominal commitments to continue Frontier's fiber deployment"[80] despite stating that "Verizon can apply its financial strength and expertise ... to continue its fiber deployment and improve service quality for customers."[81] TURN contrasts Verizon's "nominal commitments" with those from Frontier, which, according to TURN, "has indicated that it would continue to build to a robust number of households."[82] TURN stated that Verizon, "with its vast capital resources, could use Frontier's

78 Exhibit TURN-01 at 2, 21.
79 TURN Opening Brief at 16.
80 TURN Opening Brief at 16.
81 Exhibit JA-1 at 16.
82 TURN Opening Brief at 16.

~~fiber deployment engine~~"[83] to accomplish additional fiber buildout within three years.[84]

TURN also stated concerns regarding Section 854(b) and California and federal Lifeline voice and broadband plans.[85] TURN argued that "there are no short-term and long-term economic benefits for California LifeLine and federal

Lifeline services" in the Joint Applicants' proposals.[86] Further, TURN argued that the Lifeline commitments made in the CETF and Cal Advocates settlement agreements

> include poison pills that would allow Verizon to evade its California Lifeline and federal Lifeline commitments in those settlements as easily as Verizon unilaterally determining that has been a "material change" in either program....[87]

TURN stated that it is therefore unclear whether the Verizon commitments to offer California and federal Lifeline, "with easy triggers for poison pills," would provide any short-term or long-term economic benefits.[88]

5.1.3.3.2. Low-Income and Affordable Plans

TURN also cautioned that the Application and proposed settlement agreements could result in reduced access to low-income and affordable plans.[89] Specifically, TURN argued that adoption of the CETF settlement would prohibit any new customers from signing up for the Frontier Fundamentals affordable

83 Exhibit JA-2-C at 16.

84 TURN Opening Brief at 17.

85 TURN Opening Brief at 17-18.

86 TURN Opening Brief at 17, citing to Exhibit TURN-01 at 18-20.

87 TURN Opening Brief at 17.

88 TURN Opening Brief at 17.

89 TURN Opening Brief at 18.

broadband plan and "eliminate affordable service for customers served by copper."[90] In addition, TURN noted limitations in Verizon's voluntary offer of the Verizon Forward low-income plan.[91] According to TURN, Verizon Forward "appears to be severely limited to technologies that are not likely available to qualifying households, and requires a savvy customer to know to ask and who to ask because the full eligibility criteria is not available on Verizon's website."[92]

5.1.4. Discussion

The application, along with the settlement agreements, may provide substantial customer benefits, including additional service options, affordable

pricing plans, infrastructure development, and service quality improvements. To ensure that these commitments materialize as stated, we adopt additional mitigation measures in Section 6.9. Specifically, we agree with TURN that: (1) ongoing fiber deployment is needed and that Verizon should be required to expand its fiber network; (2) additional LifeLine protections are needed; and (3) additional efforts are needed to ensure availability of an enrollment in affordable plans.

5.2. Competition

5.2.1. Background

Under Section 854(b)(3),[93] we evaluated whether the proposed transaction could adversely affect competition. Upon review of the record, we find one aspect of the proposed transaction could adversely affect competition – access to

90 TURN Opening Brief at 18.
91 TURN Opening Brief at 18, citing Hearing Transcript at 637.
92 TURN Opening Brief at 18, citing Hearing Transcript at 637.
93 Corresponding to Issue 2.b. in scope.

backhaul – and therefore adopt a condition to require non-discriminatory access to backhaul.

We note that Commission staff requested an advisory opinion from the Attorney General regarding whether competition will be adversely affected and what mitigation measures could be adopted to avoid this result. The Attorney General declined to provide a formal opinion.

5.2.2. Joint Applicants' Position

In its opening testimony, Verizon stated that the transaction will not reduce competition because Verizon is not an ILEC anywhere in California, and Frontier is not a mobile wireless carrier anywhere in California.[94]

Verizon provided an assessment of its competitive position following the proposed transaction.[95] This assessment covered broadband competition, competition between wireline and mobile wireless services, wholesale competition, and competition for business customers.

According to Verizon, there are some overlaps of fiber facilities for non-mass-market uses, but those facilities' overlaps are not related to fiber facilities serving everyday customers.[96]

Regarding mobile wireless, Verizon stated that after the proposed transaction is complete, it "could offer a bundle of home broadband and mobile wireless services to Frontier's fiber customers—an offering Frontier is unable to

make today."[97] Verizon stated that would continue to make mobile wireless service available to customers in Frontier's territory, as well as continue to offer

94 Exhibit JA-02 at 24.

95 Joint Applicants Opening Brief at 14.

96 Exhibit JA-08 at 34.

97 Exhibit JA-08 at 34.

fixed wireless in parts of Frontier's territory.[98] Verizon contended that other wireless providers are "also aggressively competing with their own mobile and fixed wireless options. Consequently, the Transaction will not result in a reduction in the number of competitors or eliminate the possibility of a future new competitor in any Frontier service area. The Transaction thus does not pose any threat of competitive harm."[99]

5.2.3. Party Positions

5.2.3.1. CETF

CETF did not provided testimony regarding competition, but noted positive impacts of Verizon having an owned landline network in the state to offload its California wireless traffic to connect to the global internet and the public switched telephone network.[100] CETF also noted that, given Frontier's ailing financial situation, there are important benefits of Verizon purchasing the Frontier network to provide financial stability to the second largest incumbent landline telephone system in the state.[101] CETF stated that, given the reliance on the Frontier landline network by its customers, it is important to ensure that this landline network remains stable and in reliable working condition.[102]

5.2.3.2. CforAT

CforAT stated that the Joint Applicants failed to prove that the proposed transaction will not adversely affect competition.[103] CforAT stated that the Joint

~~98 Exhibit JA-08 at 34.~~

99 Exhibit JA-08 at 34.

~~100 Exhibit CETF-04 at 8.~~

101 CETF Opening Brief at 20.

102 CETF Opening Brief at 20.

103 CforAT Opening Brief at 13.

Applicants' "competition analysis" is deeply flawed and disregards long-standing practices used to evaluate the competitive effects of mergers and acquisitions.[104] CforAT said the analysis rested on "superficial analysis and two particularly faulty assumptions."[105]

5.2.3.3. TURN

TURN did not directly address whether the transaction would meet the requirements of Section 854(b)(3).

5.2.4. Discussion

We have evaluated the potential impact of the proposed transaction on competition and are persuaded by the Joint Applicants that the proposed transaction will not result in a reduction in the number of competitors or eliminate the possibility of a future new competitor in any Frontier service area. In addition, we are persuaded by CETF that, given Frontier's financial situation, Verizon's acquisition of the Frontier network can provide needed financial stability to Frontier's system. Any harm to competition is mitigated by the terms of the settlement agreements and Commission conditions. We therefore find that the proposed transaction meets the requirements of Section 854(b).

6. Issue 3: Section 854(c)

Section 854(c) states that:

> Before authorizing the merger, acquisition, or control of any electrical, gas, or telephone corporation organized and doing business in this state, if any entity that is a party to the proposed transaction has gross annual California revenues exceeding $500 million, the commission shall consider each of the criteria listed in paragraphs (1) to (8), inclusive, and find, on balance, that the merger, acquisition, or control proposal is in the public interest.

104 CforAT Opening Brief at 13.
105 CforAT Opening Brief at 14.

a. Maintain or improve the financial condition of the resulting public utility doing business in the state.

b. Maintain or improve the quality of service to public utility ratepayers in the state.

c. Maintain or improve the quality of management of the resulting public utility doing business in the state.

d. Be fair and reasonable to affected public utility employees, including both union and nonunion employees.

e. Be fair and reasonable to the majority of all affected public utility shareholders.

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

g. Preserve the jurisdiction of the commission and the capacity of the commission to effectively regulate and audit public utility operations in the state.

h. Provide mitigation measures to prevent significant adverse consequences that may result.

The following sub-sections examine each of these criteria. On balance, we find that the proposed transaction is in the public interest, given commitments made in settlement agreements and necessary additional conditions identified in this decision.

6.2. Financial Condition of Resulting Utility

6.2.1. Background

Pursuant to Section 854(c)(1), we considered whether the proposed transaction would maintain or improve the financial condition of the resulting public utility doing business in the state. We find that under certain conditions, detailed in Ordering Paragraphs 2 to 31, the transaction meets this requirement.

6.2.2. Joint Applicants' Position

Verizon stated in its opening testimony that the transaction would strengthen the financial condition of Frontier's California operating subsidiaries.[106]

The Joint Applicants noted that "Frontier faces significant obstacles to its continued growth and long-term competitiveness." According to Verizon, after Frontier emerged from its bankruptcy in 2021, Frontier shifted to a fiber-first strategy and targeted 10 million or more locations nationwide with fiber by 2026. Although Frontier was on track to meet this goal as of January 2025, it incurred a significant amount of debt as a result. These debt obligations may place a significant strain on Frontier's ability to make additional investments in its network going forward, including future investment in California.[107] After a review of opportunities to navigate its future competitiveness, Frontier determined that the proposed transaction would allow it to continue its fiber deployment strategy and "will result in better service options for Frontier customers."[108]

Verizon stated that it possesses the financial standing and expertise necessary to optimize the Frontier network. With a market capitalization of approximately $164 billion, revenues of approximately $134 billion, and free cash flow of $18.7 billion in 2023, Verizon argued that it has the financial qualifications to undertake the transaction and operate the Frontier companies and assets. Verizon stated that it "will build on Frontier's post-bankruptcy efforts to deliver better service, increase value, and offer more choice to current Frontier customers."[109]

106 Exhibit JA-02 at 7-8.
107 Application at 16.
108 Exhibit JA-02 at 8.

6.2.3. Party Positions

6.2.3.1. CETF

~~CETF recommend~~ed that the Commission find that the proposed transaction improves the financial condition of Frontier. According to CETF "There is no dispute over the fact that the proposed Verizon transaction will improve the current financial condition of Frontier."[110]

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CETF cited Frontier rebuttal testimony that stated,

> Frontier is reaching the end of its capacity to continue aggressively investing in service quality improvements and fiber upgrades in its 25–state service territory, including California. . . Frontier's financial position will not support significant continued investment beyond the amount necessary to complete Frontier's nationwide goal of 10 million fiber passings by the end of 2026. Absent a further capital infusion that Verizon's ownership can provide, the financial reality for Frontier is that it would have to move into a more conservative investment mode in which network upgrades would be minimal and based on Frontier's ability to successfully increase cash flow through revenue growth from the fiber locations already passed. . . By contrast, if the Transaction is approved, Verizon has access to extensive additional capital, and it can position Frontier's network for continued modernization and evolution. . . Verizon brings its access to the financial markets, economies of scale, diversified service platform, enhanced product and service portfolio, and extensive resources to bear in setting up Frontier and its customers for success going forward.[111]

109 Application at 3.

110 CETF Opening Brief at 20.

111 Exhibit JA-3-C at 3.

CETF stated that it finds persuasive the customer count data provided by Frontier, specifically that since December 31, 2021, Frontier's California ILECs have lost 44 percent of their telephone access lines, dropping from 482,261 access lines to 267,930 access lines.[112] Frontier attributed this decline to competition from wireless carriers, cable competitors, fixed wireless operators, and satellite alternatives.[113]

CETF noted that Verizon argued that its competitors are not subject to the same level of regulation, have lower cost models, are better resourced, and provide more service offerings at lower costs.[114] In addition, Verizon noted the transformation of the federal universal service high-cost program which has largely eliminated support for voice services and instead tied support to the provision of

broadband to certain locations.[115] CETF argued that this means that in most cases, Frontier would not be able to have access to the universal service high-cost program without broadband upgrades, which it cannot afford starting next year.[116]

CETF also stated its concerns about Frontier's debt profile.[117] Citing to Verizon testimony, CETF noted that as of March 31, 2025, Frontier had approximately $11.7 billion of total debt. In 2026, $1.35 billion of debt becomes due and debt maturities then increase to $3.65 billion in 2028, and average $2.2 billion per year thereafter through 2031. There is $800 million in interest expense

112 CETF Opening Brief at 21, citing Exhibit JA-3-C at 6.
113 CETF Opening Brief at 21, citing Exhibit JA-3-C at 6.
114 CETF Opening Brief at 21, citing Exhibit JA-3-C at 10.
115 CETF Opening Brief at 21, citing Exhibit JA-3-C at 13.
116 CETF Opening Brief at 21.

117 CETF Opening Brief at 21.

per year, in addition.[118] Much of the debt is related to the fiber deployment of Frontier since 2021 that will end by 2026.[119]

CETF underscored that Verizon is a well-resourced corporation with a publicly reported total operating revenue of $134.8 billion for 2024.[120]

6.2.3.2. CforAT

CforAT argued that "it is unknown whether the proposed transaction will maintain or improve the financial condition of the combined company."[121] CforAT noted that although Joint Applicants have described the financial condition of their individual companies, "they provide no analysis of the financial condition of the combined company"[122] and have failed to prove that that the proposed transaction will maintain or improve the resulting company's financial condition. Therefore, CforAT argued that 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.[123] If the Commission approves the transaction, CforAT argued that 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.[124]

118 Exhibit JA-3 at 8-9.

119 Exhibit JA-3 at 9.

120 CETF Opening Brief at 22, citing https://www.verizon.com/about/news/verizon-delivered-strong-customer-growth-and-profitability-2024.

121 CforAT Opening Brief at 17.

122 CforAT Opening Brief at 18.

123 CforAT Opening Brief at 18.

124 CforAT Opening Brief at 18.

6.2.3.3. TURN

TURN argued that, without mitigation measures, the proposed transaction may not meaningfully maintain or improve the financial condition of "Verizon's Frontier."[125] According to TURN, Frontier has repeatedly stated that the main benefit of this transaction is that Verizon would use its financial strength to further Frontier's deployment of fiber infrastructure.[126] However, Verizon has repeatedly refused to commit to using its financial strength to further Frontier's deployment of fiber infrastructure.[127] Therefore, TURN argued that it is unclear whether Frontier will maintain or improve its financial strength under Verizon's ownership without mitigation measures.[128]

6.2.4. Discussion

We agree with the Joint Applicants and CETF that the financial condition of Frontier could be meaningfully improved by approval of the proposed transaction. In coming to this conclusion, we considered Frontier's significant debt post-bankruptcy and agree that this merger with Verizon will maintain or improve the financial position of the combined company. We therefore find that this transaction meets the requirements of Section 854(c)(1).

6.3. Service Quality

Pursuant to Section 854(c)(2), we considered whether the proposed transaction would maintain or improve the quality of service to public utility ratepayers in the state. We find that, under certain conditions detailed herein, the transaction meets the requirements of Section 854(c)(2).

125 TURN Opening Brief at 18-19.
126 TURN Opening Brief at 18-19.
127 TURN Opening Brief at 19.
128 TURN Opening Brief at 19.

6.3.1. Background

Investigation (I.) 19-12-009 examined the lack of customer support provided during migration of customers from Verizon to Frontier in 2016 and large scale outages. As a result of this investigation, Frontier was assessed a $1,454,000 penalty for outages and service interruptions.[129]

In total, the CPUC has fined Frontier a total of more than $6.5 million for failure to comply with GO 133 service quality performance for out of service (OOS) repairs every year since 2018,.[130] The Commission found, among other things, that Frontier did not consistently maintain its networks to withstand environmental and weather-related conditions and that it had cut back on preventative maintenance expenditures.[131]

6.3.2. Joint Applicants' Position

The Joint Applicants argued that the transaction would meet the requirements of Section 854(c)(2).[132] According to Verizon, the proposed acquisition will facilitate the buildout of Frontier's fiber network and give Frontier's approximately 700,000 fiber subscribers in California better access to premium broadband services.[133]

In addition, The Joint Applicants stated that Verizon is "managerially, technically, and financially well-qualified to complete the acquisition, assume ownership and control of the California Operating Subsidiaries, and operate

129 D. 22-04-059 at 2-3.

130 *See* Resolutions T-17631, T-17652, T-17731, T-17736, T-17743, T-17768, T-17788, T-17816, and T-17881.

131 See https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/network-performance-and-public-safety/network-exam-of-att-and-frontier-verizon.

132 Application at 17.

133 Exhibit JA-02 at 9.

Frontier's network."[134] According to the Joint Applicants, "as the former owner of most of Frontier's California facilities, Verizon is uniquely familiar with portions of Frontier's network, the service areas and customers at issue."[135]

Verizon also noted that it had a market capitalization of approximately $185 billion,[136] revenues of approximately $134 billion, and free cash flow of $18.7 billion in 2023.[137] Verizon stated that it has the financial qualifications to undertake the proposed transaction and operate the Frontier companies and assets.[138]

The Joint Applicants noted that Frontier "is well on its way to completing its plan to build out its fiber network to 10 million homes by 2026 [but] does not have funding in place for further investment or additional fiber buildouts beyond that point."[139] According to the Joint Applicants, the proposed transaction would "ensure that Frontier's current planned buildout is completed (if not completed by closing) and provide financial resources to consider future fiber deployment."[140] The Joint Applicants also stated that the proposed transaction would not impact either company's BEAD plans: "both companies are evaluating BEAD and other broadband subsidy opportunities independently

134 Application at 17.

135 Application at 18.

136 Application at 18, citing Verizon, Stock Analysis. Available at: https://stockanalysis.com/stocks/vz/market-cap/.

137 Application at 18, citing Verizon, "Verizon finishes 2023 with strong cash flow and wireless customer growth," January 23, 2024. Available at: https://www.verizon.com/about/news/verizon-finishes-2023-strong-cash-flow-and-wireless-customer-growth.

138 Application at 18.

139 Application at 18.

140 Application at 18.

of one another and, following closing, Verizon will honor all commitments Frontier has made in any broadband grants or deployment programs, including BEAD."[141]

The Joint Applicants stated that, following the close of the proposed transaction, Verizon would "conduct an in-depth audit of Frontier's fiber and copper networks" and will implement measures to align the networks with Verizon's standards.[142] As part of this review, the Joint Applicants

stated that "Verizon will determine how best to address Frontier's service quality and compliance with General Order 133's service metrics."[143]

Following the submission of the settlement agreements, the Joint Applicants noted the commitments they had made to an in-depth audit of Frontier's fiber and copper networks within twelve months of closing and to bring them up to the Commission's wireline service quality standards pursuant to GO 133-D.[144]

6.3.3. Party Positions

6.3.3.1. CETF

CETF recommended that the Commission find that the proposed Transaction will improve the quality of service to consumers.[145] Specifically, CETF noted that Frontier has struggled with service quality challenges due to a shortage of financial resources and that Frontier faced stiff competition from competitors with lower cost structures, less regulation, more service offerings,

141 Application at 26.

142 Application at 21.

143 Application at 21.

144 Joint Applicants Opening Brief at 16.

145 CETF Opening Brief at 22.

and lower prices.[146] CETF further noted that the CWA and Cal Advocates settlement agreements would bring improvements to upgrade the Frontier network up to the Verizon standard and the Commission's standards.[147]

6.3.3.2. CforAT

CforAT cast doubt on Verizon's purported use of innovative tools and technology to further improve Frontier's network reliability.[148] Further, CforAT argued that 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."[149]

CforAT stated that Joint Applicants fail to justify their conclusion with any real analysis, "apparently hoping that the Commission will take their assertions at face value."[150] CforAT further noted that prior to Verizon's sale of its wireless assets to Frontier in 2015, Verizon did not adequately maintain its wireline network, and

> 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.[151]

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146 CETF Opening Brief at 22. 147 CETF Opening Brief at 22. 148 CforAT Opening Brief at 19. 149 CforAT Opening Brief at 19. 150 CforAT Opening Brief at 19. 151 CforAT Opening Brief at 20.

CforAT cautioned the Commission to be skeptical of claims that Verizon will be able to quickly audit and repair Frontier's network, with no additional information or analysis.[152]

CforAT further asked the Commission to 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. If the Commission approves the transaction, CforAT recommended that 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.[153]

6.3.3.3. TURN

TURN argued that – absent mitigation measures above and beyond service quality conditions contained in the settlements reached by CETF, Cal Advocates and CWA – the proposed transaction does not maintain or improve Frontier's quality of service.[154] TURN argued that the Cal Advocates and CWA settlements fail to ensure that Verizon will bring Frontier's networks into compliance with the Commission's GO 133 service quality metrics[155]—including the conditions necessary to maintain future compliance.[156]

TURN also argued that "the record demonstrates that Frontier's consistent failure to meet or exceed the Commission's adjusted [OOS] metrics is correlated

152 CforAT Opening Brief at 20.

153 CforAT Opening Brief at 20.

154 TURN Opening Brief at 19-21.

155 TURN Opening Brief at 19, citing D.25-09-031 at 196 and OP 1. TURN noted that it refers to the Commission's service quality requirements, GO 133-D and GO 133-E collectively as "GO 133."

156 TURN Opening Brief at 19.

in a decline in Lifeline subscribership."[157] In particular, TURN noted that in the Frontier bankruptcy proceeding, the compliance monitor found that Frontier had complied with GO 133-D requirements by paying a fine, despite not meeting the OOS metric.[158] According to TURN, consumers suffer from poor service quality on essential voice services when Frontier "complies" by paying a fine.[159] TURN argued that the Commission should hold Verizon accountable for meeting OOS metrics rather than paying fines.[160]

Relatedly, TURN acknowledges that the Commission recently adopted more stringent GO 133-E service quality metrics, but those new metrics do not take effect until January 1, 2027. Therefore, TURN recommended that any service quality-related conditions should meet the improved compliance metrics set forth in GO 133-E.[161]

TURN stated that, under the current rules, "Frontier's chronic failure to meet or exceed the GO 133-D service quality metrics is the status quo."[162] TURN noted that Frontier California was only in compliance with the GO 133-D's Out-of-Service (OOS) metric[163] for 25 out of the 111 months between January 2016 through March 2025, a compliance rate of 23 percent.[164] TURN further noted that

157 TURN Opening Brief at 19. TURN noted that it distinguishes compliance with GO 133 requirements, which can be met by paying a fine, and meeting the GO 133 metrics.

158 TURN Opening Brief at 19.

159 TURN Opening Brief at 19.

160 TURN Opening Brief at 19-20.

161 TURN Opening Brief at 20.

~~162 TURN Opening Brief at 20.~~

163 "A measure of the average interval, in hours and minutes from the time of the reporting carrier's receipt of the out of service trouble report to the time service is restored for residential and small business customers." See GO 133-D, Rule 3.4(a).

164 TURN Opening Brief at 20, citing Exhibit TURN-X-01 at 1-30.

a recent Commission resolution reflects that Frontier California and Frontier Citizens' OOS did not meet the Commission's standards "for eight consecutive months in 2024."[165] TURN stated that the outages are ongoing,[166] and argued that the record reflects that Frontier's service quality has been better under Frontier's ownership than under Verizon's prior ownership.[167]

According to TURN, these OOS outages are "not trivial," and result in unreliable access to 911, 988, and other emergency services.[168] Therefore, according

to TURN, this transaction is not in the public interest absent mitigating measures to prevent harm to Frontier's customers due to poor service quality beyond those in the settlement agreements.[169]

6.3.4. Discussion

We agree with CforAT and TURN that Verizon did not adequately address its plans to build out its network in all areas or address how it would serve customers not already scheduled to receive buildouts. In addition, we agree with CforAT and TURN that Frontier's pattern of outages is not trivial and affects customer safety. Nonetheless, the Commission is addressing service quality in a separate proceeding.

Given the lack of robust plans to ensure network expansion, we adopt conditions detailed in Ordering Paragraphs 2 to 31, which include network buildout and a requirement for provision of backup power.

165 TURN Opening Brief at 20, citing Resolution T-17881 at 7.

166 TURN Opening Brief at 20, citing Frontier California Advice Letters (ALs) 12884, 12915, 12941; Frontier Southwest ALs 173, 188, 206; and CTC California ALs 1310, 1330, 1353.

167 TURN Opening Brief at 21, citing Exhibit Cal Adv-08-C. at 14.

168 TURN Opening Brief at 20-21.

169 TURN Opening Brief at 21.

6.4. Management Quality

6.4.1. Background

Pursuant to Section 854(c)(3), we considered whether the proposed transaction would maintain or improve the quality of management of the resulting public utility doing business in the state. We find that it would maintain or improve the quality of management of the resulting public utility.

6.4.2. Joint Applicants' Position

Verizon stated that "California Frontier customers will benefit from Verizon's experienced management team"[170] and provided biographies of its executive leadership team.[171]

6.4.3. Party Positions

6.4.3.1. CETF

CETF recommended that the Commission find that the proposed transaction will provide benefits by improving the quality of management to Frontier.[172] According to CETF, Verizon has the depth of management that will be able to apply its knowledge of both wireless and wireline networks to successfully operate and maintain the Frontier network.[173]

6.4.3.2. CforAT

CforAT stated that 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.[174] If the Commission does approve the proposed transaction, CforAT

170 Application at 22.

171 Application, Exhibit B.

172 CETF Opening Brief at 22.

173 CETF Opening Brief at 22.

174 CforAT Opening Briefs at 23.

stated that it should include a robust compliance and enforcement mechanism similar to the one the Commission imposed in D.21-11-030.[175] Additionally, the Commission should require that Verizon may only seek changes to any merger condition through a petition for modification, and that it may not seek changes to settlement agreements at all.[176]

As support for these assertions, CforAT noted that "Verizon has a history of poor maintenance and upkeep of wireline assets," including failures to perform necessary maintenance and inaccurate record-keeping.[177] CforAT also cited: (1) "Verizon's historical focus on wealthier, more lucrative customers to the detriment of lower-income customers," including a disproportionate number of people with disabilities and people of color;[178] (2) Verizon's "tepid commitments to service quality;"[179] (3) Verizon's "failure to comply with prior merger commitments,"[180] and (4) the "abrupt" replacement of Verizon's Chief Executive Officer (CEO) in October 2025.[181]

6.4.3.3. TURN

TURN argued that it is unclear if the proposed transaction would maintain or improve the quality of management of Frontier's business in the state.[182] TURN noted that Verizon had replaced its CEO just before opening briefs were

175 CforAT Opening Briefs at 23.

176 CforAT Opening Briefs at 23.

177 CforAT Opening Briefs at 21, citing Exhibit CforAT-01A at 7-8.

178 CforAT Opening Briefs at 21.

179 CforAT Opening Briefs at 21, citing Exhibit CforAT-01A at 12.

180 CforAT Opening Briefs at 21-22, citing D.21-11-030 Ordering Paragraph (OP) 8 and Exhibit CforAT-01A at 9-11.

181 CforAT Opening Briefs at 22.

182 TURN Opening Brief at 21-22.

due in this proceeding, and that Verizon's witnesses relied on statements and commitments made by the former CEO when claiming that the transaction would maintain or improve the quality of management.[183] TURN therefore stated that there appears to be insufficient record to determine whether the replacement of the CEO would impact the quality of management that Verizon would bring to this transaction.[184]

6.4.4. Discussion

We find that the proposed transaction would maintain or improve the quality of management of the resulting public utility, once accounting for the conditions detailed herein. We acknowledge the concerns raised by CforAT and TURN regarding past service quality and compliance, and we note the limited record regarding the newly instated CEO and consider the mitigation measures detailed in Section 6.9 and Ordering Paragraphs 2-31 to be sufficient to address these concerns.

6.5. Employees

6.5.1. Background

Pursuant to Section 854(c)(4), we considered whether the proposed transaction would be fair and reasonable to affected employees, including both union and non-union employees. We find that the CWA settlement agreement ensures the transaction would be fair and reasonable to affected Frontier union employees. However, we find that the proposed transaction may not be fair and reasonable to affected non-union employees of Frontier and therefore adopt conditions to ensure fairness for non-union employees.

183 TURN Opening Brief at 21-22.
184 TURN Opening Brief at 22.

6.5.2. Joint Applicants' Position

According to Verizon, the proposed transaction will provide continuity for Frontier's employees, including the technicians that work on Frontier's network.[185] Verizon stated that it "has longstanding relationships with CWA and the International Brotherhood of Electrical Workers (IBEW), each of which represents employees at Verizon and Frontier."[186] Verizon stated in its application that it would honor Frontier's collective bargaining agreements covering Frontier's unionized workforce, including in California.[187] In addition, Verizon stated that it had agreed to maintain and provide the following for employees who are not represented by unions for no less than one year following the effective date of the transaction:[188]

- Base salary or wage rate, target annual cash bonus or commission-based opportunity, and target equity award opportunity, in each case, that are no less favorable than what was provided by Frontier;
- Qualifying severance benefits for qualifying separations that are no less favorable than the severance benefits in place at Frontier; and
- Benefits plans and arrangements that are no less favorable in the aggregate than what was provided by Frontier (other than defined benefit pension, supplemental retirement, post-retirement medical and life, and deferred compensation benefits).

185 Application at 23.
186 Application at 23.
187 Application at 23.
188 Application at 23.

6.5.3. Party Positions

6.5.3.1. CETF

CETF recommended that the Commission find the transaction to be fair and reasonable to the employees of Frontier, including both union and nonunion employees.[189] CETF noted its support for provisions in Verizon and CWA's agreement, for (1) job security provided to all of Frontier's union employees, and (2) hiring of 100 new CWA employees per year for six years, resulting in 600 new jobs.[190]

6.5.3.2. CforAT

CforAT noted that the settlement agreement with CWA focused only on union employees and noted concerns about the proposed transaction's effects on non-union employees.[191] CforAT noted, for example, that Verizon had not committed to offering retirement benefits to non-union employees and does not commit to maintaining benefits plans and arrangements for each Frontier employee. Rather, Verizon will provide plans and arrangements that are "no less favorable in the aggregate."[192]

CforAT stated that if the Commission approves the transaction, it should require that Frontier employees receive the same compensation they received from Frontier, or the same compensation a Verizon employee receives for the same role, whichever is higher, for a minimum of five years.[193]

189 CETF Opening Brief at 23.

190 CETF Opening Brief at 23.

191 CforAT Opening Brief at 23.

192 CforAT Opening Brief at 23, citing CWA Settlement Agreement at 10.

193 CforAT Opening Brief at 24.

6.5.3.3. TURN

TURN argued that, without additional mitigation measures, the proposed transaction is likely not in the public interest and there is inadequate record to evaluate whether the proposed transaction would be fair to non-union employees.[194] TURN strongly urged the Commission to evaluate and adopt mitigation conditions regarding the transaction's impact on affected employees, both union and nonunion, "because staffing affects service quality, service quality affects consumers' meaningful access to emergency services."[195] According to TURN, both the Cal Advocates and CWA settlement agreements "fail to provide meaningful conditions that address the nexus between staffing and service quality."[196]

TURN noted that Frontier previously stated that its failure to meet or exceed the Out of Service (OOS) restoration metric "is the result of staffing limitations that make it challenging to satisfy the OOS restoration standard during times of peak workflow."[197] TURN noted that Frontier believed it may have "addressed these resource issues by retaining additional technicians,"[198] but Verizon did not affirm it would hire additional staff if needed to address GO 133D non-compliance.[199]

194 TURN Opening Brief at 22-24. TURN noted that the settlement agreement with CWA provides protections for CWA union members by preventing Verizon from laying off CWA-represented employees for a period of forty-eight months.

195 TURN Opening Brief at 22 citing TURN-X-02 at 1.

196 TURN Opening Brief at 22 citing TURN-X-02 at 1.

197 TURN Opening Brief at 22.

198 TURN Opening Brief at 22.

199 TURN Opening Brief at 22.

TURN further noted that although the Cal Advocates and CWA settlements acknowledge that additional staffing may be required, "Verizon is under no meaningful or enforceable obligation to hire additional staff if Verizon unilaterally decides that staffing levels are adequate or by paying fines to meet the GO 133 requirement."[200]

In addition, TURN noted that Verizon had suggested it does not know what it would take to bring Frontier's network into compliance with GO 133 without an audit, but also said its various network tools would potentially address non-compliance.[201] TURN noted, however, that it is unclear whether Verizon's remote tools are available to all relevant networks, including to fix customer-based trouble issues in Verizon's mobile wireless and copper networks.[202]

According to TURN, Verizon's "evasive" answers regarding hiring additional staff to bring Frontier's networks into compliance with GO 133 should raise concerns that Verizon may not take the necessary steps to bring Frontier's network into compliance if the Commission does not adopt sufficient enforcement mechanisms.[203] TURN recommended an independent compliance monitor to mitigate the harms to consumers if Verizon is unwilling to hire and maintain staff for the provision of safe and reliable services.[204]

200 TURN Opening Brief at 23. 201 TURN Opening Brief at 23. 202 TURN Opening Brief at 24. 203 TURN Opening Brief at 24. 204 TURN Opening Brief at 24.

6.5.4. Discussion

We agree with TURN and CforAT and find that additional measures to ~~protect non-union emplo~~yees are needed. These measures dovetail with conditions detailed in Section 10 are included in conditions detailed in Ordering Paragraphs 4 to 11.

6.6. Shareholders

Upon review, we find that the proposed transaction would meet the requirements of Section 854(c)(5).

Background

Pursuant to Section 854(c)(5), we considered whether the proposed transaction would be fair and reasonable to the majority of Verizon and Frontier's shareholders. We find that the proposed transaction would be fair and reasonable to the majority of Verizon and Frontier's shareholders.

6.6.1. Joint Applicants' Position

According to Verizon, the proposed transaction would be fair and reasonable to Verizon's and Frontier's shareholders. Verizon anticipates that the transaction would strengthen Frontier's networks, improve service quality, expand consumer choices, and increase ties with the local communities that Frontier supports.[205] In addition, the Joint Applicants noted that Verizon's and Frontier's boards of directors concluded that the transaction is in the interest of the shareholders of the respective companies.[206]

[205] Application at 23.
[206] Application at 23.

6.6.2. Party Positions

6.6.2.1. CETF

CETF recommended that the Commission find numerous benefits for the majority of affected Frontier consumers and noted various aspects of the settlement agreements that could benefit shareholders.[207]

6.6.2.2. CforAT

CforAT did not respond to this question.[208]

6.6.2.3. TURN

TURN did not address whether the proposed transaction met this statutory requirement.[209]

6.6.3. Discussion

Noting that Verizon's and Frontier's boards of directors have concluded that the transaction is in the interest of the shareholders of the respective companies, we agree with the Joint Applicants that it meets the requirements of Section 854(c)(5).

6.7. Economic Benefits

Upon review of the record, we find that the proposed transaction meets the requirements of Section 854(c)(6).

6.7.1. Background

Pursuant to Section 854(c)(6), we considered whether the proposed transaction would be beneficial on an overall basis to state and local economies and to the communities in the area served by the resulting public utility.

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207 CETF Opening Brief at 23-24.
208 CforAT Opening Brief at 24.
209 TURN Opening Brief at 24.

6.7.2. Joint Applicants' Position

The Joint Applicants stated that the proposed transaction will provide short-term and long-term economic benefits to ratepayers.[210] According to the Joint Applicants, ratepayers will benefit immediately from access to the Verizon Forward plan, expanded Lifeline marketing, enhanced outreach funding, increased service options.[211] In the longer term, the Joint Applicants argued that ratepayers will benefit from being served by a stronger, more financially healthy company that will have a greater capacity to invest in networks and services and enhance the competitive market.[212] The Joint Applicants further noted that California consumers will benefit from significant commitments made in the settlement agreements.[213]

The Joint Applicants contrasted the economic benefits of the transaction with what otherwise could happen to Frontier and its customers.[214] For example, the Joint Applicants noted that Frontier lacks sufficient funding for future network buildouts and would will likely have to increase rates if the transaction did not occur.[215] According to the Joint Applicants, "the benefits of Verizon's ownership of Frontier are compelling, and include enhanced capital investment, more innovative and expansive service bundles, enhanced resources and expertise, and greater efficiency due to Verizon's economies of scale and diversification."[216]

210 Joint Applicants Opening Brief at 13.
211 Joint Applicants Opening Brief at 13.
212 Joint Applicants Opening Brief at 13.
213 Joint Applicants Opening Brief at 13.
214 Joint Applicants Opening Brief at 13-14.
215 Joint Applicants Opening Brief at 14.

6.7.3. Party Positions

6.7.3.1. CETF

CETF noted various public benefits from this transaction for state and local communities and the communities in those areas, particularly regarding digital inclusion and digital equity.[217]

6.7.3.2. CforAT

CforAT stated that 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.[218]

6.7.3.3. TURN

TURN stated that, absent additional mitigation measures, the transaction is not likely to be in the public interest regarding state and local economies and communities.[219] TURN argued that, as written, there is no transparency or accountability for the public interest benefits claimed in the CETF settlement agreement.[220] Therefore, TURN argued that if the Commission finds that these conditions make the transaction in the public interest regarding state and local economies and communities, the Commission should require CETF to report the progress of these activities, including a financial statement with itemized categories showing the expenditure of the funds that is subject to the Commission's audit process.[221]

216 Joint Applicants Opening Brief at 14.

217 CETF Opening Brief at 24-25.

218 CforAT Opening Brief at 24.

219 TURN Opening Brief at 24.

220 TURN Opening Brief at 24, referring to CETF settlement claims the transaction would be in the public interest regarding state and local economies and communities because the CETF MOU would require a consultation process with the Regional Broadband Consortia (RBCs) and Municipal Planning Organizations (MPOs), would fund CETF's Digital Equity Ecosystem, and deploy broadband to the Antelope Valley Fairgrounds.

6.7.4. Discussion

We agree with the Joint Applicants and CETF that the proposed transaction meets the requirements of Section 854(c)(6) when taking into account the settlement agreements and additional necessary conditions described herein.

6.8. Jurisdiction and Capacity of the Commission

Pursuant to Section 854(c)(7), we considered whether the proposed transaction would preserve the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit public utility operations in the state. We find that the proposed transaction would preserve the jurisdiction of the Commission and the capacity of the Commission.

6.8.1. Joint Applicants' Position

According to the Joint Applicants, the proposed Transaction would not alter the Commission's jurisdiction over the California operating subsidiaries. Verizon and Frontier stated that the three California ILECs[222] now operate under Uniform Regulatory Framework (URF) rules[223] and would operate under URF after the proposed transaction.[224] Frontier's two long distance companies in California[225] would remain subject to the limited regulations applicable to IXCs.

221 TURN Opening Brief at 24-25.

222 Frontier California, CTC California, and Frontier Southwest.

223 Pursuant to D.06-08-030.

224 Application at 8.

225 Frontier America and Frontier LD.

In addition, the Joint Applicants stated that the proposed transaction would not change the California operating subsidiaries' participation in California's public purpose or universal service programs.[226]

Following the transaction, Verizon said it would continue to provide basic voice telecommunications services and work to meet applicable COLR and other obligations associated with the public purpose and universal service programs.[227] Verizon also said it would "work to fulfill any remaining compliance obligations and commitments Frontier made in connection with the acquisition of Verizon's ILEC operations in 2016[228] and as part of Frontier's 2021 corporate reorganization and transfer."[229]

6.8.2. Party Positions

6.8.2.1. CETF

CETF stated that the Commission will continue to regulate Verizon in the same manner that it regulated Frontier with no change.[230] In its application, Verizon pledged to maintain Frontier's status as a COLR and ETC, and according to CETF, the Commission will therefore retain the same regulatory authority over Verizon's Frontier landline network.[231]

[226] Including CASF (and its FFA component), the California High-Cost Fund-B, the California Teleconnect Fund, the California Lifeline Program, and the California Deaf and Disabled Telecommunications Program.

[227] Application at 8.

[228] Application at 27. *See* D.15-12-005.

[229] Application at 27. *See* D.21-04-008.

[230] CETF Opening Brief at 25.

[231] CETF Opening Brief at 25.

6.8.2.2. CforAT

CforAT argued that Verizon's past behavior indicates that Commission approval of the proposed transaction could make it difficult to preserve the Commission's jurisdiction.[232] According to CforAT, "Verizon consistently pushes back against Commission's jurisdiction over the services it provides" and provided various examples of Verizon's alleged pushback.[233] According to CforAT, the Commission should not grant an application submitted by a party that threatens to seek elimination of the Commission's jurisdiction over supplier diversity and recommended that the Commission deny the instant application.[234]

6.8.2.3. TURN

TURN recommended that the Commission's decision in this proceeding explicitly state that the decision does not and is not intended to reduce the Commission's jurisdiction to regulate and audit the Joint Applicants to this proceeding.[235]

6.8.3. Discussion

Upon review of the record, we find that the proposed transaction would preserve the jurisdiction of the Commission and the capacity of the Commission. Following the transaction, Verizon and Frontier will continue to operate under their existing authorities, provide the same services as before the transaction, and would remain under the same jurisdiction.

232 CforAT Opening Brief at 24-25.
233 CforAT Opening Brief at 25-26.
234 CforAT Opening Brief at 25-26.
235 TURN Opening Brief at 25.

6.9. Mitigation Measures

Pursuant to Section 854(c)(8), we considered whether the proposed transaction would require mitigation measures to prevent significant adverse consequences that may result from the proposed transfer of control. Given the breadth of concerns raised by non-settling parties, we adopt mitigation measures to prevent adverse consequences.

6.9.1. Joint Applicants' Position

Verizon stated that the proposed transaction "will result in no adverse consequences to customers, employees, shareholders, or the public in California. Accordingly, no mitigation measures are necessary under Section 854(c)(8) in order for the Commission to find that the Transaction is in the public interest."[236]

6.9.2. Party Positions

6.9.2.1. CETF

CETF argued that three initial settlement agreements "provide many mitigation measures to ensure there are no significant adverse consequences."[237] CETF noted that there are numerous guardrails on network quality, reliability, and service continuity,[238] as well as workforce protections to avoid service degradation from labor shocks,[239] and deployment obligations tied to enforceable security.[240] Further, CETF stated that there is built into the settlement Agreements a level of coordination between Verizon and the intervenors to help mitigate infrastructure build delays, as well as "very significant affordability

236 Application at 27, Exhibit JA-02 at 24.
237 CETF Opening Brief at 25.
238 CETF Opening Brief at 25.
239 CETF Opening Brief at 26.
240 CETF Opening Brief at 26.

protections.""[241] CETF argued that "the risk mitigation is robust with these protections.""[242]

6.9.2.2. CforAT

CforAT stated that the Joint Applicants' proposed commitments and settlement agreements provide insufficient mitigation for the "significant public interest harms that would occur if the Commission approves the transaction.""[243] CforAT therefore asked the Commission to deny the proposed transaction or, alternately, add "further meaningful mitigation measures and an enforcement mechanism that holds Verizon strictly accountable for any failure to comply with those measures.""[244]

CforAT proposed the following proposed mitigation measures:[245]

6.9.2.2.1. 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.

6.9.2.2.2. Lifeline

The Commission should ensure that former Frontier customers can still obtain the LifeLine services by requiring that combined company continue to

241 CETF Opening Brief at 26-27.

242 CETF Opening Brief at 28.

243 CforAT Opening Brief at 26.

244 CforAT Opening Brief at 26-27.

245 CforAT Opening Brief at 41-47. We edited these proposed mitigation measures for clarity and brevity.

offer wireline LifeLine throughout Frontier's service territory until at least November 22, 2041, the same period set in the Verizon/TracFone merger.

6.9.2.2.3. 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.

6.9.2.2.4. Bond

Verizon 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.

6.9.2.2.5. 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.

6.9.2.2.6. 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.

6.9.2.2.7. 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.

6.9.2.2.8. 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.

6.9.2.2.9. 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: 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.

- 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 certain GO 156 characteristics.
- Community Outreach: 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 certain GO 156 characteristics.

6.9.2.2.10. Compliance

The Commission should appoint an independent third-party monitor who 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 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.

6.9.2.2.11. Enforcement

According to CforAT, 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. Past Mitigation Measures

According to CforAT, "[t]he Commission should not give much weight to mitigation measures that have been unsuccessful in the past. CforAT noted that "[r]equirements 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." Also, CforAT stated that "[m]itigation 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.

6.9.2.3. TURN

TURN summarized the mitigation measures it recommended if the Commission approves the proposed transaction.[246]

6.9.2.3.1. Affordable Voice and Broadband Offerings

According to TURN, the Commission should require Verizon to:

(3) offer the Verizon Forward company discount throughout Frontier's service territory in California on at least one service offering, that does not require a credit check, for each of the following: fiber at home service, fixed wireless at home services, fiber or fixed wireless service bundled with post-paid mobile service, fiber or fixed wireless service bundled with pre-paid mobile service, copper home service (where fiber is not available) bundled with postpaid mobile service, and copper home service (where fiber is not available) bundled with pre-paid mobile service. According to TURN, Verizon has stated that one of the benefits of this transaction is the Verizon Forward company discount. The purpose of this mitigation measure is to broaden the reach of the Verizon Forward company discount so that low-income households that may only have access to copper-based service or pre-paid mobile service are not excluded from realizing the benefits of the Verizon Forward discount.

[246] TURN Opening Brief at 25-29.

(4) For five years, prohibit Verizon from raising the price of the services that are eligible for the Verizon Forward discount. Verizon has agreed in settlements that it will not diminish the value of its Verizon Forward company discount. The purpose of this mitigation measure is to prohibit Verizon from diminishing the value by keeping the discount the same but raising the price of the underlying service. If Verizon needs to raise the price of the underlying service within the five-year period, the Commission should require Verizon to file a Tier 2 advice letter indicating the price increase of the underlying service and the value increase of the Verizon Forward discount on that service so that

the overall effect is that the value of the Verizon Forward company discount is not diminished.

(5) Require Verizon to offer Frontier Fundamentals throughout its California service territory. According to TURN, Frontier is one of the few wireline providers that offers broadband services as part of its California LifeLine and federal Lifeline services; however, it is limited to certain regions of Frontier's service territory and Verizon has indicated a willingness to prohibit new customers from obtaining that service. The purpose of this mitigation measure is to prevent Verizon from effectively ending a Frontier broadband Lifeline service.

(6) Require Verizon to advertise Frontier services that are eligible for Verizon Forward company discount, California LifeLine services, federal Lifeline service, and Frontier Fundamental service by expending at least $1 million dollars over three years in Frontier's service territory, including expending at least $300,000 per year on advertisements of these services in local community media (i.e. newspapers, radio) and the local media's language, and expending at least $300,000 per year on advertisements of these services in ESJ communities.

Eligible households cannot obtain affordable service if they do not know that it exists. The purpose of this mitigation measure is to prevent Verizon from effectively avoiding providing service to low-income communities by failing to publicize the availability of the affordable offerings.

(7) Require Verizon to publish the full eligibility criteria for its Verizon Forward company discount, California LifeLine service, federal Lifeline service, and Frontier Fundamental service on a dedicated Verizon webpage that apply to Verizon's and Frontier's services, which can be found by a prominent link on the home page for Verizon's website. The record of this proceeding indicates that Verizon has not previously included the full eligibility criteria on their website for the Verizon Forward company discount. The purpose of this mitigation measure is to prevent Verizon from effectively avoiding providing service to low-income communities by failing to fully indicate the eligibility criteria for its affordable offerings.

(8) Require Verizon to advertise its Verizon Forward company discount, California LifeLine service, federal Lifeline service, and Frontier Fundamental service in all of its Verizon-owned stores; and require Verizon to train service representatives at the Verizon-owned stores to enroll customers in services that are receive the Verizon Forward company discount, California LifeLine subsidy, federal Lifeline subsidy. According to TURN, the purpose of this mitigation measure is to prevent Verizon from effectively avowing providing service to low-income eligible households by not advertising or enrolling customers in affordable offerings at its Verizon-owned stores.

(9) Prevent Verizon from relinquishing the ETC designations of Frontier's entities for twenty years. Frontier currently offers Lifeline services through each

of its subsidiaries. This mitigation measure is to prevent any potential harm from Verizon discontinuing those services.

(10) Require Frontier to rescind its opt-out of providing federal Lifeline broadband service throughout its California service territory. Frontier currently offers broadband Lifeline service in select areas of California. This mitigation measure is to prevent any harm from Verizon further limiting the areas where Frontier offers broadband Lifeline.

(11) Require Verizon to offer at least one broadband service on all technologies that is eligible for California Lifeline and federal Lifeline support. For locations where Verizon cannot offer such a service because the technology available does not meet the federal Lifeline definition of broadband, Verizon can satisfy this requirement by participating in the California At-Home Broadband Pilot or its successor(s).

6.9.2.3.2. Service Quality and Network Resiliency

(12.) Require Verizon to designate an executive that can address consumer issues with Frontier's service availability and service quality. Require Verizon to provide the name, phone number, and email address of that designated an executive to the intervening parties so that the intervening parties can contact and resolve any service availability and service quality issues the intervening parties' constituents are experiencing. The executive must be authorized to address consumer concerns. In the 2015 Frontier acquisition of Verizon, TURN noted that customers experienced significant service interruptions following approval of that merger. This mitigation measure is to prevent harms to consumers from the planned integration of Verizon and Frontier's systems,

which the Joint Applicants have indicated will not take place immediately following the close of the transaction but at some unspecified date.

(13.) Require Verizon to have 72-hour of back-up batteries throughout the California service territory with adequate staffing at each central office to avoid loss of service due to a power outage. Require Verizon to provide back-up power to new customers on fiber-based service. As technology transitions from copper to fiber, the fiber technology is inferior in the sense that it does not carry its own electrical charge like copper and therefore requires additional power. This mitigation measure is to prevent lost of service due to power outages.

(14.) Prohibit Verizon from laying off union and non-union employees, except for cause, if Verizon's Frontier has failed to meet any Commission's GO 133 service quality metric for three consecutive months. Frontier has identified a lack of staffing as the root cause of its service quality issues. This mitigation measure is to prevent harms to consumers due to poor service quality that stems from a lack of staffing.

6.9.2.3.1. Infrastructure Deployments

According to TURN, the Commission should require Verizon to: (1) Continue Frontier's planned fiber deployment to all locations in Frontier's Approve Build Universe, including multi-family units (MDUs), within 3 years of the close of the transaction. The purpose of this mitigation measure is to avoid potential harms to customers of halting or slowing Frontier's planned fiber deployment to all locations in its ~~Approve~~Approved Build Universe. (2) Apply to federal and state grants to build fiber to ESJ communities outside of Frontier's Approved Build Universe but served by copper within 5 years of the close of the transaction. According to TURN, access to broadband services is now essential to everyday living and the lack of broadband access affects the health of

community members. The purpose of this mitigation measure is to avoid potential harms to copper customers if Verizon does not continue to apply for grants to build to and upgrade Frontier's copper network.

6.9.2.3.2. Compliance Monitor and Reporting

(15.) Starting within 30 days of the close of the proceeding, and until twelve months after Verizon has fulfilled all of its obligations acquired as a result of this proceeding, the Commission should require Verizon pay for a Commission-hired independent compliance monitor to ensure that Verizon is in compliance with all of the Commission-ordered conditions and any adopted settlements. This condition is similar to the compliance monitor requirement in the Frontier Bankruptcy decision. The record indicates that Verizon has previously requested and was granted waivers of conditions that the Commission relied on when approving Verizon's acquisition of TracFone. The purpose of this mitigation measure is to prevent any potential harms from Verizon non-compliance with the conditions that the Commission relies on if it approves Verizon's acquisition of Frontier in this proceeding.

(16.) Require reporting for each settlement condition that the Commission approves where Verizon is expending money or gives money to a settling party (e.g., CETF's Digital Equity Ecosystem). This reporting is necessary for transparency and accountability of the expenditure of any funding that the Commission finds makes this transaction in the public interest. The accounting of any reporting requirements should also be subject to the Commission's audit process. The purpose of this mitigation measure is to prevent any potential harm to consumers from the failure to properly expend these funds in a manner the Commission found was necessary for this transaction to be in the public interest.

(17.) Require reporting of the consultations and stakeholder meeting that the Commission approves as a condition of this transaction or in any settlement (i.e. consultations with RBCs/MPOs, convenings on service quality issues). This reporting is necessary for transparency and accountability of the consultations and stakeholder meeting that the Commission finds makes this transaction in the public interest. The purpose of this mitigation measure is to prevent any potential harm to consumers from the failure to properly consult or meet with stakeholders in a manner the Commission found was necessary for this transaction to be in the public interest.

(18.) Require Verizon to include an attachment to its GO 156 annual reports that include CETF's recommendations regarding Verizon's small business incubator, and whether Verizon accepted or rejected CETF's recommendations. If Verizon determines this attachment contains confidential information, the Commission should require Verizon to serve the fully unredacted version to the parties to this proceeding that have authorization to review Verizon's and Frontier's confidential information in this proceeding.

(19.) The Commission should explicitly require that Verizon is responsible for compliance with the Frontier Bankruptcy decision, including the Right of First Offer and obligations to Tribes. In the Frontier Bankruptcy decision, the Commission found that these conditions were in the public interest even if they were not explicitly required by Commission resolution. The purpose of this mitigation measure its to prevent any potential harms caused by Frontier evading its obligations under the Frontier Bankruptcy decision by selling to a different owner.

(20.) With respect to COLR obligations, the Commission should require the compliance monitor to verify ongoing compliance with the Commission's

requirements. The record of this proceeding indicates that Verizon is a mobile provider first and may have incentives to prioritize its mobile services over its newly re-acquired landline services through the acquisition of Frontier. The purpose of this mitigation measure is to prevent any potential harms to consumers from landline service not being Verizon's top priority.

6.9.3. Discussion

Upon review of the settlement agreements and party comments, we have identified mitigation measures necessary for the proposed transaction to be in the public interest and mitigate harms identified in the record to the greatest practicable extent.

We agree with CforAT and TURN that various additional mitigation measures are necessary to find that the proposed transaction is in the public interest. Of CforAT's recommendations, we adopt CforAT's proposed mitigation measures in the following areas: (1) broadband service (Ordering Paragraph or OP 2, 25), (2) Lifeline service (OP 22), (3) the need for a compliance monitor and establishment of compliance and enforcement mechanisms (OPs 27-31), (4) GO 156 (OPs 2-12), and (5) external monitoring (OP 10).

Of TURN's recommendations, we adopt, with modifications, a version of its infrastructure deployment recommendations in OP 2 ~~that have the same~~. The Commission's approach shares with TURN the intended outcome ~~but a more direct implementation pathway in order to mitigate against public interest harms.~~[247] ~~-~~of ensuring broadband service for underserved populations, but specifically targets rural customers most likely to be lacking basic broadband service. Whereas TURN recommended fiber buildout to all locations in Frontier's Approved Build Universe, the Commission had determined that this approach would be unnecessarily burdensome and would not target the customers most in need.

Based on TURN's unredacted testimony,[247] wire centers or locations in the Approved Build Universe meet Internal Rate of Return thresholds[248] and therefore could be profitable even without a buildout requirement within this decision.

Our approach identifies customers most likely to be both likely to be left behind by the proposed transaction: rural and lower-income customers who may not be transitioned to broadband service from copper service. The settlement agreement reached between Cal Advocates and the Joint Applicants requires Verizon to deploy new fiber infrastructure to a minimum of 75,000 new locations in Frontier's service territory within five years.[249] Verizon is required to prioritize census blocks with household incomes at or below 90 percent of the county median,[250] and deploy 250 new 5G-enabled macro cell sites with Fixed Wireless Access capabilities in the Frontier service area, meeting certain conditions.[251] The Joint Applicants estimated the number of copper locations in Frontier's network at 130,231,[252] so at a maximum, deployment of 75,000 new fiber passings pursuant to the Cal Advocates settlement could reach a maximum of 58 percent of Frontier's copper network.

Cal Advocates noted a nearly $30,000 discrepancy in median income between Frontier locations served solely by fiber versus areas that are solely

247 Exhibit TURN-02-C at 16.

248 Exhibit TURN-03 at 13, TURN Opening Brief at 38, and TURN Proposed Decision Opening Comments (TURN PD Comments) at 1-6.

249 *See* Appendix A.

250 Appendix A, Agreement A.1.4.

251 Appendix A, Agreement A.1.

252 Exhibit JA-08 at 24.

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served by copper.[253] Moreover, Cal Advocates stated that Frontier-served areas with copper infrastructure are associated with more outages and a higher number of complaints than those with fiber infrastructure.[254]

Using redacted information that TURN provided in testimony regarding Frontier's copper strategy,[255] the Commission selected the list of wire centers in

Appendix D to ensure that rural, underserved communities currently served by Frontier will receive similar or modestly enhanced service from Verizon. Currently, the areas covered by these wire centers are primarily served only by copper landlines that may be discontinued, given the landline trends identified in Section 1.2.1, Figure 2. OP 2 serves as a complement to Cal Advocates' settlement conditions to ensure that these landline-only customers can access basic broadband service if their landline service is disconnected.

We also adopt the following TURN recommendations:

- Recommendation four regarding maintaining prices for Verizon Forward (OP 23);

[247] TURN Recommendations 1, 2.

- Recommendations six, seven, and eight regarding advertisement of available affordable plans (OPs 17, 18-20);
- Recommendation 12 regarding the establishment of a hotline (OP 18);
- Recommendation 13 on provision of backup power (OP 20);
- Recommendation 15 regarding a compliance monitor (OP 27-31); and
- Recommendation 19 regarding compliance with the Frontier Bankruptcy decision (OPs 12-16).

[253] Exhibit Cal Adv-10 at 7-9.
[254] Exhibit Cal Adv-10 at 9.
[255] Exhibit TURN-02-C.

We decline to adopt the other recommendations on grounds that they

are either impractical to enforce, unnecessary given other conditions adopted, or more appropriately considered in other open proceedings.

7. Issue 4: Environmental and Social Justice (ESJ) Impacts

We have reviewed the potential ESJ impacts of the proposed transaction and find that ESJ impacts can be mitigated with the adoption of conditions described herein.

7.1. Background

The Scoping Memo for this proceeding asked:

- What impacts the proposed transaction would have on ESJ communities, and
- Whether approval of the transaction would affect the achievement of any of the nine goals of the Commission's ESJ Action Plan.[248][256]

[248] See California Public Utilities Commission, Environmental & Social Justice Action Plan Version 2.0, April 7, 2022. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf.

7.2. Joint Applicants' Position

According to the Joint Applicants, the proposed transaction will further the Commissions' ESJ Action Plan and specifically promote Goals 2, 3, 4, and 7.[249]7.[257] The Joint Applicants argued that the proposed transaction "will ensure the completion of Frontier's buildout under federal and state subsidy programs and provide financial resources for future fiber deployment, including in rural and low-income areas."[250][258]

[256] See California Public Utilities Commission, Environmental & Social Justice Action Plan Version 2.0, April 7, 2022. Available at: https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/news-office/key-issues/esj/esj-action-plan-v2jw.pdf.

[257] Joint Applicants Opening Brief at 20

[258] Joint Applicants Opening Brief at 20.

For example, the Joint Applicants noted that of the 250 new cell sites Verizon committed to deploy under its settlement agreements, at least 85 will be located in unserved and underserved areas designated as CASF-eligible by the Commission and at least 20 of the 85 will be located in RBC "high priority areas." In addition, the agreed-upon fiber deployment will prioritize census blocks with household incomes at or below 90% of the county median income.[251][259]

The Joint Applicants further argued that the proposed transaction would enhance affordable service offerings for low-income Californians.[252][260] They cited commitments to: (1) expand eligibility for Verizon Forward;[253][261] (2) spend $1.5 million to market Verizon Forward and other affordable offerings;[254][262] and (3) spend at least $500 million to support California small businesses.[255][263]

[249] Joint Applicants Opening Brief at 20

[250] Joint Applicants Opening Brief at 20.

7.3. Party Positions

7.3.1. CETF

CETF stated that it "sees only positive impacts of this Transaction on ESJ communities, due to the three Settlement Agreements."[264]

7.3.2. CforAT

CforAT addressed ESJ matters in its comments on DEI regarding Issue 7 in Scope.[265]

[251] [259] Joint Applicants Opening Brief at 20, citing Verizon-Cal Advocates Settlement Agreement at 4.

[252] [260] Joint Applicants Opening Brief at 20.

[253] [261] Joint Applicants Opening Brief at 20.

[254] [262] Joint Applicants Opening Brief at 20.

[255] [263] Joint Applicants Opening Brief at 20.

[264] CETF Opening Brief at 28-29.

[265] CforAT Opening Brief at 27, 31.

7.3. Party Positions

7.3.1. CETF

CETF stated that it "sees only positive impacts of this Transaction on ESJ communities, due to the three Settlement Agreements."[256]

7.3.2. CforAT

CforAT addressed ESJ matters in its comments on DEI regarding Issue 7 in Scope.[257]

7.3.3. TURN

TURN noted that low-income communities are less likely to have access to fiber technology and are likely to discontinue wireline service if the service quality is too poor to justify the cost.[258][266] According to TURN, the Commission can continue to strive to improve access to high-quality communication services for ESJ communities by ensuring that build out of Frontier's network include fiber deployment to ESJ communities in Frontier's "approved build universe."[259] aApproved build Build universeUniverse."[267]

TURN argued that the Commission should continue to enhance outreach and opportunities for ESJ communities to benefit from CPUC programs by requiring Verizon's Frontier to offer voice and broadband services through the California Lifeline and federal Lifeline programs throughout Frontier's entire California service territory. In addition, TURN argued that the Commission

256 CETF Opening Brief at 28-29.

257 CforAT Opening Brief at 27, 31.

258 TURN Opening Brief at 30.

259 TURN stated that Frontier had identified the number of customer locations in California that clear Frontier's capital deployment profitability hurdle (required minimum Internal Rate of Return or IRR) and these locations comprise Frontier's "approved build universe." See TURN Opening Brief at 36.

should require Frontier to meaningfully advertise its affordable service offerings in ESJ communities and including in-language.[260][268]

TURN further stated that, if the Commission approves the transaction, the Commission should: (1) enhance enforcement to ensure safety and consumer protections for all by extending the conditions of the Frontier Bankruptcy decision[261] decision[269] to Verizon's ownership; (2) require Verizon to designate an executive to address constituent concerns; (3) require Verizon to meet the Commission's

[266] TURN Opening Brief at 30.

[267] TURN stated that Frontier had identified the number of customer locations in California that clear Frontier's capital deployment profitability hurdle (required minimum Internal Rate of Return or IRR) and these locations comprise Frontier's "approved Approved build Build universeUniverse." See TURN Opening Brief at 36.

[268] TURN Opening Brief at 30.

[269] D.21-03-043.

GO 133 metrics, and (4) require a third-party compliance monitor to enhance enforcement of any conditions required by the Commission.[262][270]

7.4. Discussion

The Commission appreciates the Joint Applicants' commitment to enhance affordable service offerings for low-income Californians through commitments to: (1) expand eligibility for Verizon Forward; (2) spend $1.5 million to market Verizon Forward and other affordable offerings; and (3) spend at least $500 million to support California small businesses.

We also agree with CforAT and TURN that the Joint Applicants should be required to meet additional ESJ conditions and detail those conditions throughout Section 6.9.

8. Issue 5: Frontier's Prior Obligations

The Scoping Memo for this proceeding asked: 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?

[260] TURN Opening Brief at 30.

[261] D.21-03-043.

[262] TURN Opening Brief at 30.

8.1. General

CforAT and TURN provided both general feedback on this topic in addition to and comments on specific commitments. The general feedback is summarized here.

8.1.1. CETF

CETF argued that if the Cal Advocates and CETF settlement agreements are approved, all of these obligations – COLR, Lifeline, Right of First Offer,[263][271] and Tribal obligations – will be met by Verizon, alleviating any concerns.[264][272]

[270] TURN Opening Brief at 30.

[271] See Section 9.

[272] CETF Opening Brief at 29-31.

8.1.2. CforAT

CforAT stated that it interpreted this question as asking how the combined company will comply with Frontier's existing regulatory obligations. CforAT

stated that 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.[265][273] According to CforAT, there is no reason to believe that Verizon will not continue this behavior. Therefore, CforAT recommended that the Commission "find that there is a significant risk that post-transaction, the combined company will not maintain Frontier's current obligations."[266][274] If the Commission approves the proposed transaction, CforAT asks the Commission to "include a robust compliance and enforcement mechanism similar to the one the Commission imposed in D.21-11-030."[267][275]

[263] See Section 9.
[264] CETF Opening Brief at 29-31.
[265] CforAT Opening Brief at 27.
[266] CforAT Opening Brief at 27.
[267] CforAT Opening Brief at 27.

8.1.3. TURN

TURN argued that "any diminishment of Frontier's obligations pursuant to prior Commission decisions under Verizon's ownership would be a public interest detriment because Frontier would have complied with those obligations without this transaction."[268][276] TURN also noted that "the Commission should be wary that Verizon may attempt to interpret [certain legal obligations] narrowly ... [and] should similarly be wary of Frontier, under Verizon's ownership, attempting to avoid consultation obligations."[269][277] TURN argued that, similar to the Commission's decision in the Frontier bankruptcy proceeding, the

[273] CforAT Opening Brief at 27.
[274] CforAT Opening Brief at 27.
[275] CforAT Opening Brief at 27.
[276] TURN Opening Brief at 30.
[277] TURN Opening Brief at 31.

Commission should ensure that Verizon fulfills Frontier's obligations.[270][278] Specifically, TURN argued that the Commission should order a compliance monitor to file a report on the Commission and the service list of this proceeding quarterly regarding Verizon's compliance with any order approving the merger, prior Commission decisions, and Commission orders.

8.1.4. Discussion

We agree with CforAT and TURN that there is potential for the Joint Applicants to evade their obligations and that stringent monitoring and enforcement are needed to ensure this transaction is in the public interest. To date, Frontier has not met all prior obligations, including Lifeline commitments

in D.21-11-030 and tribal commitments from D.21-04-008. We therefore adopt a set of monitoring and enforcement conditions as described in Ordering Paragraphs 28-31. The conditions adopted in this decision will cover Frontier's prior obligations going forward.

~~268 TURN Opening Brief at 30.~~

~~269 TURN Opening Brief at 31.~~

~~270 TURN Opening Brief at 31.~~

8.2. COLR

8.2.1. Background

As previously noted, Frontier is the second-largest COLR in California. In

June 2024, the Commission instituted a rulemaking proceeding to consider changes to COLR rules, R.24-06-012. In that proceeding, the Commission is deliberating over potential updates to COLR obligations, including the process for withdrawing COLR status.~~271~~[279]

[278] TURN Opening Brief at 31.

[279] R.24-06-012, Assigned Commissioner's Scoping Memo and Ruling, February 4, 2025.

8.2.2. Joint Applicants' Position

The Joint Applicants stated that Verizon explicitly commits to fulfilling Frontier's COLR obligations.[272][280] If Verizon is relieved of its COLR obligations, the

Joint Applicants stated that Verizon will offer a voice service over a technology of its choice to customers for a period of twelve months following relief of the COLR obligations.[273][281]

8.2.3. Party Positions

8.2.3.1. CETF

CETF noted that Verizon pledged to maintain Frontier's status as a COLR and therefore the Commission would retain its same regulatory authority over Verizon's Frontier landline network.[274][282] CETF also stated that if Verizon is relieved of its COLR obligation, Verizon committed to offer a voice service over a technology of its choice to customers for a period of twelve months following relief of COLR obligations, under the CWA Agreement.[275][283]

[271] R.24-06-012, Assigned Commissioner's Scoping Memo and Ruling, February 4, 2025.

[272] Joint Applicants Opening Brief at 2.

[273] Joint Applicants Opening Brief at 9.

[274] CETF Opening Brief at 29 citing Application at 8.

[275] CETF Opening Brief at 30 citing CWA Agreement at 5.

8.2.3.2. TURN

TURN noted that Verizon considers itself to be a mobile provider first,[276][284] and has indicated that if Verizon eliminates its COLR obligations, it would direct its attention away from fiber and towards fixed wireless and other wireless products.[277][285] TURN noted that fixed wireless is not available at every location in a cell tower's range, and mobile wireless is subject to similar limitations.[278][286]

[280] Joint Applicants Opening Brief at 2.

281 Joint Applicants Opening Brief at 9.

282 CETF Opening Brief at 29 citing Application at 8.

283 CETF Opening Brief at 30 citing CWA Agreement at 5.

284 TURN Opening Brief at 31, citing Hearing Transcript at 579.

285 TURN Opening Brief at 31, citing Exhibit Cal Adv-01 at xv.

286 TURN Opening Brief at 31, citing Hearing Transcript at 577.

Therefore, TURN recommends that, as a matter of public safety, the Commission should require an independent compliance monitor to ensure that Verizon's Frontier complies with its COLR obligations, including providing service to all residential and single line business customers upon request, and prompt repair of service.[279][287]

According to TURN, the Commission should require ongoing verification with the Commission's requirements.

8.2.4. Discussion

Given the pending COLR rulemaking, R.24-06-012, we find that the Joint Applicants' COLR obligations are best addressed in that venue. We do not require additional COLR obligations here.

8.3. Lifeline

8.3.1. Background

In A.20-11-001, TracFone Wireless, Inc. (TracFone) et al. applied to the Commission for the approval of a transfer of control to Verizon. Pursuant to D.21-11-030, Frontier or TracFone was required to: (1) offer California LifeLine

[276] TURN Opening Brief at 31, citing Hearing Transcript at 579.
[277] TURN Opening Brief at 31, citing Exhibit Cal Adv-01 at xv.
[278] TURN Opening Brief at 31, citing Hearing Transcript at 577.
[279] TURN Opening Brief at 31-32.

service for 20 years following the close of the TracFone acquisition; (2) offer California LifeLine plans, handsets, and devices in stores; and (3) achieve and maintain specified levels of California LifeLine customer enrollment.[280][288] Verizon announced on November 23, 2021 that it has completed its previously announced acquisition of TracFone.[281][289] As a result, Verizon's 20-year obligations are scheduled to conclude on November 23, 2041.

[287] TURN Opening Brief at 31-32.

[288] D.21-11-030.

[289] *See* Verizon completes TracFone Wireless, Inc. Acquisition, November 23, 2021. Available at: https://www.verizon.com/about/news/verizon-completes-tracfone-wireless-inc-acquisition.

8.3.2. Party Positions

8.3.2.1. Joint Applicants

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The Joint Applicants stated that Verizon will continue meet all applicable obligations associated with public purpose and universal service programs.[282][290]

8.3.2.2. CETF

CETF stated that the CETF and Cal Advocates' settlement agreements ensure that Verizon will continue offer Lifeline commitments for five years in the Frontier service territory.[283][291] Further, Verizon agreed to allow eligible voice plus Fios bundle customers to apply the state Lifeline discount on top of the Verizon Forward discount.[284][292]

8.3.2.3. TURN

TURN noted that Verizon could use a "poison pill" in its CETF and Cal Advocates settlements to alleviate itself of California LifeLine and federal Lifeline obligations.[285][293] As a result, TURN recommended that the Commission

[280] ~~D.21-11-030.~~

[281] ~~*See* Verizon completes TracFone Wireless, Inc. Acquisition, November 23, 2021. Available at: https://www.verizon.com/about/news/verizon-completes-tracfone-wireless-inc-acquisition.~~

[282] ~~Joint Applicants Opening Brief at 21.~~

[283] ~~CETF Opening Brief at 30.~~

[284] ~~CETF Opening Brief at 30.~~

[285] ~~TURN Opening Brief at 32-33.~~

adopt its own requirements for Verizon to provide California LifeLine and federal Lifeline services through Frontier's network.[286][294]

TURN noted that Frontier would still have legal obligations under the COLR rules to provide California ~~LifeLine~~[287] LifeLine[295] and under the ETC designation to provide federal Lifeline.[288][296] In addition, Frontier would still be subject to the Verizon-TracFone decision requirement for Verizon's affiliates and subsidiaries

[290] Joint Applicants Opening Brief at 21.

[291] CETF Opening Brief at 30.

[292] CETF Opening Brief at 30.

[293] TURN Opening Brief at 32-33.

[294] TURN Opening Brief at 32-33.

[295] TURN Opening Brief at 32, citing Exhibit TURN-01 at 11.

[296] TURN Opening Brief at 32, citing Exhibit TURN-01 at 16.

to participate in Lifeline, and as a grant condition.[289]297 However, TURN noted that these requirements would only obligate Verizon to offer voice service.[290]298

TURN further noted that unless Frontier offers broadband service that meets the FCC minimum service standards for Lifeline, it may effectively no longer have an obligation to provide voice or broadband services.[291]299 According to TURN, Frontier has indicated its desire not to provide broadband to low-income households when requested and received a waiver from the federal Lifeline broadband service requirement.[292]300 TURN noted that Cal Advocates' settlement agreement requires Verizon to rescind Frontier's waiver of providing federal Lifeline broadband services,[293]301 but "that is still subject to the Verizon poison pill to eliminate any California LifeLine and federal Lifeline requirements under the settlement."[294]302

[286] ~~TURN Opening Brief at 32-33.~~

[287] ~~TURN Opening Brief at 32, citing Exhibit TURN-01 at 11.~~

[288] ~~TURN Opening Brief at 32, citing Exhibit TURN-01 at 16.~~

[289] ~~TURN Opening Brief at 32-33, citing Exhibit TURN-01 at 16-17.~~

[290] ~~TURN Opening Brief at 33, citing Exhibit TURN-01 at 15.~~

[291] ~~TURN Opening Brief at 33, citing Exhibit TURN-01 at 16.~~

[292] ~~TURN Opening Brief at 33, citing Exhibit TURN-01 at 21.~~

[293] ~~TURN Opening Brief at 33.~~

Therefore, if the proposed transaction is approved, TURN argued that the Commission should require Verizon to offer California LifeLine and federal Lifeline voice and broadband services throughout Frontier's service territory, and across all technologies, for twenty years after the close of the transaction.[295]303

8.3.3. Discussion

D.21-11-030 established that Verizon was required to offer California LifeLine service for 20 years following the close of the TracFone transaction. This

297 TURN Opening Brief at 32-33, citing Exhibit TURN-01 at 16-17.
298 TURN Opening Brief at 33, citing Exhibit TURN-01 at 15.
299 TURN Opening Brief at 33, citing Exhibit TURN-01 at 16.
300 TURN Opening Brief at 33, citing Exhibit TURN-01 at 21.
301 TURN Opening Brief at 33.

302 TURN Opening Brief at 33.

303 TURN Opening Brief at 33.

obligation is scheduled to conclude on November 23, 2041 and shall continue until this date following the close of the proposed Verizon-Frontier transaction.

D.21-11-030 also required Frontier to offer California LifeLine plans, handsets, and devices in stores; and achieve and maintain specified levels of California LifeLine customer enrollment.[296][304] The transfer of control will maintain Frontier's prior obligations.

8.4. D.21-04-008 and California Tribes

8.4.1. Background

D.21-04-008, which approved Frontier's restructuring, set various conditions. One condition was a Right of First Offer preference for the transfer of real property to tribes when an investor-owned utility plans to dispose the real property within a tribe's ancestral territory.[297][305]

[294] ~~TURN Opening Brief at 33.~~

[295] ~~TURN Opening Brief at 33.~~

[296] ~~D.21-11-030 at 41-42.~~

[297] ~~D.21-04-008 at 70-71.~~

8.4.2. Party Positions

8.4.2.1. Joint Applicants

The Joint Applicants stated that Verizon had committed to honor Frontier agreements for as long as they remain valid, including Frontier's Right of First Offer obligation under the restructuring approval.[298][306]

8.4.2.2. CETF

CETF noted that the D.21-04-008 Commission decision still is in place as to the Right of First Offer commitment by Frontier, and that Verizon commits to continue this commitment if the transaction is approved.[299][307] CETF highlighted

[304] D.21-11-030 at 41-42.

[305] D.21-04-008 at 70-71.

[306] Joint Applicants Opening Brief at 21, citing D.21-04-008 at 70 (OP 7).

[307] ~~CETF Opening Brief at 30,~~ citing Cal Advocates Settlement Agreement at 6.

~~that the CETF and Cal~~ Advocates Agreements under Section 854 have provisions impacting Tribes.[300][308]

8.4.2.3. CforAT

CforAT did not explicitly address commitments to tribes in its briefs.

8.4.2.4. TURN

TURN stated that the Commission should not allow Frontier to evade Right of First Offer requirements by selling the entire company at once.[301][309] Instead, if the Commission approves the proposed transaction, TURN recommended that Commission require Verizon take on all of Frontier's obligations from all Commission orders, resolutions, and decisions pursuant or related to the Frontier Bankruptcy proceeding, A.20-05-010, including but not limited to the Right of First Offer.[310] Since Res. E-5076 does not automatically apply to Frontier, TURN recommended that the Commission explicitly extend the Right of First Offer in D.21-04-008 to apply it to Verizon's ownership of Frontier.[311]

TURN noted that in addition to the Right of First Offer, the Commission ordered Frontier to do the following:[312]

[298] Joint Applicants Opening Brief at 21, citing D.21-04-008 at 70 (OP 7).

[299] CETF Opening Brief at 30, citing Cal Advocates Settlement Agreement at 6.

[300][308] CETF Opening Brief at 30-31, noting Cal Advocates' settlement provisions for (1) Advance consultation with sovereign Tribal governments for grant-funded builds; (2) Tribal Liaison availability through BEAD completion; and (3) commitment to pre-project meetings on request with non-tribal BEAD/FFA awardees, plus CETF settlement provisions for (4) Low-income Verizon Forward program eligibility that explicitly includes Tribal programs.

[301][309] TURN Opening Brief at 34.

[310] TURN Opening Brief at 34.

[311] TURN Opening Brief at 34.

[312] TURN Opening Brief at 34; D.21-04-008 at 36.

~~limited to the Right of First Offer.[302] Since Res. E-5076 does not automatically apply to Frontier, TURN recommended that the Commission explicitly extend the Right of First Offer in D.21-04-008 to apply it to Verizon's ownership of Frontier.[303]~~

~~TURN noted that in addition to the Right of First Offer, the Commission~~

~~ordered Frontier to do the following:~~[304]

- Frontier shall work with the Native American Heritage Commission to identify all tribes within its California service territory that have either a reservation or land in trust;
- Frontier shall provide all identified tribes within its California service territory with existing local maps of, and information on, Frontier's owned, leased, and operated facilities in and around the tribes' ancestral territory and any existing maps of adjacent areas that are identified points of integration of those facilities with the remainder of Frontier's system; and
- In every California county that Frontier serves, Frontier will appoint a high-level employee as a tribal liaison to provide OOS response, customer service, and information sharing. Each tribe shall have direct access to the tribal liaison via phone and email, and the tribal liaison shall have the availability, access, and authority to respond to the tribes and address their concerns.

TURN further argued that the Commission should adopt specific conditions to mitigate potential negative impacts to tribes due to this proposed transaction.[305]313

~~302 TURN Opening Brief at 34.~~

~~303 TURN Opening Brief at 34.~~

~~304 TURN Opening Brief at 34; D.21-04-008 at 36.~~

~~305 TURN Opening Brief at 34-45.~~

8.4.3. Discussion

We agree with intervenors that certain conditions of past Verizon-Frontier transactions, as detailed in decisions D.21-04-008 and D.21-11-030, shall still apply as written in those decisions. This includes the Right of First Offer.

We also agree with TURN that updated commitments to tribes are needed and detail the additional commitments in Ordering Paragraphs 12-16.

9. Issue 6: Additional Commitments

9.1. Joint Applicant Commitments

In their opening brief,[306]314 the Joint Applicants offered additional voluntary commitments as follows.

313 TURN Opening Brief at 34-45.

314 Joint Applicants Opening Brief, Appendix B.

9.1.1. Workforce Development Program

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

According to Verizon, the Verizon Emerging Leader Initiative may include Verizon-sponsored career tracks in technology and retail, each supported by a designated Verizon executive sponsor responsible for partnership oversight; guest lectures by Verizon leaders aligned to curriculum topics; student business

306 Joint Applicants Opening Brief, Appendix B.

case competitions; and Verizon-sponsored research and innovation opportunities. The Initiative may further include partnerships with campus career services to deliver Verizon-sponsored workshops, mock interviews, résumé reviews, and mentoring; Verizon-sponsored scholarships; and measures to address students' accessibility barriers, including technology grants for devices and connectivity to support learning. Verizon stated that it may refine program design and implementation details over time to ensure efficacy and alignment with institutional needs; provided, however, that Verizon will not alter any commitments detailed in the first paragraph above and shall describe any material modifications in its annual GO 156 filings.

9.1.2. Employee Experience Information

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

9.2. Joint Applicants' Position

The Joint Applicants noted they had made various additional commitments beyond those in its application, including deployment of wireless and fiber infrastructure, enhancing affordability for low-income consumers, investing $40 million in digital inclusion programs, improving service quality,

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and hiring and retaining CWA-represented employees. [307]315 The Joint Applicants also noted the additional voluntary commitments Verizon made to invest $10 million in workforce development programs at California institutions of higher learning.[308]316

According to the Joint Applicants, no further action is required other than approving the proposed transaction, the settlements, and the additional voluntary commitments.[309]317

315 Joint Applicants Opening Brief at 21.
316 Joint Applicants Opening Brief at 21.
317 Joint Applicants Opening Brief at 22.

9.3. Party Positions

9.3.1. TURN

If the Commission approves the transaction, TURN recommended the Commission require an independent compliance monitor—paid for by Verizon—to review Verizon's investments and compliance with Verizon's settlement agreements and any conditions the Commission requires as part of its approval. The Commission previously adopted a compliance monitor for the Frontier Bankruptcy ~~decision~~[310] decision[318] and can do the same here.[311]319

In addition, TURN noted that Verizon had not made "any concrete, specific and material commitment for fiber deployment for the benefit of Frontier ratepayers and California as a whole."[312]320 According to TURN, the Commission should not allow Verizon to claim the use of its financial capacity as a public benefit without also providing concrete, specific and material commitment.[313]321

TURN further noted that Frontier had identified the number of customer locations in California that cleared its own capital deployment profitability hurdle (required minimum Internal Rate of Return or IRR), and these locations comprise Frontier's "~~approved build universe.~~"[314] Approved build Build

~~307 Joint Applicants Opening Brief at 21. 308 Joint Applicants Opening Brief at 21. 309 Joint Applicants Opening Brief at 22. 310 TURN Opening Brief at 35, citing D.21-03-043 at OP 4(e).~~

~~311 TURN Opening Brief at 35.~~

~~312 TURN Opening Brief at 36.~~

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universeUniverse."[322] TURN's recommended that Commission require as a condition of the transaction's approval a commitment from Verizon to deploy fiber broadband infrastructure to all of the remaining "approved Approved build ~~universe~~Build universeUniverse" locations minus any locations that receive fiber services as a result of a BEAD

318 TURN Opening Brief at 35, citing D.21-03-043 at OP 4(e).
319 TURN Opening Brief at 35.
320 TURN Opening Brief at 36.
321 TURN Opening Brief at 36.
322 TURN Opening Brief at 36.

grant.[~~315~~323] TURN argued that without this mitigation measure, the transaction would not be in the public interest because Verizon would not commit to using its financial strength and capacity for what Frontier characterized is "the most important benefit [for Frontier and its customers.]"[~~316~~324]

9.4. Discussion

We agree with TURN that additional conditions are needed to ensure the proposed transaction is in the public interest. Specifically, we require an independent compliance monitor and order concrete, specific, and material commitment for fiber deployment as detailed in Ordering Paragraph 2.

~~313 TURN Opening Brief at 36.~~
~~314 TURN Opening Brief at 36.~~
~~315 TURN Opening Brief at 38.~~
~~316 TURN Opening Brief at 38.~~

10. Issue 7: Diversity, Equity, and Inclusion (DEI)

Upon review of the record of this proceeding, we find that additional conditions and enforcement measures are needed to ensure Verizon's ongoing adherence to California law and statute.

10.1. Background

The May 15, 2025 Verizon-FCC Letter detailed broad changes that Verizon will make to its DEI practices. According to the Joint Applicants,

> ~~There is no serious~~ question that the regulatory and policy landscape surrounding DEI issues has shifted. A series of judicial decisions, executive actions, and regulatory pronouncements have applied scrutiny to programs that take race, gender, or other protected characteristics into account.[~~317~~325]

The Joint Applicants cited, for example, the U.S. Supreme Court's decision in *Students for Fair Admissions, Inc. v. President & Fellows of Harvard College* (Harvard), in which the Court held that certain university race-conscious

323 TURN Opening Brief at 38.

324 TURN Opening Brief at 38.

325 Joint Applicants Opening Brief at 22.

admissions policies violated the Equal Protection Clause of the Fourteenth Amendment and Title VI of the Civil Rights Act of ~~1964.~~[318]1964.[326] According to the Joint Applicants, the Supreme Court's reasoning was "unequivocal:" any use of race as a factor in decision-making by institutions receiving federal funds must survive the most exacting form of judicial scrutiny—strict scrutiny—and must be narrowly tailored to serve a compelling governmental interest.[319]327

The Joint Applicants stated that in the wake of the Harvard decision, the federal government took a series of actions to broaden and enforce prohibitions against the consideration of race, gender, and other protected characteristics in

~~317 Joint Applicants Opening Brief at 22.~~

~~318 Joint Applicants Opening Brief at 22.~~

~~319 Joint Applicants Opening Brief at 22-3, citing Harvard at 206-07.~~

employment, contracting, and other aspects of government and private sector decision-making, including new guidance and enforcement activity by the Equal Employment Opportunity ~~Commission~~[320]Commission[328] and the issuance of an Executive Order applicable to government contractors such as Verizon.[321]329 On the same day the President issued this Executive Order, FCC Chairman Carr "announced that he is ending the FCC's promotion of DEI."[322]330 In explaining his reasons for the change, Chairman Carr stated: "Promoting invidious forms of discrimination runs contrary to the Communications Act and deprives Americans of their rights to fair and equal treatment under the law."[323]331

~~Verizon received a letter from Chairman Carr stating that he expected "all regulated companies to end invidious forms of DEI discrimination, given the~~

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~~scope of the FCC's [Equal Employment Opportunity] rules and other authorities."[324] The Joint Applicants stated that Chairman Carr's actions were both industrywide and across all industries.[325] The Joint Applicants further~~

326 Joint Applicants Opening Brief at 22.

327 Joint Applicants Opening Brief at 22-3, citing Harvard at 206-07.

~~320~~328 Joint Applicants Opening Brief at 23, citing U.S. Equal Employment Opportunity Commission Bulletin, EEOC and Justice Department Warn Against Unlawful DEI-Related Discrimination, March 19, 2025.

~~321~~329 Joint Applicants Opening Brief at 23, citing Executive Order No. 14173, January 21, 2025 and Executive Order No. 14151, January 20, 2025.

~~322~~330 Joint Applicants Opening Brief at 23.

~~323~~331 Joint Applicants Opening Brief at 23.

~~324 Joint Applicants Opening Brief at 23.~~

~~325 Joint Applicants Opening Brief at 24. The Joint Applicants noted that~~ Verizon received a letter from Chairman ~~Carr's letter to Verizon explicitly stated his expectation that~~ Carr stating that he expected "all regulated companies~~" will "~~ to end invidious forms of DEI discrimination, given the scope of the FCC's ~~EEO~~ [Equal Employment Opportunity] rules and other authorities."[332] The Joint Applicants ~~also~~ stated that ~~the FCC initiated investigations against other major companies in the absence of a pending transaction, and several companies in the industry subsequently announced changes to their DEI programs.~~

Chairman Carr's actions were both industrywide and across all industries.[333] The Joint Applicants further noted that AT&T, Charter, and businesses also proactively changed their programs.[~~326~~334]

The Joint Applicants argued that, given these changes in the regulatory and policy environment, Verizon's commitments to the FCC, combined with its commitments in this proceeding, "reflect a responsible, balanced, and thoughtful response."[~~327~~335] As detailed in Verizon's letter to Chairman Carr, the company ended DEI-related policies and programs, including eliminating DEI-focused roles and teams; removing references to DEI from employee training and public communications; ceasing participation in recognition surveys focused on protected characteristics; and discontinuing the use of quantitative goals for supplier diversity or workforce representation.[~~328~~336]

Verizon stated, however, that the company remains "committed to the core principles that have made us successful—an inclusive culture based on

332 Joint Applicants Opening Brief at 23.

333 Joint Applicants Opening Brief at 24. The Joint Applicants noted that Chairman Carr's letter to Verizon explicitly stated his expectation that "all regulated companies" will "end invidious forms of DEI discrimination, given the scope of the FCC's EEO rules and other authorities." The Joint Applicants also stated that the FCC initiated investigations against other major companies in the absence of a pending transaction, and several companies in the industry subsequently announced changes to their DEI programs.

334 Joint Applicants Opening Brief at 24.

335 Joint Applicants Opening Brief at 25.

336 Joint Applicants Opening Brief at 25-26.

trust, care, and excellence."[329][337] According to the Joint Applicants, Verizon's continued commitment to inclusion and opportunity for all communities is reflected in its commitment, codified in the agreement with CETF, to spend $5 billion with small business suppliers over the next 5 years, including at least $500 million with small businesses in California.[330][338]

10.2. Consistency with California Law

The Assigned Commissioner noted that the changes detailed in the Verizon-FCC Letter may conflict with California laws governing programs to

[326] Joint Applicants Opening Brief at 24.
[327] Joint Applicants Opening Brief at 25.
[328] Joint Applicants Opening Brief at 25-26.
[329] Joint Applicants Opening Brief at 26.
[330] Joint Applicants Opening Brief at 26.

increase participation of women, minority and disabled veteran business enterprises in procurement of contracts from utilities.[331][339]

Several provisions of state law apply to the proposed transaction. Pub. Util. 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,[332][340] including "short-and long-term goals and timetables."[333][341]

GO 156 governs development of programs to increase participation of women, minority and disabled veteran business enterprises in procurement of contracts from investor-owned utilities as required by Pub. Util. Code Sections 8281-8286.[334] 8281-8286.[342] For more than three decades, GO 156 has fostered a competitive marketplace by encouraging utilities and other regulated entities to include

[337] Joint Applicants Opening Brief at 26.
[338] Joint Applicants Opening Brief at 26.
[339] Assigned Commissioner's Ruling Requiring Additional Testimony, July 23, 2025 at 5.
[340] Pub. Util. Code Section 8283(a).
[341] Pub. Util. Code Section 8283(b).
[342] *See* General Order 156, available at https://docs.cpuc.ca.gov/published/General_order/59939.htm.

diverse firms in procurement activities.[335][343] GO 156 also requires utilities to set substantial and verifiable short-term, mid-term, and long-term goals for each major product and service category.[336][344]

In light of the possible conflict, the Commission asked for party feedback on whether the commitments detailed in the Verizon-FCC Letter are consistent with the requirements of Pub. Util. Code Sections 8281-8290.2, with GO 156, and

331 Assigned Commissioner's Ruling Requiring Additional Testimony, July 23, 2025 at 5.

332 Pub. Util. Code Section 8283(a).

333 Pub. Util. Code Section 8283(b).

334 See General Order 156, available at https://docs.cpuc.ca.gov/published/General_order/59939.htm.

335 See Supplier Diversity Program, available at: https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program.

336 GO 156 Section 8.

with any other relevant provisions of California law. We find that the commitments in the Verizon-FCC letter can be consistent with California law when taken along with additional commitments and requirements as detailed in Ordering Paragraphs 2-31.

10.3. Party Positions

10.3.1. Joint Applicants

The Joint Applicants argued that post-transaction Verizon can comply with GO 156, applicable sections of Pub. Util. Code, and other state law, without creating any conflict with Verizon's commitments to the FCC.[337][345]

10.3.2. CETF

CETF recommended that the Commission "accept the fulsome commitments of Verizon made in the CETF Agreement and in its testimony related to the Verizon-FCC Letter to fully comply with California law on minority hiring reporting in PU Code 8281-8290.2 and GO 156."[338][346] According to

343. *See* Supplier Diversity Program, available at: https://www.cpuc.ca.gov/about-cpuc/divisions/news-and-public-information-office/business-and-community-outreach/supplier-diversity-program.

344 GO 156 Section 8.

345 Exhibit JA-11 at 3.

346 CETF Opening Brief at 33.

CETF, the commitments contained in the CETF Agreement ensure all concerns as to Verizon compliance with these laws are resolved.[339][347]

10.3.3. CforAT

According to CforAT, Verizon's claim that it can comply with California's statutory requirements and the Commission's regulations going forward, notwithstanding its commitments to the FCC, "is plainly incorrect."[340][348] CforAT stated that Verizon cannot meet the requirements of Section 8283 and GO 156 if it

337 Exhibit JA-11 at 3.
338 CETF Opening Brief at 33.
339 CETF Opening Brief at 33.
340 CforAT Opening Brief at 30.

does not set quantitative goals for diverse spending.[341][349] CforAT argued that if the Commission approves the transaction, it should do so conditioned on Verizon's compliance with GO 156, including the statutory requirement under Section 8283 that Verizon set quantitative goals for diverse spending.[342][350]

10.3.4. TURN

TURN stated that the Commission should adopt mitigation measures to ensure that Verizon's elimination of its DEI policies does not lead to discrimination.[343][351] TURN noted that the conditions in the CETF settlement are not likely sufficient to ensure that Verizon's elimination of its policies will not have a discriminatory effect.[344][352] TURN therefore recommended that the Commission require reporting of the CETF conditions as an attachment to

347 CETF Opening Brief at 33.

348 CforAT Opening Brief at 30.

349 CforAT Opening Brief at 30.

350 CforAT Opening Brief at 30.

351 TURN's Opening Brief addressed Issues 7.a. and 7.b. in scope in a single response summarized here. See TURN Opening Brief at 39-40.

352 TURN Opening Brief at 39.

Verizon's GO 156 annual report until 24 months after the CETF conditions are no longer in effect.[345]353

TURN also noted Verizon's statement that some suppliers have started to review report metrics that Verizon would need to include in its GO 156 reports.[346]354 TURN recommended that if the Commission approves the transaction, the Commission should require Verizon include in any future contracts a provision that requires its contractors to provide the information Verizon needs to include in its GO 156 reports.[347]355

341 ~~CforAT Opening Brief at 30.~~

342 ~~CforAT Opening Brief at 30.~~

343 ~~TURN's Opening Brief addressed Issues 7.a. and 7.b. in scope in a single response summarized here. See TURN Opening Brief at 39-40.~~

344 ~~TURN Opening Brief at 39.~~

345 ~~TURN Opening Brief at 39.~~

346 ~~TURN Opening Brief at 40.~~

347 ~~TURN Opening Brief at 40.~~

In addition, TURN recommended the Commission require Verizon to provide to the third-party compliance monitor a list of entities it engages with and funds, and with the funding amount.[348]356 According to TURN, the Commission should require the third-party compliance monitor to review Verizon's prior engagements and funding and notify the Commission and stakeholders in the compliance monitor's report regarding any changes in Verizon's engagement and funding.[349]357 If Verizon finds that any of the above information is confidential, TURN recommended that the Commission require Verizon to serve a fully unredacted version on the parties of this proceeding that ~~have authorization to rece~~ive Verizon confidential information.[350]358

353 TURN Opening Brief at 39.
354 TURN Opening Brief at 40.
355 TURN Opening Brief at 40.
356 TURN Opening Brief at 40.

357 TURN Opening Brief at 40.
358 TURN Opening Brief at 40.

10.4. Discussion

We agree with CforAT and ~~TURN~~TURNfind that additional conditions and enforcement measures are needed to ensure Verizon's ongoing adherence to the requirements of Pub. Util. Code Sections 8281-8290.2, GO 156, and other relevant provisions of California law.

As discussed in the Assigned Commissioner's Amended Scoping Memo, the Verizon-FCC Letter represents a repudiation of Verizon's past efforts to comply with GO 156, and without new commitments it is unclear how the Applicants will be able to comply with GO 156.

The Joint Applicants and CETF assert that their settlement agreement will ensure GO 156 compliance. The central commitment made in the CETF settlement is a $500 million spending commitment via Verizon's Small Business

~~348 TURN Opening Brief at 40.~~
~~349 TURN Opening Brief at 40.~~
~~350 TURN Opening Brief at 40.~~

Accelerator, but the Joint Applicants made clear that they cannot focus that spending on women-owned or minority-owned businesses. The Joint Applicants asserted that because many of California's small businesses are minority owned, that much of this money will reach GO 156 businesses.[~~351~~359] However, by the Joint Applicants' own admission, minority-owned small businesses represent a minority of small businesses.[~~352~~360] Without any specific spending goals for women-or minority-owned businesses, the Joint Applicants' commitment to funding via the Small Business Accelerator appears to be a step backward on the goals of GO 156. Furthermore, the CETF Settlement does not contain any commitments to workforce diversity, which is a pillar of the Commission's GO 156 program and a casualty of the Verizon-FCC letter.

359 Exhibit JA-12 at 7.
360 Exhibit JA-12 at 7.

Given these deficiencies, we impose additional DEI-related conditions on the Joint Applicants as detailed in Ordering Paragraphs 4-11.

11. Settlement Agreements

11.1. Background

On September 4, 2025, the Joint Applicants submitted three joint motions for adoption of three settlement agreements, covering agreements with: (1) Cal Advocates, (2) CETF, and (3) CWA; attached as Appendices A, B, and C, respectively. On October 31, 2025 the Chumash Tribe filed a settlement proposal as a motion, noting that to date, the Chumash Tribe and Verizon had not reached an agreement memorializing the settlement. On November 21, 2025, the Joint Applicants and Cal Advocates provided the Commission with Verizon's confidential 2026 Final Plan of Record for Macro Sites in California.[351] ~~Exhibit JA-12 at 7.~~
[352] ~~Exhibit JA-12 at 7.~~

TURN and CforAT did not submit settlement agreements. TURN requested specific mitigation and enforcement measures if the Commission approved the transaction. CforAT recommended that the Commission deny the proposed transaction on grounds that it "threatens serious harms to diverse communities, service quality, the combined company's employees, and the Commission's jurisdiction."[~~353~~361] If the Commission approves the transaction, CforAT recommended adoption of specified mitigation and enforcement measures.[~~354~~362]

Upon review of the settlement agreements and party comments, we grant each party motion for adoption of the settlement agreements.[~~355~~363] We also note

[361] CforAT Opening Brief at 39.

[362] CforAT Opening Brief, Appendix A.

[363] Joint Motion of Verizon and CETF for Adoption of Settlement Agreement, September 4, 2025; Joint Motion of Verizon and Public Advocates Office for Adoption of Settlement Agreement,

Footnote continued on next page.

that the three settlement agreements and additional commitments do not respond to all concerns raised by the Commission, parties, and the public and therefore we adopt additional conditions beyond those in the settlement agreements, as detailed in Ordering Paragraphs 2-31.

11.2. Standard of Review

Rule 12.1(d) states, in part, that "[t]he Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest."[356][364]

[353] CforAT Opening Brief at 39.

[354] CforAT Opening Brief, Appendix A.

[355] Joint Motion of Verizon and CETF for Adoption of Settlement Agreement, September 4, 2025; Joint Motion of Verizon and Public Advocates Office for Adoption of Settlement Agreement, September 4, 2025; and Joint Motion of Verizon and Communications Workers of America District 9 for Adoption of Settlement Agreement, September 4, 2025.

[356] Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1.

11.3. Party Positions

TURN and CforAT did not reach settlement with the Joint Applicants.[357][365] TURN and CforAT provided comments on the settlements in their briefs, as well as recommended additional conditions.[358][366]

11.3.1. Joint Applicants

The Joint Applicants stated that settlement agreements "collectively address all in-scope issues raised in the proceeding, and layer on extensive and enforceable commitments."[359][367] According to the Joint Applicants, the commitments will provide immediate and ongoing benefits to California

September 4, 2025; and Joint Motion of Verizon and Communications Workers of America District 9 for Adoption of Settlement Agreement, September 4, 2025.

[364] Rules of Practice and Procedure, California Code of Regulations Title 20, Division 1, Chapter 1.

[365] Joint Case Management Statement at 6-10.

[366] CforAT Opening Brief at 3-11 and TURN Opening Brief at 3-14.

[367] Joint Applicants Opening Brief at 4.

consumers that would not otherwise occur in the absence of Verizon acquiring Frontier.[360][368]

Beyond the commitments made in settlement agreements, Verizon added new commitments in its opening brief. These commitments are detailed in Section 10.[361]10.[369]

11.3.2. Cal Advocates

Cal Advocates stated that, taken together, the briefing and settlement comments submitted by Cal Advocates and Joint Applicants represent a comprehensive and compelling record of the public interest benefits.[362][370] Cal Advocates agreed with the Joint Applicants' comments that the substantial benefits of the settlement agreement satisfy the requirements of Section 854 and

[357] Joint Case Management Statement at 6-10.

[358] CforAT Opening Brief at 3-11 and TURN Opening Brief at 3-14.

[359] Joint Applicants Opening Brief at 4.

[360] Joint Applicants Opening Brief at 4.

[361] Joint Applicants Opening Brief, Appendix B.

[362] Cal Advocates Reply Brief at 2.

warrant adoption of the settlement agreement by the Commission.[363][371] Cal Advocates argued that, taken as a whole, the terms of the settlement agreement "deliver substantial, enforceable, and verifiable public benefits designed to expand infrastructure, provide equitable access, ensure affordability, and improve service quality."[364][372]

According to Cal Advocates, the Joint Applicants' compliance with these commitments should satisfy the statutory requirements of Section 854(a), (b)(2), (b)(3) and (c), and serve the public interest.[365][373] Cal Advocates supported the

[368] Joint Applicants Opening Brief at 4.

[369] Joint Applicants Opening Brief, Appendix B.

[370] Cal Advocates Reply Brief at 2.

[371] Cal Advocates Reply Brief at 2.

[372] Cal Advocates Reply Brief at 3.

[373] Cal Advocates Reply Brief at 3.

adoption of its settlement agreement "in its entirety" as a condition of approval for the transaction.[366][374]

Cal Advocates noted, however, that its settlement agreement did not address the DEI-related questions identified in the May 29, 2025 Amended Scoping Memo and "excludes DEI-related issues by its express terms."[367][375] Therefore, according to Cal Advocates, "the Commission may adopt the agreement in its entirety and consider imposing additional conditions relating to DEI concerns, if necessary."[368][376] Cal Advocates noted that it maintained concerns it raised in testimony "regarding the importance of maintaining strong supplier diversity and equity commitments during and after the transition of Frontier's California operations."[369][377] Cal Advocates recommended that the Commission

~~363 Cal Advocates Reply Brief at 2.~~
~~364 Cal Advocates Reply Brief at 3.~~
~~365 Cal Advocates Reply Brief at 3.~~
~~366 Cal Advocates Reply Brief at 3.~~
~~367 Cal Advocates Reply Brief at 4.~~
~~368 Cal Advocates Reply Brief at 4.~~
~~369 Cal Advocates Reply Brief at 4.~~

consider whether additional conditions are appropriate to address these issues based on the full evidentiary record.[370][378]

11.3.3. CforAT

CforAT stated that the proposed settlements "simply do not address a number of important issues."[371][379] CforAT noted that the settlement agreements: (1) do not include any mitigation measures to ensure the combined company will offer affordable service, (2) lack enforcement mechanisms, and (3) do not include "meaningful language regarding [DEI]."[372][380]

374 Cal Advocates Reply Brief at 3.
375 Cal Advocates Reply Brief at 4.
376 Cal Advocates Reply Brief at 4.
377 Cal Advocates Reply Brief at 4.
378 Cal Advocates Reply Brief at 4.
379 CforAT Opening Brief at 3.
380 CforAT Opening Brief at 3.

11.3.3.1. Cal Advocates Settlement

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CforAT separately addressed components of the Cal Advocates settlement as described below.

11.3.3.1.1. Broadband Deployment

CforAT further stated that it is unclear whether Verizon's settlement with Cal Advocates will provide public interest benefits.[373][381] For example, CforAT noted that Verizon could comply with the Settlement Agreement by completing construction that it would have built even without the transaction.[374][382]

CforAT also pointed to the Cal Advocates settlement's statement 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

[370] ~~Cal Advocates Reply Brief at 4.~~

[371] ~~CforAT Opening Brief at 3.~~

[372] ~~CforAT Opening Brief at 3.~~

[373] ~~CforAT Opening Brief at 4-9.~~

[374] ~~CforAT Opening Brief at 5.~~

commitments.[375][383] CforAT noted that the settlement "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."[376][384] According to CforAT, 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."[377][385] CforAT argued that the Commission should require Verizon to provide to its staff the 2026 final Plan of Record, including identification of the locations where it intends to build

[381] CforAT Opening Brief at 4-9.

[382] CforAT Opening Brief at 5.

[383] CforAT Opening Brief at 4-5 citing Exhibit CforAT-06 at 3.

[384] CforAT opening Brief at 5 citing Exhibit CforAT-06 at Exhibit 2.

[385] CforAT Opening Brief at 5.

wireless macro sites and broadband passings, to verify that the locations meet the terms of the settlement agreement.[378]386

11.3.3.1.2. Affordability

CforAT stated that the impact of the settlement's commitments from Verizon to offer Verizon Forward to eligible customers is unclear.[379]387 For example, although the settlement agreement 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,"[380]388 it does not indicate how much Verizon currently spends on promotional efforts. Similarly, CforAT argued that Verizon's commitment to maintaining prices and terms for Verizon Forward and Frontier Fundamental internet plans "leaves room for Verizon to ... materially

375 ~~CforAT Opening Brief at 4-5 citing Exhibit CforAT-06 at 3.~~

376 ~~CforAT opening Brief at 5 citing Exhibit CforAT-06 at Exhibit 2.~~

377 ~~CforAT Opening Brief at 5.~~

378 ~~CforAT Opening Brief at 5.~~

379 ~~CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 7-10.~~

380 ~~CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 9.~~

change the eligibility criteria and discount for Verizon Forward and/or the price of Frontier Fundamental Internet."[381]389 According to CforAT, 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.[382]390

CforAT noted that Verizon made no commitments regarding Lifeline service and only acknowledges that it will assume Frontier's legal responsibilities as an eligible telecommunications carrier.[383]391 CforAT specifically noted that Verizon did not commit to offering California Lifeline or participating in the

386 CforAT Opening Brief at 5.

387 CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 7-10.

388 CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 9.

389 CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 8-9.

390 CforAT Opening Brief at 6.

391 CforAT Opening Brief at 6.

federal Lifeline program.[384][392] CforAT also noted that if the combined company relinquished Frontier's Eligible Telecommunications Carrier (ETC) status or sought relief from its ETC obligations at the federal level, it would no longer be required to participate in federal Lifeline.[385][393]

CforAT further 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.~~[386]2041.[394] CforAT understands this requirement to mandate that Verizon must offer Lifeline service to all eligible customers in its service territory, but expressed concern that the combined company "may attempt to creatively interpret" the conditions or use loopholes to evade the requirement.[387][395] CforAT therefore asked the Commission to ensure that former Frontier customers can still obtain Lifeline services throughout Frontier's service territory until the expiration of its D.21-11-030 obligations.[388][396]

~~381 CforAT Opening Brief at 6, citing Exhibit CforAT-06 at 8-9.~~

~~382 CforAT Opening Brief at 6.~~

~~383 CforAT Opening Brief at 6.~~

~~384 CforAT Opening Brief at 6.~~

~~385 CforAT Opening Brief at 6.~~

~~386 CforAT Opening Brief at 7, citing See D.21-11-030, OP 2.~~

11.3.3.1.3. Service Quality

According to CforAT, the Cal Advocates settlement states that Verizon will enact several service quality policies with widely varying metrics,[389][397] but "there is insufficient record evidence to interpret these standards or to verify that

392 CforAT Opening Brief at 6.

393 CforAT Opening Brief at 6.

394 CforAT Opening Brief at 7, citing See D.21-11-030, OP 2.

395 CforAT Opening Brief at 7.

396 CforAT Opening Brief at 7-8.

397 CforAT cited as examples: (1) bringing Frontier's former facilities up to "Verizon's standards," bringing Frontier's former facilities up to "the Commission's wireline service quality standards," maintaining and repairing the copper networks to a standard that is capable of consistently

providing reliable voice service," and maintaining adequate personnel to ensure service "in compliance with all applicable service quality standards." See Appendix F.

benefits will occur."[390][398] In addition, CforAT noted that the Cal Advocates settlement does not address that the Commission's enforcement process requires that providers either meet certain benchmarks or pay a fine,[391][399] and stated that "there is a substantial risk that the combined company would choose to pay a fine rather than provide service that meets the Commission's service quality standards."[392][400] CforAT also noted that Verizon's commitment to maintain and repair copper networks to a level that provides "reliable voice service" is not a transaction benefit, because the Commission's basic service elements require a "voice-grade connection."[393][401]

[387] CforAT Opening Brief at 7.

[388] CforAT Opening Brief at 7-8.

[389] CforAT cited as examples: (1) bringing Frontier's former facilities up to "Verizon's standards," bringing Frontier's former facilities up to "the Commission's wireline service quality standards," maintaining and repairing the copper networks to a standard that is capable of consistently providing reliable voice service," and maintaining adequate personnel to ensure service "in compliance with all applicable service quality standards." See Appendix F.

[390] CforAT Opening Brief at 8.

[391] CforAT Opening Brief at 8.

[392] CforAT Opening Brief at 8.

[393] CforAT Opening Brief at 8-9.

CforAT argued that serious questions remain about whether the Cal Advocates' settlement will result in improved service quality. According to CforAT,

> 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.[394][402]

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11.3.3.1.4. Performance Bonds

CforAT also addressed the commitment of Verizon in the Cal Advocates settlement to obtain $150 million in performance bonds.[395][403] According to the settlement agreement, as Verizon meets its buildout obligations, it may request

[398] CforAT Opening Brief at 8.
[399] CforAT Opening Brief at 8.
[400] CforAT Opening Brief at 8.
[401] CforAT Opening Brief at 8-9.
[402] CforAT Opening Brief at 9.
[403] CforAT Opening Brief at 9-10.

reduction of the bond.[396][404] For example, if Verizon meets 20 percent of its buildout commitments, it can seek a 20 percent reduction of the bond requirement.[397][405] CforAT stated that this enforcement mechanism needs clarification.[398][406] According to CforAT, 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.[399][407] In addition, CforAT stated that the Commission should require Verizon to maintain at least $75

~~[394] CforAT Opening Brief at 9.~~
~~[395] CforAT Opening Brief at 9-10.~~
~~[396] CforAT Opening Brief at 9.~~
~~[397] CforAT Opening Brief at 9, citing Exhibit CforAT-06 at 3.~~
~~[398] CforAT Opening Brief at 9.~~
~~[399] CforAT Opening Brief at 10.~~

million in performance bonds until it has completely fulfilled its buildout obligations.[400][408]

11.3.3.2. CWA Settlement

CforAT stated that 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.[401][409] CforAT noted that these commitments have loopholes and only provide benefits for union employees. CforAT therefore addressed the public interest harms to Frontier's

non-union employees, such as potential loss of retirement benefits and other benefit plans.[~~402~~410]

[404] CforAT Opening Brief at 9.

[405] CforAT Opening Brief at 9, citing Exhibit CforAT-06 at 3.

[406] CforAT Opening Brief at 9.

[407] CforAT Opening Brief at 10.

[408] CforAT Opening Brief at 10.

[409] CforAT Opening Brief at 10.

[410] CforAT Opening Brief at 23-24.

11.3.3.3. CETF Settlement

CforAT noted that the CETF Settlement provides CETF with $40 million from Verizon to fund for digital literacy programs.[403411] CforAT stated that five million dollars is earmarked for grants to CBOs and schools, but it is unclear how the remaining $35 million are allocated.[404412]

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."[405413] According to CforAT, those programs are Verizon's proposed alternative to DEI requirements, "which are not only likely to fail to mitigate

400 CforAT Opening Brief at 10.
401 CforAT Opening Brief at 10.
402 CforAT Opening Brief at 23-24.
403 CforAT Opening Brief at 10.
404 CforAT Opening Brief at 10.
405 CforAT Opening Brief at 10.

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."[406414] According to CforAT and citing to CETF's own acknowledgements, the DEI commitments in the CETF Settlement are "inadequate at best and quite likely meaningless."[407415]

11.3.4. CETF

CETF stated that, given the "abundant" public benefits of the three settlement agreements, "it is clear that the minor or speculative detriments of the proposed transaction alleged by CforAT and TURN in their Opening Briefs are

411 CforAT Opening Brief at 10.
412 CforAT Opening Brief at 10.
413 CforAT Opening Brief at 10.
414 CforAT Opening Brief at 10-11.
415 CforAT Opening Brief at 11.

far outweighed by the significant public benefits."[408][416] Therefore, CETF urged approval of the settlement agreements.[409][417]

11.3.5. TURN

TURN argued that the combined terms of the settlement agreements are insufficient for the Commission to find that the transaction is in the public interest.[410][418] Specifically, TURN recommend specific conditions for the Commission adopt to mitigate harms caused by the proposed transaction. These recommendations are summarized in Section 6.9 herein.

11.4. Joint Applicants' Response

The Joint Applicants requested that the Commission adopt the settlement agreements without modification. According to the Joint Applicants, the settlements "were the product of substantial negotiations and resolve all concerns raised by those parties.... [T]he resulting agreements collectively address all in-scope issues raised in the proceeding, and layer on extensive and enforceable commitments.[411][419] The Joint Applicants provided a chart detailing the settlement ~~commitments~~[412] commitments[420] and further summarized the agreements in their opening brief.[413][421]

406 ~~CforAT Opening Brief at 10-11.~~

407 ~~CforAT Opening Brief at 11.~~

408 ~~CETF Reply Brief at 2.~~

409 ~~CETF Reply Brief at 2.~~

410 ~~TURN Opening Brief at 4-15.~~

416 CETF Reply Brief at 2.

417 CETF Reply Brief at 2.

418 TURN Opening Brief at 4-15.

419 Joint Applicants Opening Brief at 4.

[420] Joint Applicants Opening Brief, Appendix A.

[421] Joint Applicants Opening Brief at 4-9.

The Joint Applicants also stated that there is no legal basis for the Commission to require conditions beyond the Joint Applicants' voluntary commitments.[414][422]

11.5. Discussion

We find that each of the three settlements is reasonable in light of the whole record, consistent with law, and in the public interest, and can be adopted, but in totality are insufficient to meet the public interest standard in Pub. Util. Code Section 854 without additional conditions. Upon review of the transaction and of recommendations from TURN and CforAT and the public, we adopt additional conditions as summarized in Ordering Paragraphs 2-31.

12. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

411 Joint Applicants Opening Brief at 4.

412 Joint Applicants Opening Brief, Appendix A.

413 Joint Applicants Opening Brief at 4-9.

414 Joint Applicants Opening Brief at 32.

The Commission held 16 Public Participation Hearings over eight days throughout California and virtually.[~~415~~423] In addition, the docket card of this proceeding received 508 public comments as of the date of submission from locations throughout the state.

[422] Joint Applicants Opening Brief at 32.

[423] *See* Administrative Law Judge's Ruling Noticing Public Participation Hearings and Providing Additional Instructions, May 28, 2025 *and* Transcripts for Public Participation Hearings on May 29, 2025; June 11, 2025; June 16, 2025; June 18, 2025; June 24, 2025; June 30, 2025; July 7, 2025; and July 15, 2025.

The public comments are divided between support for and opposition of the Commission's approval of the transaction, with the majority of supporting comments posted more recently.

Comments in favor of the transaction – largely from business organizations such as chambers of commerce and economic development groups – stated that approval of the transaction could (1) improve customer infrastructure and technology, (2) improve service reliability and internet speeds, (3) support completion of fiber infrastructure, and (4) improve competition against other providers.

Comments in opposition to the proposed transaction expressed concerns about: (1) reduced competition, (2) higher prices, (3) poor customer service, (4) billing issues, (5) service quality, (6) loss of consumer choice of providers, (7) prioritization of urban customers over rural customers, (8) potential service disruptions during the transition of service to Verizon, and (9) Verizon's elimination of DEI programs.

Multiple comments expressed support for CETF's request for digital equity programs funding. In addition, some comments emphasized the importance of: (1) maintaining landline phone service, especially for seniors and

415 *See* Administrative Law Judge's Ruling Noticing Public Participation Hearings and Providing Additional Instructions, May 28, 2025 *and* Transcripts for Public Participation Hearings on May 29, 2025; June 11, 2025; June 16, 2025; June 18, 2025; June 24, 2025; June 30, 2025; July 7, 2025; and July 15, 2025.

rural residents, (2) ensuring availability of emergency communication options during disasters, and (3) protecting programs for low-income customers, such as Lifeline.

13. Additional Comments

More than a dozen organizations submitted letters to the Commission requesting approval of the transaction and settlement agreements.

14. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judges and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

15. Comments on Proposed Decision

The proposed decision of ALJ Elizabeth Fox in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. CETF filed opening comments on the proposed decision on January 2, 2026. On January 5, 2026, the Joint Applicants, CforAT, and TURN filed opening comments. On January 12, 2026, the Joint Applicants, CETF, CforAT, and TURN filed reply comments. We reviewed each of these comments, focusing on claims of factual, legal or technical errors, pursuant to Rule 14.3(c). We address certain comments here and within the revised decision.

~~and Procedure. Comments were filed on~~ _____~~, and reply comments were filed on~~ _____ ~~by~~ ~~.~~

15.1. Ordering Paragraph 2

The Joint Applicants and CETF each alleged error in OP 2, which requires Verizon and Frontier to deploy broadband infrastructure to 88 wire centers, identified in Appendix D, under specified conditions. CforAT and TURN expressed general support for OP 2 and TURN urged specific changes for the final decision. We adopt changes to OP 2 and the related portions of the proposed decision as discussed herein.

15.1.1. Party Positions

15.1.1.1. Joint Applicants

The Joint Applicants initially stated that OP 2 is "overbroad and likely infeasible as presented."[424] According to the Joint Applicants, the requirement in OP 2 to deploy broadband to 88 wire centers and offer 100/20 megabits per second (mbps) "to all locations" is impractical, extremely costly, and potentially infeasible given the remoteness, terrain, permitting, and other constraints.[425] The Joint Applicants argued that OP 2 is unsupported by the evidentiary record[426] and that the mandate is unnecessary because the transaction and settlements already deliver significant deployment benefits.[427] The Joint Applicants argued that if OP 2 is not removed from the decision, it should be narrowed by the following means: (1) excluding locations already served by another terrestrial provider or with no customer demand;[428] (2) allowing speed flexibility;[429] (3) allowing contracting for high-cost locations;[430] (4) providing relief if state grant funding is denied for high-cost builds;[431] and (5) extending the timeframe to seven years with interim milestones.[432]

[424] Joint Applicants Proposed Decision Opening Comments (Joint Applicants PD Comments) at 1.

[425] Joint Applicants PD Comments at 2-4.

[426] Joint Applicants PD Comments at 4-7.

[427] Joint Applicants PD Comments at 4-5.

[428] Joint Applicants PD Comments at 7.

[429] Joint Applicants PD Comments at 7-8.

[430] Joint Applicants PD Comments at 7-8.

[431] Joint Applicants PD Comments at 8.

[432] Joint Applicants PD Comments at 8.

The Joint Applicants' reply comments on the proposed decision proposed an "alternative revision" to OP 2 that would make it "workable" for Verizon.[433]

15.1.1.2. CETF

CETF raised concerns related to: (1) record development, particularly regarding the list of wire centers;[434] (2) costs;[435] (3) the five-year timeframe for deployment;[436] and (4) exemptions for the Commissions to consider.[437] In addition,

CETF recommended that OP 2 be explicitly technology neutral;[438] add allow certain exceptions.[439]

15.1.1.3. CforAT

CforAT stated that since the proposed decision was issued, "Verizon has repeatedly met with various Commissioners' offices and asked the Commission to dilute the requirements of OP 2, claiming that building out to the locations listed in Appendix D would be 'very difficult and costly.'"[440] CforAT noted that the proposed decision "expressly finds that the requirements of OP 2 are necessary to protect the public interest" and stated that

> any reduction in those requirements would result in a proposed transaction with insufficient mitigation measures to protect the

433 Joint Applicants' Reply Comments on Proposed Decision Granting Transfer of Control Subject to Conditions, January 12, 2026, (Joint Applicants PD Reply Comments) at 3.

434 CETF Proposed Decision Opening Comments (CETF PD Comments) at 4, 5.

435 CETF PD Comments at 4-6.

436 CETF PD Comments at 5-6.

437 CETF PD Comments at 5-7.

438 CETF PD Comments at 6.

439 CETF PD Comments at 6.

440 CforAT Proposed Decision Opening Comments (CforAT PD Comments) at 13, citing Joint Applicants' Notice of Ex Parte Communication, December 24, 2025, at 1.

public interest, and a decision authorizing an insufficiently mitigated transaction would be legal error.[441]

15.1.1.4. TURN

TURN expressed support for the OP 2 buildout requirement but argued that the requirement alone is not enough to satisfy the public interest.[442] TURN stated that Appendix D is too limited and should include all of Frontier's Approved Build Universe.[443] TURN also critiqued the PD for not explaining why it selected only the Appendix D subset and for not requiring fiber deployment.[444] TURN therefore recommended modifying OP 2 to require fiber deployment that includes the Approved Build Universe.[445]

15.1.2. Discussion

We agree with the Joint Applicants, CETF, and TURN that additional record support and clarification for the rationale behind OP 2 is warranted and therefore added new text to Section 6.9.3 to provide this rationale. In response to comments from the parties, we update OP 2 to adopt language recommended by the Joint Applicants in opening and reply comments on the proposed decision.[446]

15.2. Ordering Paragraph 8

The Joint Applicants argued that OP 8 requires various modifications to be lawful. We partially agree with the Joint Applicants and adopt changes to OP 8.

441 CforAT PD Comments) at 13-14.

442 TURN Proposed Decision Opening Comments (TURN PD Comments) at 1.

443 TURN PD Comments at 1-6.

444 TURN PD Comments at 1-6.

445 TURN PD Comments at 1-6.

446 Joint Applicants' Reply Comments on Proposed Decision Granting Transfer of Control Subject to Conditions, January 12, 2026, Appendix A.

According to the Joint Applicants, the record does not support Ordering Paragraph 8's proposed requirement that Verizon retain Frontier's current employee contracts for five years, and the Commission lacks jurisdiction to impose it.[447] The Joint Applicants noted that OP 8 draws no distinction between union and non-union employees and directs Verizon and Frontier to retain all "current" employee contracts. According to the Joint Applicants, this proposal would exceed the Commission's jurisdiction, which does not extend into labor matters or to contracts outside of California.[448]

The Joint Applicants also argued that the proposed condition that Verizon retain Frontier's current supplier contracts for five years is unlawful.[449] The Joint Applicants argued that OP 8 is inconsistent with GO 156, which states that the utility "retains the authority to use its legitimate business judgment to select the supplier for a particular contract."[450] In addition, the Joint Applicants argued stated that OP 8 "raises serious practical concerns," including "limiting Verizon's ability to select suppliers based on safety, performance, or economic concerns, which could be exacerbated if contractors know that Verizon is obligated to maintain their contracts."[451]

The Joint Applicants also stated that OP 8 suffers from additional legal flaws, including its broad extraterritorial effect as written and its inconsistency with federal law. For example, the Joint Applicants argued that OP 9 impairs

447 Joint Applicants PD Comments at 8.

448 Joint Applicants PD Comments at 9, citing various arguments that the Commission lacks jurisdiction over labor issues.

449 Joint Applicants PD Comments at 9.

450 Joint Applicants PD Comments at 9, citing GO 156, Section 6.

451 Joint Applicants PD Comments at 9.

Verizon's contractual rights and thus violates the Constitution's Contract Clause.[452]

In addition, the Joint Applicants argued that the Commission should revise OP 8 to reflect that Verizon (not Frontier) initiated and currently supports the small business accelerator program, as Frontier's requirement expired in 2023 and OP 18 and the CWA settlement already include similar requirements.[453]

We agree that various provisions of OP 8 require revision and make these modifications in OP 8 this decision.

15.3. Ordering Paragraph 20

The Joint Applicants argued that Ordering Paragraph 20 of the proposed decision, which would require Verizon to provide a 72-hour battery back-up unit to certain migrated customers migrated from copper, would be infeasible given the design of the equipment used.[454] We partially agree with the Joint Applicants and modify the decision to address their concerns.

15.4. Ordering Paragraph 29

TURN offered recommendations modifications to several conditions "to better ensure that Tribes and Tribal members are not left behind if the transaction is approved."[455] Although we decline to adopt specific measures recommended by TURN, we extend the enforcement program detailed in OP 2 to explicitly cover tribal commitments made in the Frontier bankruptcy proceeding.

[452] Joint Applicants PD Comments at 10. [453] Joint Applicants PD Comments at 10. [454] Joint Applicants PD Comments at 13. [455] TURN PD Comments at 6-10.

15.5. Other

CforAT noted that the proposed decision mischaracterized its position on the impact of Verizon's "abandonment of DEI on the public interest."[456] We adjusted the language in section 10.4 of this decision to reflect that our finding does not adopt CforAT's recommendation.

16. Assignment of Proceeding

John Reynolds is the assigned Commissioner and Elizabeth Fox and Patricia Miles are the assigned Administrative Law Judges in this proceeding.

Findings of Fact

1. Verizon Communications Inc. created a wholly owned subsidiary of Verizon, France Merger Sub Inc., for the purpose of the proposed transaction.

2. France Merger Sub Inc. is a Delaware corporation that will be merged with and into Frontier Communications Parent, Inc. with Frontier Communications Parent, Inc. surviving the transaction as a wholly owned subsidiary of Verizon Communications Inc.

3. Frontier California operates in California as an ILEC under utility number U1002C.

4. Frontier California has gross annual California revenues exceeding $500 million.

5. CTC California operates in California as an ILEC under utility number U1024C.

6. Frontier Southwest operates in California as an ILEC under utility number U1026C.

[456] CforAT PD Comments at 2-3.

7. Frontier LD operates in California as a long-distance or interexchange IXC carrier under utility number U7167C.

8. Frontier America operates in California as a long-distance or IXC carrier under utility number U5429C.

9. Frontier California, CTC California, Frontier Southwest, Frontier LD, and Frontier America are the California subsidiaries.

10. Frontier Parent is incorporated in Delaware and is the holding company for the California subsidiaries.

11. The Joint Applicants requested approval of a proposed parent-level transaction in which Verizon would acquire 100 percent of Frontier Parent. Frontier Parent will become a wholly owned, direct subsidiary of Verizon, and the California subsidiaries would become indirect, wholly owned subsidiaries of Verizon.

12. We identify no specific harms regarding the structure of the proposed transaction.

13. The proposed transaction meets the requirements of Section 854(a).

14. The application, along with the settlement agreements, and necessary required additional conditions is expected to provide substantial customer benefits.

15. Following the close of the transaction, Verizon will offer its service plans to many current Frontier customers, including a national low-income broadband plan and bundled service options not offered Frontier today.

16. To ensure that these benefits materialize, additional mitigation measures are required.

17. With mitigation measures, the proposed transaction meets the requirements of Section 854(b)(1).

18. One identified aspect of the proposed transaction could adversely affect competition is access to backhaul.

19. With conditions, the proposed transaction meets the requirements of Section 854(b)(3).

20. Under certain conditions, the proposed transaction meets the requirement of Section 854(c)(1) that the transaction would maintain or improve the financial condition of the resulting public utility doing business in the state.

21. I.19-12-009, which investigated the lack of customer support provided during migration of customers from Verizon to Frontier in 2016 and large-scale outages, imposed a $1,454,000 penalty for outages and service interruptions during the migration.

22. Since 2018, the Commission has fined Frontier a total of more than $6.5 million for failure to comply with GO 133 service quality performance for out of service repairs.

23. Service quality is being considered in another open proceeding.

24. To meet the requirements of Section 854(c)(2), under which the proposed transaction should maintain or improve the quality of service to public utility ratepayers in the state, certain conditions to ensure network expansion, available backup power, access to Verizon and Frontier personnel to assist with the transition are required.

25. The proposed transaction would maintain or improve the quality of management of the resulting public utility and therefore meets the requirements of Section 854(c)(3).

26. Pursuant to Section 854(c)(4), the CWA settlement agreement ensures the transaction would be fair and reasonable to affected Frontier union employees, but additional conditions are needed to ensure fairness for non-union employees.

27. Verizon's and Frontier's boards of directors have concluded that the transaction is in the interest of the shareholders of the respective companies.

28. The proposed transaction meets the requirements of Section 854(c)(5).

29. The proposed transaction meets the requirements of Section 854(c)(6) when taking into account the settlement agreements and conditions described herein.

30. Following the transaction, Verizon and Frontier will continue to operate under their existing authorities, provide the same services as before the transaction, and remain under the same jurisdiction.

31. The proposed transaction would preserve the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit public utility operations in the state, pursuant to Section 854(c)(7).

32. Given the breadth of concerns raised by non-settling parties, mitigation measures to prevent adverse consequences pursuant to Section 854(c)(8) are required.

33. Environmental and Social Justice impacts of the proposed transaction can be mitigated with the adoption of conditions described herein.

34. There is potential for the Joint Applicants to evade their obligations and that stringent monitoring and enforcement are needed to ensure this transaction is in the public interest.

35. Frontier has not met all of its prior obligations, including Lifeline commitments in D.21-11-030 and tribal commitments from D.21-04-008.

36. The August 28, 2025 Memorandum of Understanding between Verizon and the CETF is reasonable in light of the whole record, consistent with law, and in the public interest.

37. The September 3, 2025 Settlement Agreement between Verizon and Cal Advocates is reasonable in light of the whole record, consistent with law, and in the public interest.

38. The September 4, 2025 Settlement Agreement between Verizon and CWA is reasonable in light of the whole record, consistent with law, and in the public interest.

39. Additional conditions are needed to ensure that the proposed transaction meets the requirements of Pub. Util. Code Section 854.

40. The proposed transaction meets the requirements of Pub. Util. Code Section 854 with the adoption of the settlement agreements and under conditions contained herein.

Conclusions of Law

1. It is reasonable to grant, with conditions, the proposed parent-level transaction in which Verizon would acquire 100 percent of Frontier Parent, Frontier Parent will become a wholly owned, direct subsidiary of Verizon, and

the California subsidiaries would become indirect, wholly owned subsidiaries of Verizon.

2. It is reasonable to approve the August 28, 2025 Memorandum of Understanding between Verizon Communications Inc. (Verizon) and the California Emerging Technology Fund (CETF) because it is reasonable in light of the whole record, consistent with law, and in the public interest.

3. It is reasonable to approve the September 3, 2025 Settlement Agreement between Verizon Communications Inc. (Verizon) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) because it is reasonable in light of the whole record, consistent with law, and in the public interest.

4. It is reasonable to approve the September 4, 2025 Settlement Agreement between Verizon Communications Inc. (Verizon) and Communications Workers of America, District 9 (CWA) because it is reasonable in light of the whole record, consistent with law, and in the public interest.

5. It is reasonable to approve 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.

6. It is reasonable to require additional mitigation measures for the approval of the Joint Application.

7. The conditions detailed in Ordering Paragraphs 2-31 are reasonable.

O R D E R

IT IS ORDERED that:

1. Pursuant to California Public Utilities Code Section 854, 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. is granted, subject to the requirements as stated herein.

2. Within ~~5~~7 years after transfer of control, Verizon Communications Inc. (Verizon) ~~and Frontier Communications Parent, Inc. (Frontier)~~ shall deploy broadband infrastructure to all wire centers identified in Appendix D and offer broadband service plans capable of 100 megabits per second (mbps) download and 20 mbps upload or greater to all locations served by those wire centers, ~~excluding any locations upgraded by existing federal/state grant programs. Verizon and Frontier~~ subject to the following exceptions:

A. Deployment is not required for any locations served by another terrestrial high-speed broadband provider, awarded broadband infrastructure grant funding by federal/state grant programs, or to which no customer has requested broadband service.

B. For any location where the fiber deployment cost would meet or exceed $10,000 and available fixed wireless service is not capable of 100 mbps download and 20 mbps upload speeds, Verizon may:

(1) Deploy fixed wireless service capable of 85 mbps download and 10 mbps upload or,

(2) Subject to Commission approval via Tier 2 Advice Letter, partner with an alternative service provider (e.g., a satellite provider) to deliver service. Verizon and Frontier shall retain the billing relationship with the customer and responsibility to the Commission for compliance with this paragraph.

C. Verizon may apply to federal and state grants to, in addition to utilizing their own capital funds, to deploy to these areas. If Verizon submits bona fide applications to a state grant program for funding to support deployment to any location where the cost exceeds $3,500 (and Verizon agrees to bear at least $3,500 in costs to serve a location) and those

applications are declined, Verizon is relieved of its obligation to serve those locations.

D. Verizon shall deploy 25 percent of the locations in the wire centers on closing by the end of year 3; and 50 percent by the end of year 5.

Verizon shall submit Tier 2 Advice Letters demonstrating compliance with applicable portions of subsections (B) and (D).

Nothing in this Ordering Paragraph shall supersede any obligations pursuant to the Commission's service quality requirement or Carrier of Last Resort requirements.

3. Verizon Communications ~~Inc. and Frontier Communications Parent,~~ Inc. shall provide fiber backhaul services, where available, on a non-discriminatory basis at market rates for projects receiving funding via California Advanced Service Fund, Federal Funding Account, Broadband Equity Accessibility and Deployment, Loan-Loss Reserve, and other broadband grants funded in whole or in part by the Commission, State of California, and/or federal government.

4. Verizon Communications Inc. shall contribute an aggregate of ten million dollars over a five-year period to support a workforce development program administered by California State University or another accredited California institution of higher education, including: (1) establishment of and funding the Verizon Emerging Leader Initiative, the purpose of which is to advance career preparedness and student success for California students, (2) investment of $2,000,000 for each of the next five years to achieve the foregoing aggregate commitment, and (3) tracking these investments and reporting annually on the progress of the program in Verizon's General Order 156 filings for the duration of the five-year commitment.

5. Upon request of the Commission, Verizon Communications Inc. (Verizon) shall utilize its Employee Resource Groups, which are open to all Verizon employees, including union-represented employees, to facilitate the provision of supplementary qualitative information concerning the experience of Verizon's California employees on a confidential basis.

6. Within one year of the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall establish a recruiting pipeline from California State Universities and California community colleges, aiming to recruit from underrepresented populations in consultation with the Commission's ESJ Working Group, for both Verizon and Frontier's workforce, and the workforce of supplier companies working with Verizon and Frontier. This includes: (1) Recruiting at California State Universities and California community colleges for jobs and internships at Verizon and Frontier, and requiring the same of their supplier companies with whom Verizon and Frontier contract and (2) Contributing to recruitment programs, trade development training programs, and internships at California State Universities.

Contributions may include monetary funding and non-monetary support, such as joining or advising the boards of California State Universities and California community colleges.

7. For a period of five years after the issuance date of this decision, Verizon Communications Inc. and Frontier Communications Parent, Inc. shall meet quarterly to engage with state and local California Chambers of Commerce and State Labor and Workforce Development Boards regarding procurement, employment retention, and recruitment.

8. For a period of five years after the issuance date of this decision, Verizon Communications Inc. and Frontier Communications Parent, Inc.(Verizon) shall retain Frontier's current employee and supplier contracts, maintain Frontier'sVerizon's small business accelerator program, and adopt the local staffing requirement from Frontier's restructuring agreement.

9. For a period of five years after the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall conduct quarterly employee satisfaction surveys that include questions on employees' expectations, experiences, and satisfaction in regard to belonging and inclusion, in addition to typical questions on employee
satisfaction surveys such as satisfaction with career advancement opportunities, compensation, work-life balance, and company culture. In addition to quantitative results, employees must have the opportunity to provide written commentary. Verizon and Frontier's survey shall have questions that allow employees the opportunity to self-identify based on characteristics including gender, race, disability status, veteran status, or Lesbian, Gay, Bisexual, and Transgender identity. Results of the survey will be reported in the Transparency Report to Communications Division staff, as well as other venues as necessary.

This survey should be national, with a breakout of the California-specific results in reporting.

10. For a period of five years after the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall develop a report annually that monitors and reports to the Communication Division and the Commission, the effects of changes/impacts on its supplier and workforce, after Verizon and Frontier have implemented the changes detailed in the May 2025 letter to the Federal Communications Commission. Verizon and Frontier must specify any changes that have been detrimental to their maintaining a diverse/equitable workforce (as may be gleaned from employee survey), and how they will address those detrimental impacts and what changes they will make. This report should include results from the employee satisfaction survey and its implications, with a breakout of the California-specific results. A public version of the transparency report must be prepared that redacts personally identifiable information, but which allows for aggregated analysis of results based on self-identified characteristics.

11. Within six months of the issuance date of this decision, Verizon Communications Inc. and Frontier Communications Parent, Inc. shall provide dedicated customer support services for Californians with disabilities, supporting, at a minimum, real-time text (RTT), Baudot code, audio, and video (American Sign Language).

12. Within six months of the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall appoint two separate dedicated, full-time employees, one for Northern California and one for Southern California, whose full-time job is related to tribal engagement with authority to direct Verizon and Frontier

management in plant maintenance, wire center, engineers, customer service, and field technicians, and have direct access to Verizon and Frontier executive leadership with authority to direct Frontier's workforce, as a tribal liaison to provide OOS response, customer service, and information sharing to tribes Verizon and Frontier serve or where either company has a physical presence. Each tribe will have direct access to the tribal liaison via phone and email, and the tribal liaison shall have the availability, access, and authority to respond to the tribes and address their concerns.

13. Within nine months of the issuance date of this decision, and on an annual basis thereafter, Verizon Communications Inc. and Frontier Communications

Parent, Inc. shall work with the Native American Heritage Commission to identify all tribes within its California service territory that have either a reservation or land in trust.

14. Within 12 months of the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall send a welcome letter or notice, approved by the California Public Advisor's Office, to all identified tribal leadership councils and tribal organization staff on record in Verizon and Frontier's service territory. The letter or notice shall include information about the tribal liaison, availability of sharing of infrastructure data, and tribal community options available via customer service, the California Customer Hotline, Verizon and Frontier Forward, federal Lifeline and California LifeLine options, and any other customer service information related to the transition, merger and considerations.

15. Within 18 months of the issuance date of this decision, Verizon Communications Inc. and Frontier Communications Parent, Inc., on an annual basis, shall communicate via email to all identified tribal leadership councils'

designated staff and tribal organization staff on record to review tribal liaison obligations, point of contact, and offer an opportunity for tribal communication.

16. Within 24 months of the issuance date of this decision, subject to execution of a reasonable non-disclosure agreement, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall provide each tribe within its California service territory local maps of, and information on, Verizon and Frontier's owned, leased, and operated facilities in and around the tribe's ancestral territory and any maps of interconnection points adjacent to those territories.

17. Within 45 days of the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall send a welcome letter or notice, approved by the Commission's Public Advisor's Office, to Frontier customers. The letter or notice shall include information about payment options, the California Customer Hotline, Verizon and Frontier Forward, federal Lifeline and California LifeLine options, and any other customer service information related to the transition, merger, and considerations.

18. Within thirty days of the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall establish a dedicated California customer hotline number to be available 12 hours per day from 8:00 AM - 8:00 PM Pacific Time for two years. The customer hotline will be staffed by human operators located in California who will assist with consumer questions, concerns, and complaints related to the transfer of control. This dedicated California customer hotline will be separate and in addition to General Order 133 Customer Service Standards, with staff trained on Carrier of Last Resort, obligations to provide basic service or any

successor obligations, Verizon and Frontier transfer of control conditions, and settlements and conditions listed in this document.

19. For a period of five years after the issuance date of this decision, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall advertise rates, eligibility, available locations, and information to inform a customer decision about Verizon Forward, California LifeLine, Frontier Fundamentals, and federal Lifeline. Marketing shall be: (1) visible in Verizon and Frontier stores, (2) available digitally on Verizon and Frontier's websites with dedicated visible webpages, on social media outlets, and via traditional local

media advertising (newspapers, radio). All material for affordable, low-income, or marketing material for Verizon Forward, California LifeLine, Frontier Fundamentals, and federal Lifeline must be approved by the Commission's Public Advisor's Office. Verizon and Frontier shall expend at least $1,500,000 in total and at least $300,000 per year in Frontier's service territory.

20. For a period of five (5) years after transfer of control, Verizon Communications Inc. and Frontier Communications Parent, Inc. shall offer upfront, without prompting, a free-of-charge battery back-up unit or units for up to 72-hours of back-up power with a complete first set of such batteries, to customers in Tier 2 and Tier 3 High Fire Threat Areas who are migrated from copper to fiber, fixed wireless, and/or VoIP provided over fiber to those who choose to have a battery backup unit. For customers outside Tier 2 and Tier 3 High Fire Threat Areas, the free-of-charge battery back-up unit or units requirement is for up to 24 hours. To the extent a battery back-up solution is not available to customers using fixed wireless, Verizon shall, within 90 days of this decision, file a Tier 2 Advice Letter explaining how Verizon's or Frontier's fixed wireless solution does not include battery back-up.

21. Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall provide written notices via bill insert and direct notification via email, text and phone call to customers migrated (involuntarily or through incentives) from copper and/or DSL, with 60, 30, and 10 days in advance. Verizon and Frontier shall follow Mass Migration Rules detailed in D.06-10-021.

22. Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall continue to offer California LifeLine, including

Home-Broadband service, throughout Verizon and Frontier's service territory for a period of sixteen years or until November 22, 2041.

23. For a period of five years after the issuance date of this decision, Verizon Communications Inc. and Frontier Communications Parent, Inc. shall not raise the price of services eligible under Verizon Forward and Frontier Fundamentals.

24. All conditions and all Party Settlements adopted in D.21-04-008 remain in effect.

25. Upon identification of 250 new wireless macro cell sites within the Frontier Communications Parent, Inc. (Frontier) service area, Verizon Communications Inc. (Verizon) and Frontier shall provide the site list to Commission staff to verify that the locations meet the terms of the settlement agreements.

26. Verizon Communications Inc. and Frontier Communications Parent, Inc. shall submit copies of any Federal Communications Commission (FCC) documents related to filing a 214 application, discontinuing, or grandfathering a service by the merged companies' regulated wireline voice network to the California Public Utilities Commission within fourteen days of submittal to the FCC.

27. Within fifteen days after receipt of notice from the Commission's Communications Division staff, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall pay for the Commission to hire and retain an independent Compliance Monitor to review Verizon and Frontier's compliance with the terms, requirements, and conditions of these Ordering Paragraphs. Verizon and Frontier shall deposit into a reimbursable account (Application 20-05-010 General Reimbursable Account) the amounts specified by Communications Division staff reflecting the fees and expenses of the Compliance Monitor.

28. By no later than January 15 of each year after the transfer of control, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall submit to cdcompliance@cpuc.ca.gov via the Commission's website https://cpucftp.cpuc.ca.gov a subscriber information report as of December 31 of the preceding year in a format designed by Communications Division staff that will be treated as confidential information, to include, but not limited each wire center's number of plain old telephone service customers, Voice over Internet Protocol customers, and customers served with fiber, fixed wireless, and copper.

29. Commission staff is authorized to draft a Resolution for Commission consideration reflecting an enforcement program that covers compliance with the

terms of the Ordering Paragraphs, including, without limitation, Verizon Communications Inc. (Verizon) Verizon and Frontier's reporting requirements, service quality requirements, infrastructure investment requirements, requests for changes to conditions via a petition for modification, and the terms of the Settlement Agreements. The enforcement program shall also include the Joint Applicants' existing Tribal commitments, including those accepted by Frontier in D.21-04-008 and D.22-05-030 in the Frontier bankruptcy proceeding, which shall be transferred over to Verizon. The proposed enforcement program will specify a citation amount for each term, proposed remedies for lack of compliance, the use of Corrective Action Plans, and explore penalty mechanisms, including monetary fines. Enforcement program appeals will be pursuant to Resolution ALJ-377 or its successor.

30. For a period of ten years, Verizon Communications Inc. (Verizon) and Frontier Communications Parent, Inc. (Frontier) shall report on each party's settlement to the Communications Division and Compliance Monitor due on

January 15 every year starting January 15, 2027, with a last report due on January 15, 2037.

31. Unless otherwise specified, Ordering Paragraphs 2-30 have a period of ten years for compliance and a reporting, status update, or monitoring commitment to the Commission's Communications Division and the Compliance Monitor due on January 15 on an annual basis starting January 15, 2027 with last reports due on January 15, 2037.

32. The motion of Verizon Communications Inc. (Verizon) and the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) for approval of the settlement agreement between Verizon and Cal Advocates is granted and the settlement agreement, included in Appendix A, is granted.

33. The motion of Verizon Communications Inc. (Verizon) and the California Emerging Technology Fund (CETF) for approval of the settlement agreement between Verizon and CETF is granted and the settlement agreement, included in Appendix B, is granted.

34. The motion of Verizon Communications Inc. (Verizon) and Communications Workers of America, District 9 (CWA) for approval of the settlement agreement between Verizon and CWA is granted and the settlement agreement, included in Appendix C, is granted.

35. Application 24-10-006 is closed.

This order is effective today.

Dated_____, at San Francisco, California

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